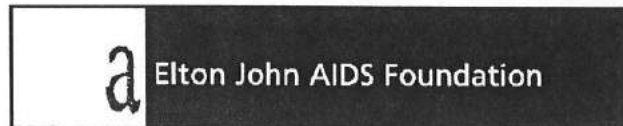


Charity Registration No. 1017336

Company Registration No. 02787008 (England and Wales)



**THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Sir Elton John (Chairman) A Aslett (Executive Director) J Bergius D Furnish L Jackson M Littman J Locke F Presland S Campbell R Manoukian
Secretary	George Kangis
Charity number	1017336
Company number	02787008
Principal address	1 Blythe Road London W14 0HG
Registered office	1 Blythe Road London W14 0HG
Auditors	Hazlems Fenton LLP Chartered Accountants Palladium House 1-4 Argyll Street London W1F 7LD
Bankers	Barclays Private Bank Limited 1 Churchill Place London E14 5HP
Solicitors	Eversheds LLP 1 Wood Street London EC2V 7 WS

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The Trustees of The Elton John AIDS Foundation are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2009.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005 together with applicable accounts standards and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Elton John AIDS Foundation is a company limited by guarantee (Company Registration Number 02787008) and therefore has no share capital. The company is registered as a charity with the Charity Commission. (Charity Number 1017336). It is based at No. 1 Blythe Road, London W14 0HG, which is also the charity's registered office.

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENT

The Elton John AIDS Foundation was incorporated on 1st February 1993 and is governed by its Memorandum and Articles of Association. The governing body of the Foundation is its board of trustees, who are also directors for the purposes of company law. Trustees who served during the year are:

Sir Elton John	(Chairman)
R Key	(Executive Director until 15 October 2009; Deceased 15 October 2009)
A Aslett	(Executive Director from 15 October 2009)
J Bergius	
D Furnish	
L Jackson	
M Littman	
J Locke	
F Presland	
R Manoukian	
S Campbell	

Robert Key, one of the founding Trustees of the Foundation, who served as its Executive Director for over 16 years, passed away following a long illness on 15th October 2009. There were no new appointments to the Board during 2009. George Kangis replaced Charles Negus-Fancey as Company Secretary following Charles' resignation at the Annual General Meeting in April 2009. Charles had served the Foundation as its Company Secretary for ten years.

GOVERNANCE STRUCTURE

The Foundation's governing Board, which constitutes 10 trustees, meets twice a year to agree EJAF's overall policy and direction in all areas of its work. This includes reviewing the Foundation's mission statement, its charitable aims, its current objectives and fundraising strategy together with specific priorities in terms of types of grant and geographical spread in any given year. The Board has delegated the day-to-day management to the Executive Director, the grant selection process to a Grant Panel and the oversight of the organisation's financial, investment and risk management to a Finance and Investment Committee.

The Grant Panel consists of voting trustees (a quorum of three), specialist advisors where appropriate, and staff members. The Panel reviews assessments of grant applications four to five times per year, using an electronic format. Assessment papers positioning each proposal in the context of EJAF's mission and strategic objectives as well as its current goals and commitments are forwarded to trustees. The trustees have a ten day window to consider the assessments, discuss any issue directly with grants staff by phone, before submitting their vote for or against each application. Any voting member of the Grant Panel can request a meeting to discuss the grant applications. Funding decisions are made by way of a majority vote and are ratified by the Board. There is an appeal procedure for grant applicants who are unsuccessful.

In addition the Grant Panel meet 2-3 times per year to review progress of grants and to undertake learning from grants, which they had previously approved for funding. This informs future strategic decisions.

The Finance and Investment Committee (FIC), which was created in 2008 has the delegated responsibility to oversee the organisation's financial, investment and risk management. The FIC consists of four Trustees, the Treasurer and the Financial Controller. It specifically reviews financial performance, advises on the Foundation's investment strategy and undertakes periodic reviews of organisational risk, internal controls and financial policies and procedures.

The Executive Director is appointed by the trustees to manage the day-to-day workings of the charity. To facilitate effective operations, the Executive Director has, within the terms of delegation approved by the trustees, authority for operational matters, including grants, fundraising and finance. The charity also benefits from a Company Secretary, George Kangis.

Apart from the Executive Director (who also held the position of Acting Executive Director during 2009), the Board of Trustees gives its time and expertise voluntarily and receives no remuneration or any other emoluments from EJAF. The Charity Commission has agreed that the Executive Director can be paid for her services to the organisation. This dispensation is specifically addressed within the Foundation's governing documents.

The Foundation has a wholly owned trading subsidiary (EJAF Trading Limited), which provides the management for one-off fundraising events. EJAF Trading Limited (Company Registration Number 02951448) is based at 1 Blythe Road, London W14 0HG and its directors are:

Sir Elton John
R Key (deceased 15 October 2009)
A Aslett

The charity also has a partner company in South Africa - Elton John AIDS Foundation (South Africa) Registration number IT3473/2004 038-398-NPO. It was established in November 2004 to facilitate a fundraising event in Cape Town in January 2005. The net proceeds of events held in South Africa are distributed, by EJAF SA, within South Africa to HIV/AIDS programmes. The funding guidelines in the partner company are the same as those of the UK Foundation.

TRUSTEES INDUCTION AND TRAINING

The appointment and induction of new trustees are overseen by the Board. The Foundation operates with a Board of 10 trustees that collectively offer a range of expertise in development, fundraising, financial management and legal affairs, as well as representing the views of those affected by and living with HIV/AIDS. A needs analysis of the Board's skill base is undertaken to ensure it retains sufficient expertise to govern the organisation. Trustees can be nominated by any existing board member and must be proposed at board meetings. There is no formal time limit to trusteeship.

The induction process was reviewed in 2008 and, as a result, a formal Trustee Handbook was introduced in 2009 which expands oversight in this area. This covers the legal objectives, mission and powers of the Foundation, how it operates, Board composition and terms of reference for the charity's Grant Making and Finance Committees. The handbook also sets out the role of trustees (recruitment, responsibilities and leaving the Board) and provides guidance from the Charity Commission with respect to good governance and trustees' responsibilities. An induction planner and checklist for new trustees are also included. In addition to the Handbook, the Foundation has introduced an annual assessment framework that includes an analysis of any conflicts of interest, a self assessment questionnaire for the Board, a trustee performance appraisal and a diversity perception questionnaire. This framework will be reviewed annually. Any new trustees are, as part of their ongoing training and understanding of the organisation and the context of its activities, expected to attend a Grant Panel meeting and visit the programmes in the field.

ROLE AND CONTRIBUTION OF VOLUNTEERS

In line with the mission statement, volunteers play a vital part in supporting the fundraising and charitable activities of the Elton John AIDS Foundation. During the year, the Foundation benefited from one longstanding, regular volunteer two days per week, and over 20 additional volunteers who supported critical fundraising activities, including 'Out the Closet' (see below).

INTERNAL CONTROL

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. These controls were formally reviewed in September 2008 as part of a periodic governance review and are subject to review by the FIC.

MANAGEMENT POLICIES AND PROCEDURES

STAFF

There is a clearly articulated and approved staff structure within which all staff have defined management lines, detailed job descriptions and a formal appraisal process. A Staff Handbook outlines all relevant policies and procedures.

PERFORMANCE EVALUATION AND PLANNING

An appraisal of the charity's performance against its strategic goals is undertaken annually. As part of this review, a new four year Strategic Plan has been developed and was approved by the Board on 10 December 2009. A series of workshops to effect this plan, including workplans, goals and teamwork, will be held in early 2010. An annual strategy day reviews progress against these milestones. The grant making process is articulated for potential applicants on the Foundation's website (www.ejaf.com). A Grant Panel Handbook provides guidance for staff and trustees in assessing proposals and setting terms of reference for expert advisors and consultants. In 2009 the Board approved a new Development Group specifically to oversee development of the Foundation's fundraising strategy. This group will be represented by quorum of trustees and will be chaired by the Fundraising Director.

RISK ANALYSIS

Risk analyses are undertaken both for the charity as a whole and for individual large scale grants. These risks have been reviewed by the trustees, who are satisfied that appropriate systems have been established to manage them.

OBJECTIVES AND ACTIVITIES

In pursuing its objectives, the Foundation's activities fall into three main areas:

1. The direct charitable activities consist of Grant Making:
 - A. UK Projects
 - B. International Projects
 - C. Small Grants
2. Fundraising and promotional activities
3. Management and governance activities

GRANT MAKING

The overall objectives of the charitable foundation, as defined in the mission statement, are:

The Elton John AIDS Foundation exists to empower people infected, affected and at risk of HIV/AIDS; to alleviate their physical, emotional and financial hardship, enabling them to improve their quality of life, live with dignity and exercise self-determination.

EJAF believes and values that:

- *Everyone is entitled to dignity and respect.*
- *Everyone has the right to access the best medicine.*
- *Everyone has the right to information, opportunities and choices as part of the empowerment process.*
- *Those most directly affected by the epidemic are central to finding effective solutions.*
- *Care and concern for each and every person, respect for their human and legal rights – particularly of the most vulnerable and marginalised – is central to any caring community.*

EJAF aims to:

- *Be transparent and accountable.*
- *Be effective and responsive as a grant making charity.*
- *Achieve a positive impact with its funding.*
- *Work in partnership with a wide range of stakeholders.*
- *Learn from its work and share knowledge gained.*

ACTIVITIES

EJAF's vision is one where all people infected/affected by HIV are treated fairly, can access information and services to keep them healthy and safe, and live free from poverty and discrimination. Our main contribution is through making grants, mainly to civic organisations that will improve people's access to services and get their rights addressed. The Foundation also supports these organisations to become more effective. EJAF believes that since collaboration between formal and non-formal sectors is essential in achieving this vision, it will use its influence with other grant makers, with governments and companies to leverage further funding and services and break down stigma and discrimination.

The Foundation continues to fund a broad range of services for those living with or affected by HIV/AIDS, including education, peer support, medical care, income generation, counselling and testing. The Foundation funds operational research but does not support pure medical research. Particular emphasis is given to the most disadvantaged or high risk groups, both nationally and internationally, and to community driven programmes that place people living with HIV/AIDS at the centre of service provision.

ACHIEVEMENTS AND PERFORMANCE

GRANT MAKING

The Foundation's website provides information both about how it views the impact and needs of the AIDS epidemic in each of its programme countries. It details what response it has made to date and its funding strategies to 2010. A concept note process for receiving unsolicited requests is also provided.

During 2009 the Foundation assessed and researched 57 applications worth £11.6m from 15 programme countries, of which 31 or 54% were approved for funding. The value of the agreed funding amounted to £9.0m or over 77% of the total funding requested and 90% of the Foundation's grant making budget for 2009. These figures represent an increase over 2008 levels and reflects the Foundation's desired movement towards ensuring more applications of a good strategic 'fit' with our evidence-driven funding priorities are received. Furthermore, it reflects that only those proposals that offer the best prospect of impacting EJAF's strategic priorities are progressed to the full application stage. The increased clarity in the Foundation's grant strategies communicated both through the website and through staff contact, has resulted in a 57% reduction in unsolicited proposals.

Grants funding continues to move towards longer and larger strategic grants. The Foundation now holds agreements for 4 multi-year grants, each exceeding £1m in value, whilst the number of grants under £6,000 and those between £6,001 and £40,000 have dropped by 42% and 31% respectively since 2008. During 2009, EJAF managed 37 'live' grants and Foundation staff undertook 8 international field trips to review current and potential programmes.

During the year, country strategies and profiles for Bangladesh, Nepal, Tanzania, and Russia, were formally approved by the board.

UK PROJECTS

In 2009 the value of grants awarded to support UK projects was £3.5m – this was in line with Trustees' direction that increased resources should be directed to UK projects during 2009. In the UK country strategy, one of EJAFs core objectives is to increase support to programmes that address the impact and social isolation of HIV on those who have been living with HIV for over 10 years and/or those aged over 50. In 2009 the Foundation awarded significant three year grant of £2.4m to support a long term condition management service for adults living with HIV/AIDS across the UK.

The Foundation also funded the establishment of a website that provides "one-stop shop" relating to all aspects of children and HIV in the UK. The programme provides a systematic mechanism to support children living with HIV/AIDS in the UK with comprehensive, consistent, quality services. This complements our support in 2009 of a national hardship fund to support families in hardship where there is an HIV-positive child.

INTERNATIONAL PROJECTS

In 2009 the Foundation awarded grants to the value of £5.5m to support international projects

During 2009 EJAF made a multiyear grant to support an innovative model to reduce paediatric HIV/AIDS transmission from mother to baby in 600 sites across Kenya, Lesotho, Malawi, South Africa and Zambia. The programme meets 20% of the estimated global need for prevention of mother to baby HIV transmission reaching 300,000 HIV positive pregnant women every year across sub-Saharan Africa.

The Foundation supports programmes that work in collaboration with government healthcare systems, to scale up ARV treatment and care services, especially in Africa. In 2009, EJAF awarded a grant worth £1.2m to projects addressing delivery of a continuum of HIV/AIDS care including: Access to HIV/AIDS Testing, Treatment and Care, Paediatric and Community Care Services.

Within its strategy of scaling up response to the needs of orphans and vulnerable children, in 2009 EJAF awarded grants worth £1.3m. Projects supported are addressing the multiple needs of children, including emotional support, access to crèche or school, adequate nutrition, shelter and primary healthcare.

EJAF awarded a £600k exit grant in the Republic of Ireland to support interventions that reduce onward transmission of HIV through injecting drug use by providing needle exchange facilities in every town. Unless circumstances change significantly, the Foundation will remove Republic of Ireland from EJAF list of countries needing support in the future.

The Foundation continued to ensure that key strategic projects were sought. As part of its commitment to the largest countries within its operational portfolio, EJAF retained the services of its country consultants for South Africa and Ukraine. The costs of grants, which include the selection, monitoring and evaluation of the portfolio, amounted to 2% of total disbursements.

PROVIDING SMALL GRANTS

The Firelight Foundation continued to administer a small grants programme on behalf of the Foundation, assessing and proposing new activities to support grass roots organisations in Lesotho, Malawi, South Africa, Tanzania and Zambia.

FUNDRAISING ACTIVITIES

EJAF reports another successful year in term of fundraising income, which is mostly generated from private donations, grant-making trusts and events. The consolidated gross income from fundraising activities and voluntary income amounted to £8.8m in the year, made up of ticket sales, auctions, sponsorship, merchandise, donations and grant awards.

With regards to events, the Eleventh White Tie & Tiara Ball, held in June 2009, raised a net income in excess of £4m, of which £3.6m was accounted for in 2009. Since all costs for the White Tie and Tiara Ball were underwritten and met by sponsorship, all monies received from ticket sales, donations and auction lots directly benefited the charity. EJAF held its second event in Monaco, with Amber Fashion, raising over £277k. The Foundation is delighted to be repeating this event, once again, in 2010.

The Foundation continues to benefit from the support and generosity of substantial ongoing sponsor relationships including Chopard, Grey Goose Vodka, Jimmy Choo and Audi.

EJAF's most successful merchandise project has been the EJAF watch collection in association with Chopard. In 2009, when a brand new edition of gold watches went on sale, the Foundation has recognised income of £763k.

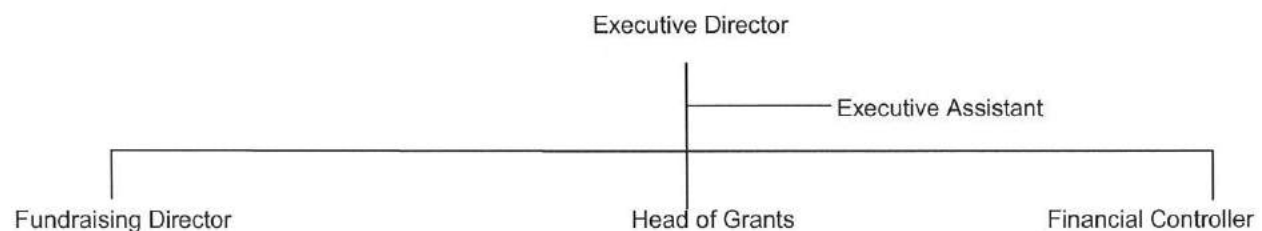
EJAF was delighted to continue its partnership with Grey Goose Vodka during 2009 in co-hosting a Winter Ball for which £540k is recognised in the accounts. EJAF was thrilled to team up with Harrods in arranging the successful 'Emerald Ball' event at the department store, which raised over £226k. The Foundation once again collaborated with Jo Malone, producing a limited edition fragrance, which raised £75k.

EJAF continues to maintain and develop its website (www.ejaf.com) to keep supporters up to date about the Foundation's work around the world and how they can get involved and support the charity. It is regularly updated with regards to upcoming fundraising activities and recently held events as well as information on its programmes.

In spite of the difficult economic environment, the Foundation is proud to recognise that 2009 has been successful with respect to its fundraising. EJAF expects 2010 to continue to be challenging and is committed to further build on income from events and merchandise, as well as looking to create new opportunities for raising funds for the valuable work that the Foundation supports.

MANAGEMENT AND GOVERNANCE ACTIVITIES

Following the sad death of the Foundation's Executive Director Robert Key in October 2009, a review of suitable replacements was undertaken by the Board. Anne Aslett, former International Development Director with the Foundation, who had been Acting Executive Director since June 2008, was selected as Robert's permanent replacement. Her appointment was ratified at a Board Meeting on 11 December 2009. The current management structure is shown below:



During 2009, the Acting Executive Director commissioned an organisational audit against the PQASSO quality assurance framework for small charities. This was undertaken by an external consultant in May 2009. The audit highlighted the Foundation's very high standards in respect of research and selection of grants, quality and leveraging of fundraising projects, financial management and commitment to monitoring activities and learning from them. Some enhancements were indicated that led to an expanded set of tools in relation to trustees' role being introduced and consolidated with all procedures in a new Trustee Handbook.

During 2009 a new four-year Strategic Plan was developed and a Senior Management Team was established to integrate the Foundation's grant making, fundraising and financial management functions. The Team comprises the Fundraising Director, Head of Grants and Financial Controller and is chaired by the Executive Director, who is responsible for managing the execution of the strategic plan. The Senior Management Team meets monthly.

The trustees maintained direct engagement with much of the Foundation's activities: four trustees attended the FIC meetings during the year, four trustees attended the White Tie & Tiara Ball fundraising committee and four trustees attended Grant Panel meetings, which have developed a stronger focus on learning and results. Trustees voted to upgrade one Grant Panel meeting and one FIC meeting to full Board Meeting status, bringing a total of four annual Board Meetings. These will be arranged as follows: the AGM (March/ April), a Grants focussed meeting (May), a Finance focussed meeting (September) and a Fundraising and Planning focussed meeting (November/ December). Two trustees visited international grants programmes during the year.

As planned, an internal and external review of the Grants Application process and documents was undertaken. This resulted in the refinement of the Concept Note, Application, Assessment and Report Forms to ensure better consistency and clearer guidance to applicants. The Grants Team reviewed elements, critical to those EJAF grants deemed most successful, against our goals and criteria and developed a new matrix from which prospective grantees will be selected. A formal cycle of review, appraisal, management and learning from grants was established. Staff undertook field visits to Cambodia, Lesotho, South Africa, Malawi, Kenya, Tanzania and Ukraine.

The Finance & Investment Committee met three times during the year. In addition to agreeing the terms of reference of the FIC, which were ratified by the Board at the AGM, the committee formally reviewed the organisation's financial performance and strategy, examined the audited accounts, managed and set the risk appetite of the Foundation, reviewed the Foundation's reserves policy (ratified by the Board in December 2009), set the 2010 budget and agreed to take EJAF's day-to-day function online.

A new committee with delegated authority for overseeing fundraising strategy, (in line with the Grants Panel and FIC) was approved to replace the White Tie & Tiara Ball committee. Terms of reference for this group, which will be managed by Fundraising Director, will be drawn up in early 2010.

PLANS FOR FUTURE PERIODS

GRANTS

In improving its impact through its awards, the Foundation will continue to undertake close due diligence in assessing grant applications and distribute grants in accordance with EJAF's giving strategy and reserves policy. In 2010, EJAF will pilot a new monitoring and evaluation framework to determine how much it has achieved by theme and by country. The Foundation will also undertake an evaluation amongst former grantees to determine what the implementing partners have leveraged in addition to EJAF's support and funding. The team will collate learning from grant recipients partners and share the findings with the Board and sector partners.

Within EJAF's grant strategy, the Foundation will, in 2010, specifically focus on supporting initiatives that mitigate impact of HIV on girls and younger women as HIV is still the leading cause of death in women of reproductive age. The Foundation will also focus its support towards networks of people living with HIV as more people are receiving treatment and living longer. EJAF will also strengthen its support towards interventions addressing the HIV needs of men who have sex with men, particularly within marginalised societies.

COMMUNICATION

During 2009, EJAF proactively promoted the finalised country strategies to international and national groups to ensure better targeted proposals. Greater resources were allocated to identify and fund implementing partners in countries that were deemed to be considered under-funded.

FUNDRAISING

In 2010, EJAF plans to build on its successes by continuing its ongoing annual events and by producing a number of one-off special initiatives. Due to the difficult fundraising environment, the Foundation will seek to diversify its supporter base whilst continuing to cultivate its strong and loyal group of current givers. The latter group includes corporations that, at a time of constantly reducing budgets, have maintained their support.

Furthermore, EJAF will seek to create new sources of income from new markets and relationships. To achieve this, a small fundraising focus and development group will be established. This will involve EJAF staff, trustees and outside advisors to help develop new opportunities where appropriate.

GOVERNANCE

With the recent establishment of the Finance and Investment Committee, the Foundation will seek to cement and strengthen its financial and risk management model. With the development of a new four-year organisational strategy and a revised reserves policy, the trustees and staff are dedicated to the continuing development of a strong and efficient organisation. EJAF aims to underline its commitment to quality assurance by achieving the PQASSO Quality Mark during 2010.

In line with the commitment to their continuing understanding of the Foundation's work, trustees are expected to undertake field trips including visits to South Africa in 2010.

MANAGEMENT

With the development of a new four-year strategic plan, the newly established Senior Management Team will work towards meeting the organisation's short, medium and long term objectives during 2010.

FINANCIAL REVIEW

BACKGROUND TO THE FOUNDATION'S FUNDING AND FINANCING

As in previous years, the Foundation received most of its income from fundraising activities although notable funds were secured from institutional donors, including Comic Relief and the Big Lottery Fund. The vast majority of the Foundation's expenditure is undertaken directly on disbursing grants to partner organisations, which implement projects in line with EJAF's programmatic strategy. The remainder is used to ensure that these partners and the projects are adequately supported, monitored and evaluated and that the charity is governed and managed effectively and appropriately.

The overall financial position of the group remains healthy with a net surplus of £2.7m being reported in 2009. Income decreased to £9.1m, as a direct result of the challenging economic environment, which directly impacted the Foundation's fundraising. Furthermore, the lowering of the Bank of England base rate led to reduced investment income, even though cash and cash equivalent resources increased during the year.

INCOMING RESOURCES

Total consolidated income decreased by 44.2% to £9.1m (restated 2008: £16.3m) including £4.4m from voluntary sources, £4.4m from the trading subsidiary, £274k from investments and £29k from other sources.

CHARITABLE EXPENDITURE

Consolidated Charitable Expenditure fell by 27.5% to £5.0m (2008: £6.9m). 91% of this total constitutes direct awards to implementing partners in the 15 countries, in which EJAF is active. Total Charitable Expenditure for the charity constitutes 94.6% of total resources spent by the charity and 79% with respect to the consolidated figures.

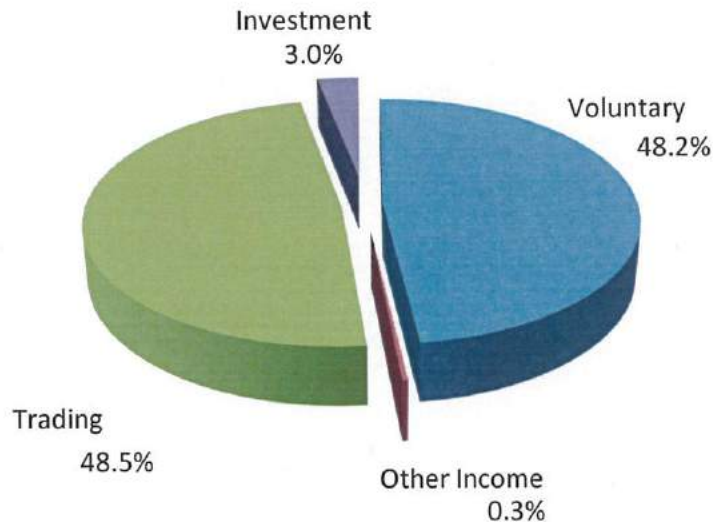
GOVERNANCE AND ADMINISTRATION

The consolidated total governance costs increased by 2.1% in 2009. The £59.7k spent on administering the charity (2008: 58.5k) represents 0.6% of total consolidated income and 1.0% of total consolidated resources expended (0.8% with respect to the charity alone).

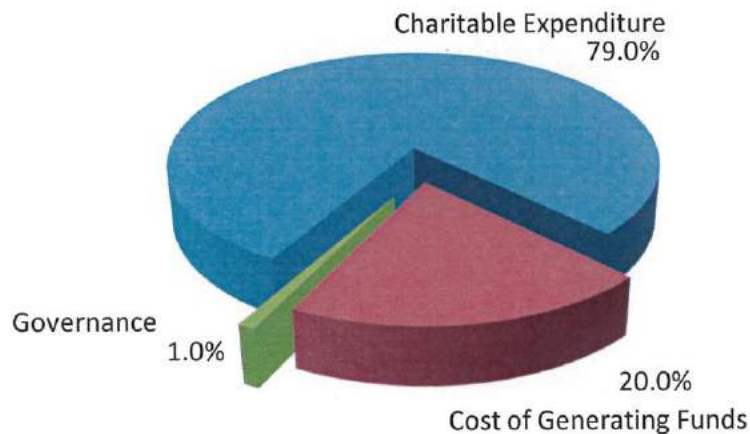
FUNDRAISING

Consolidated voluntary income from individual givers and donors decreased to £4.4m (restated 2008: £11.4m), a fall of 61.4%. Trading income increased to £4.4m (2008: £3.9m), an uplift of 12.8%. Combining these figures, income from fundraising activities amounted to £8.8m (restated 2008: £15.3m), an overall decrease of 42.5%. The cost of raising these funds also fell, from £1.33m to £1.27m, or 4.5%. This constitutes 14.4% of total consolidated fundraising income or a fundraising income to expenditure ratio of 7:1.

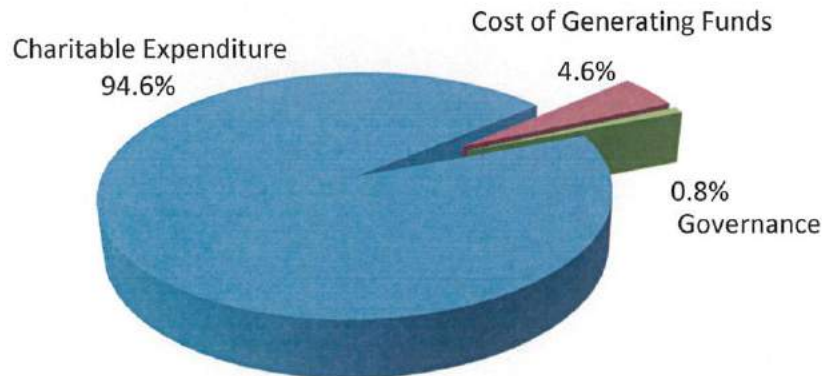
INCOMING RESOURCES (CONSOLIDATED)



OUTGOING RESOURCES (CONSOLIDATED)



OUTGOING RESOURCES (CHARITY)



EJAF TRADING LIMITED

The charity has a wholly owned trading subsidiary, EJAF Trading Limited, which provides the management for one-off fundraising events. All profits from its activities are paid to the charity. The trustees are satisfied with the performance and results of the subsidiary for the year ended 31 December 2009.

RISK AND INTERNAL CONTROL

The trustees continue to review and assess the risks that the charity faces and potential impact they may have on the organisation.

The Board delegated the oversight of organisational risk to the FIC. The Senior Management Team is in the process of revising the risk register to establish it as a working document. It will be formally reviewed each quarter and presented to the FIC.

The Financial Controller, together with the other members of the senior management team, have made continual improvements to the Foundation's internal controls and organisational processes and procedures. During 2010, the procedures manual will be reviewed and formally updated to reflect these improvements.

RESERVES

EJAF's total funds as at 31 December 2009 are £26.8m (restated 2008: 24.1m) of which £2.1m are classified as restricted funds (2008: £2.7m) and £9.8m as designated funds (2008: £5.3m).

RESTRICTED FUNDS

The monies that EJAF receives, which are given for a specific initiative, are classified as restricted. Each restricted pot is administered separately to ensure accurate allocation and compliance with the donors' requirements.

DESIGNATED FUNDS

The contracts that EJAF enters into with its Grant Recipients are predominantly multi-year awards. Accordingly, the Foundation holds a level of future grant commitments at any one time. The Board agreed that these commitments be recognised as a designated fund in the accounts. As at 31 December 2009, £9.6m is contracted and committed to future grants and included within a designated fund.

Following the passing of its Executive Director, EJAF has set up a Robert Key Memorial Fund, which will support programmes that provide a direct and tangible benefit to people living with HIV/AIDS from marginalised communities and/or facing exceptionally difficult circumstances. A sum of £200k has been designated to this fund for each financial year.

UNRESTRICTED FUNDS

The total unrestricted fund as at 31 December 2009 is £15.0m as a result of an unrestricted deficit in the year of £1.2m.

In 2009, the trustees reviewed the level of reserves and modified the reserves policy. The objective of the policy is to ensure that the level of unrestricted reserves will finance and accommodate the strategic plans of the Foundation, mindful of the economic environment in which it finds itself. The Board agreed that the reserves policy of the Foundation should constitute a level of £12m, which equates to 2 years' of operating costs, which includes grants disbursed. This also ensures that the Foundation can mitigate against new and existing grant recipients bearing any organisational shocks that EJAF may suffer in the short term.

RISK STATEMENT

The trustees have assessed the major risks to which the Foundation is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Policies (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable the trustees to ensure that the financial statements comply with the Companies Act 2006. The trustees are also 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.

STATEMENT OF DISCLOSURE TO AUDITORS

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

A resolution to reappoint Hazlems Fenton LLP as the Foundation's auditors will be proposed at the Annual General Meeting for the year ended 31 December 2010.

On behalf of the board of Trustees

Anne Aslett (Executive Director)

Trustee

Dated:

 20.9.10

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE ELTON JOHN AIDS FOUNDATION

We have audited the group financial statements of The Elton John AIDS Foundation for the year ended 31 December 2009 set out on pages 14 to 27 which have been prepared under the accounting policies set out on page 17 and 18.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

As described on page 11, the trustees, who are also the directors of The Elton John AIDS Foundation for the purposes of company law, are responsible for preparing the group financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the group financial statements give a true and fair view.

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

We report to you our opinion as to whether the accounts give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Report is consistent with those group financial statements.

In addition we report to you, if in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

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 an examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the group 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 as to whether the accounts 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 group financial statements.

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF THE ELTON JOHN AIDS FOUNDATION

Opinion

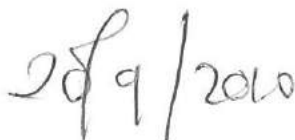
In our opinion:

- the group financial statements give a true and fair view of the state of the group and parent charitable company's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the group financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Report is consistent with the group financial statements.



Leonard Siskind FCA (Senior Statutory Auditor)
for and on behalf of Hazlems Fenton LLP

Chartered Accountants
Statutory Auditor
Palladium House
1-4 Argyll Street
London W1F 7LD



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THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2009 £	Total 2008 (restated) £
Incoming resources						
Voluntary income	2	3,268,040	-	1,104,671	4,372,711	11,385,891
Trading income	3	4,406,091	-	-	4,406,091	3,857,207
Investment income	4	274,422	-	-	274,422	1,025,711
Other incoming resources	5	28,516	-	-	28,516	29,056
Total incoming resources		7,977,069	-	1,104,671	9,081,740	16,297,865
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	6	14,016	-	-	14,016	4,000
Trading expenses	6	1,021,252	-	-	1,021,252	1,085,410
Direct fundraising expenditure	6	232,616	-	-	232,616	241,296
Charitable activities						
Grants made	6	2,826,333	-	1,744,424	4,570,757	6,483,073
Grants' costs	6	427,737	-	5,816	433,553	405,727
Governance costs	6	59,687	-	-	59,687	58,450
Total resources expended		4,581,641	-	1,750,240	6,331,881	8,277,956
Net incoming resources before transfers		3,395,428		(645,569)	2,749,859	8,019,909
Gross transfers between funds	7	(4,536,340)	4,554,584	(18,244)	-	-
Net (outgoing) / incoming resources after transfers		(1,140,912)	4,554,584	(663,813)	2,749,859	8,019,909
Other recognised gains and losses						
Realised loss on investments		(56,173)	-	-	(56,173)	-
Net income/ (expenditure) for the year		(1,197,085)	4,554,584	(663,813)	2,693,686	8,019,909
Unrealised gains in the year		43,549	-	-	43,549	1,631
Net movement in funds		(1,153,536)	4,554,584	(663,813)	2,737,235	8,021,540
Fund balances at 1 January 2009						
As originally stated		15,506,379	5,257,182	2,714,714	23,478,275	16,060,363
Prior year adjustment	8	603,628	-	-	603,628	-
As restated		16,110,007	5,257,182	2,714,714	24,081,903	16,060,363
Fund balances at 31 December 2009		14,956,471	9,811,766	2,050,901	26,819,138	24,081,903

All amounts relate to continuing operations. All gains and losses recognised in the current and preceding financial year are included in the statement of financial activities.

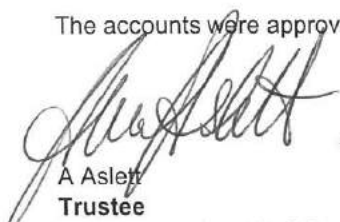
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31 DECEMBER 2009

	Notes	Group		Charity	
		2009 £	2008 (restated) £	2009 £	2008 (restated) £
Fixed assets					
Tangible assets	11	7,424	14,433	1,443	8,690
Investments	3, 12	523,000	479,451	523,001	479,452
		530,424	493,884	524,444	488,142
Current assets					
Debtors	13	1,492,916	1,411,063	2,553,013	1,908,440
Investments	12	17,349,104	9,966,673	17,349,104	9,966,673
Cash at bank and in hand	19,20	7,981,632	14,000,268	6,838,935	13,467,101
		26,823,652	25,378,004	26,741,052	25,342,214
Creditors: amounts falling due within one year	14	(534,938)	(1,789,985)	(446,358)	(1,748,453)
Net current assets		26,288,714	23,588,019	26,294,694	23,593,761
Total assets less current liabilities		26,819,138	24,081,903	26,819,138	24,081,903
Represented by:					
Unrestricted funds	17	14,956,471	16,110,007	14,956,471	16,110,007
Designated funds	16	9,811,766	5,257,182	9,811,766	5,257,182
Total Unrestricted funds (including Revaluation reserve of £23,000)		24,768,237	21,367,189	24,768,237	21,367,189
Restricted funds	15	2,050,901	2,714,714	2,050,901	2,714,714
		26,819,138	24,081,903	26,819,138	24,081,903

The accounts were approved by the Board on 20.9.10



A Aslett
Trustee
The Elton John AIDS Foundation
Company Registration No. 02787008

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009		2008	
		£	£	£	£
Net cash inflow from operating activities	18		1,171,592		7,374,559
Return on investments and servicing of finance					
Investment income received		239,293		568,193	
Net cash inflow for returns on investments and servicing of finance			239,293		568,193
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(4,810)		(4,211)	
Payments to acquire fixed asset investments		-		(500,000)	
Payments to acquire current asset investments		(17,335,211)		(9,944,493)	
Proceeds on sale of current asset investments		9,910,500		-	
Net cash (outflow) for capital expenditure and financial investment			(7,429,521)		(10,448,704)
(Decrease) in cash	19		(6,018,636)		(2,505,952)

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 2006 as modified by the inclusion of fixed asset investments at market value.

1.1 Group accounts

These financial statements consolidate the results of the charity and its wholly-owned subsidiary, EJAF Trading Limited on a line by line basis. A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by paragraph 397 of the SORP and section 408 of the Companies Act 2006.

The net income of The Elton John AIDS Foundation for 2009 is £8,060,488 (2008 restated - £15,212,455). These amounts include Gift Aid received from EJAF Trading Limited for 2009 of £3,368,093 (2008: £2,813,369) which have been eliminated on consolidation.

1.2 Incoming resources

Income consists of donations received and Gift Aid on income when donations are made under Gift Aid or a Deed of Covenant. Income from general donations is recognised when received. Bank interest is recognised when receivable.

Income from Gift Aid is accounted for on a receivable basis only when the amount can be measured with reasonable certainty.

1.3 Resources expended

Expenditure consists of grants and general administrative expenses which are recognised on an accruals basis.

Staff costs are apportioned between activities on a time spent basis. Support costs are apportioned across activities by analysing the level of administration required by each activity.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Furniture and equipment	Straight line over 3 years
-------------------------	----------------------------

1.5 Investments

Fixed and current asset investments are included at closing market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities and disclosed in note 24 (Revaluation reserve).

1.6 Pensions

The pension costs charged in the accounts represent the contributions payable to a defined contribution scheme by the charitable company during the year in accordance with FRS 17.

1.7 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the statement of financial activities.

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

1.8 Grant commitments

Liabilities in respect of progress payments on grants payable are recognised only when the grant recipient has satisfied the conditions for the grant to be paid and where this can be measured with reasonable certainty.

1.9 Accumulated funds

Restricted funds are subject to individual donors' specific terms and conditions as to their utilisation. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Designated funds comprise funds that have been set aside at the discretion of the trustees for specific purposes. These purposes are set out in the notes to the accounts.

1.10 Company status

The company does not have a share capital and is limited by guarantee up to a maximum of £1 for each member.

The company satisfies the requirements of Section 60 (1) of the Companies Act 2006 and, having made a statutory declaration to this effect, is exempt from using the word 'Limited' in its name.

2 Voluntary income

	Unrestricted funds	Restricted funds	Total 2009	Total 2008 (restated)
	£	£	£	£
Donations and gifts	3,268,040	1,104,671	4,372,711	11,385,891

3 Income from subsidiary's trading activities

The wholly-owned trading subsidiary, EJAF Trading Limited, which is incorporated in the United Kingdom, pays all its profits to the charity by Gift Aid. EJAF Trading Limited provides management of one-off fundraising events. The charity owns the entire issued share capital of 1 ordinary share of £1. A summary of the trading results is shown below:

	Total 2009 £	Total 2008 £
Turnover	4,406,091	3,857,207
Cost of sales	(1,021,252)	(1,085,410)
Administrative expenses	(20,075)	(20,218)
Interest receivable	3,329	61,790
Net profit	3,368,093	2,813,369
Amount gifted to the charity	(3,368,093)	(2,813,369)
Retained in the subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Tangible fixed assets	5,981	5,743
Current assets	1,563,437	638,764
Creditors: amounts falling due within one year	(1,569,417)	(644,506)
Total net assets	1	1
Aggregate share capital and reserves	1	1

Cost of sales and administrative expenses includes auditors' remuneration of £9,200 (2008: £6,300).

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2009 £	Total 2008 £
Interest receivable	274,422	-	274,422	1,025,711

5 Other incoming resources

Other incoming resources of £28,516 (2008: £29,056) were receivable in 2009, of which £28,127 relates to interest on gift aid claimed for previous accounting periods.

6 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2009 £	Total 2008 £
Costs of generating funds					
Management and admin costs	-	3,372	10,644	14,016	4,000
Trading expenses	-	-	1,021,252	1,021,252	1,085,410
Fundraising costs	217,779	-	14,837	232,616	241,296
Charitable activities					
Grants costs	349,092	7,361	77,100	433,553	405,727
Grants made					
Restricted	-	-	1,744,424	1,744,424	1,644,420
Unrestricted	-	-	2,826,333	2,826,333	4,838,653
Governance costs	26,189	460	33,038	59,687	58,450
	593,060	11,193	5,727,628	6,331,881	8,277,956

Governance costs include audit fees of £5,534 (2008: £4,465) for The Elton John AIDS Foundation.

Included within other costs is £16,572 relating to unrealised foreign exchange losses (2008: gain of £58,414). Support costs included within the accounts amount to £14,240. There are no material items within this total.

All grants disbursed in 2009 were made to institutions. Within grants made from unrestricted funds, two awards are material. The Foundation distributed £597,736 to Terrence Higgins Trust and £293,563 to Firelight Foundation.

7 Gross transfers between funds

The brought forward balance at 1 January 2009 relating to restricted funds, granted by the Rufford Laing Foundation, includes £18,244, which relates to a specific grant that was distributed in an earlier year but had been accounted as being paid out of unrestricted funds. Since this grant formed part of this restricted award, this is accounted for in 2009 as a net reserve movement from restricted to unrestricted funds and is disclosed under 'Transfers'.

At 1 January, the Foundation held designated funds of £5,257,182 relating to future grant commitments. During 2009, £1,492,369 of this balance was distributed to implementing partners and a further £5,846,953 was committed. See note 16.

A Memorial Grant was set up during the year following the passing of Robert Key MBE, one of the co-founders of the Foundation. The Trustees agreed to designate £200,000 per year to this fund. See note 16.

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

8 Prior year adjustment

A prior year adjustment of £603,628 has been made with respect to Gift Aid claims for the period from 1 January 2004 to 31 December 2008. This adjustment was made because the claims were not recognised previously. The effect of this adjustment is to increase both the prior years' voluntary income and the opening unrestricted funds by £603,628.

9 Trustees

The charity commission has authorised payment of reasonable remuneration to two trustees for services undertaken in the administration of the company, provided they withdraw from any meeting whilst their remuneration is being discussed. The total remuneration payable during the year, including national insurance, pension and healthcare, was £187,810 (2008: £242,919), being £65,507 in respect of Robert Key and £122,303 in respect of Anne Aslett.

No remuneration was received by other trustees.

Expenses of £nil (2008: £10,587) were reimbursed to trustees during the year in relation to trustee duties.

During the year the charity paid £4,892 (2008: £4,695) for trustees indemnity insurance to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2009 Number	2008 Number
General management function	8	7
Employment costs		
	2009 £	2008 £
Wages and salaries	506,994	469,702
Social security costs	58,845	53,213
Other pension costs	18,976	22,195
Other employment costs	8,245	4,119
	593,060	549,229

The number of employees whose annual emoluments were £60,000 or more were:

	2009 Number	2008 Number
<u>General management function</u>		
£60,000 - £69,999	1	1
£90,000 - £99,999	-	1
£100,000 - £110,000	1	1
	2	3

Contributions totalling £7,266 (2008: £19,702) were made to defined contribution pension schemes on behalf of employees whose emoluments exceeded £60,000.

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

11 Tangible fixed assets - group and charity

	Charity furniture and equipment £	Charity total £	Subsidiary furniture and equipment £	Group total £
Cost				
At 1 January 2009	83,569	83,569	10,812	94,381
Additions	810	810	4,000	4,810
Disposals	(939)	(939)	-	(939)
At 31 December 2009	83,440	83,440	14,812	98,252
Depreciation				
At 1 January 2009	74,879	74,879	5,069	79,948
Charge for the year	7,431	7,431	3,762	11,193
On disposals	(313)	(313)	-	(313)
At 31 December 2009	81,997	81,997	8,831	90,828
Net book value				
At 31 December 2009	1,443	1,443	5,981	7,424
At 31 December 2008	8,690	8,690	5,743	14,433

12 Investments

	Group		Charity	
	2009 £	2008 £	2009 £	2008 £
Market Value at 1 January 2009	10,446,124	-	10,446,125	1
Additions to investments at Cost	17,349,104	10,444,493	17,349,104	10,444,493
Disposal of investments at Cost	(9,910,500)	-	(9,910,500)	-
Net gain / (loss) on revaluation	(12,624)	1,631	(12,624)	1,631
Market Value at 31 December 2009	17,872,104	10,446,124	17,872,105	10,446,125

Of the total, £17,349,104 (both group and charity) relate to current asset investments and £523,000 (group) and £523,001 (charity) relate to fixed asset investments.

All investments are held primarily to provide investment return for the charity.

13 Debtors

	Group		Charity	
	2009 £	2008 (restated) £	2009 £	2008 (restated) £
Trade debtors	421,848	196,077	1,680	107,905
Prepayments and accrued income	1,025,371	1,214,286	1,024,799	1,196,861
Other debtors	45,697	700	45,697	700
Amounts owed by group undertakings	-	-	1,480,837	602,974
	1,492,916	1,411,063	2,553,013	1,908,440

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

14 Creditors: amounts falling due within one year

	Group		Charity	
	2009 £	2008 £	2009 £	2008 £
Trade creditors	420,336	1,698,409	405,889	1,697,862
Taxes and social security costs	13,831	27,366	13,831	17,806
Accruals	100,771	64,210	26,638	32,785
	534,938	1,789,985	446,358	1,748,453

15 Restricted funds

The income funds of the charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 December 2009 £
	Balance at 1 January 2009 £	Income received £	Utilised £	Fund transfers £	
Life Ball, Vienna	10,000	-	-	-	10,000
RTL Spendenmarathon	-	632,889	(569,600)	-	63,289
The Rufford Maurice Laing Foundation	121,092	125,000	(222,060)	(18,244)	5,788
The Vodafone Group Foundation	139,798	-	-	-	139,798
Comic Relief	-	211,623	(105,812)	-	105,811
"4 Inches" / Jimmy Choo / Cartier	865,519	-	(349,369)	-	516,150
Jimmy Choo Project PEP	-	600	-	-	600
Elena Franchuk ANTI AIDS Foundation and Victor Pinchuk Foundation	539,702	-	(5,816)	-	533,886
Improving the Lives of HIV- Positive Children and their Families in Ukraine	574,275	98,737	(340,941)	-	332,071
Pledges at 9th White Tie & Tiara Ball 2007 for Mobile Health Fleet in Lesotho	221,817	-	(77,162)	-	144,655
Pledges at 10th White Tie & Tiara Ball 2008 for Prevention of Mother to Child Transmission in Cambodia	242,511	7,500	(54,480)	-	195,531
Annie Lennox - SING Foundation	-	15,000	(15,000)	-	-
Sir Evelyn and Lady de Rothschild	-	10,000	(10,000)	-	-
Jeff Hanson - Baphumelele Fund	-	3,322	-	-	3,322
	2,714,714	1,104,671	(1,750,240)	(18,244)	2,050,901

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

15 Restricted funds (continued)

Life Ball, Vienna

The Austrian charity Life Ball, organisers of an eponymous annual HIV/AIDS fundraising Ball, donated to The Elton John AIDS Foundation from their annual event held between 2001 – 2005. The funds continue to be spent on projects in accordance with the Foundation's charitable objectives, with the specific geographic restriction to the African continent and Eastern Europe.

RTL Spendenmarathon

In November 2008, EJAF patron Annie Lennox performed in the German RTL charity telethon entitled Spendenmarathon to raise money for an EJAF funded project – the Vrygrond Community Centre in South Africa. Funds from the event, to the sum of Euros 737,316 (equivalent of £632,889), which were received in July 2009, were allocated to material costs for the construction of the community centre in Vrygrond (for which EJAF had previously funded builders' training in 2008). The Centre, which is due for completion in June 2010, will provide a range of services for children and adults, from the local community, infected and affected by HIV, including crèche, food security, psychosocial support, foster care and referral for treatment. This replicates the work of a former EJAF grantee project, the Etafeni Centre in Cape Town.

The Rufford Maurice Laing Foundation

UK charity The Rufford Foundation (now The Rufford Maurice Laing Foundation) has since 2002 awarded The Elton John AIDS Foundation an annual grant to be spent on projects in accordance with the Foundation's charitable objectives, with specific emphasis on severely marginalised populations in developing countries. In 2009 this totalled £125,000 (2008: £253,652).

The Vodafone Group Foundation

The Foundation was awarded a one off grant of £624,264 in 2004 to be spent on HIV/AIDS projects as agreed between The Vodafone Group Foundation and The Elton John AIDS Foundation.

Comic Relief

Phase I

A three-year grant totalling £914,049 was awarded to The Elton John AIDS Foundation in 2005 in support of the programme 'Orphans and Vulnerable Children Partnership Support' aimed at mitigating the impact of HIV/AIDS on orphans and vulnerable children within three provinces of South Africa. The Elton John AIDS Foundation's implementing partner is the AIDS Foundation of South Africa, with a further five community-based organisations engaged in service delivery. To date, 5,738 children received a range of support services to enable them to attend school, access healthcare and receive emotional support. By securing over ZAR2m (equivalent of £152k) in annual social welfare payments for orphans and vulnerable children, the programme has mitigated children and households' economic vulnerability and leveraged significantly over the grant sum.

Phase II

A second phase of work began in 2008 with a further award from Comic Relief totalling £696,628 for the next three years. Over this period, the programme's management will undergo a progressive transition from EJAF/AFSA to the partners (community-based organisations) and a community structure centred around Child Care Forums. Local authorities will take on funding of specific posts and functions for long term sustainability. A further 5,000-6,000 children are projected to directly benefit from this work. ELMA Philanthropies is providing co-funding for the programme.

"4 Inches"/ Jimmy Choo / Cartier

A collaborative fundraising project in 2005 entitled "4 Inches" / Jimmy Choo / Cartier generated a total of £1,563,428 in funds specifically for those programmes providing care, support and empowerment to women and children living with or at risk of HIV/AIDS in sub-Saharan Africa. To date, £1,047,278 has been distributed in accordance with the objectives of the fund, with particular emphasis on those programmes championing women's sexual rights and protecting them from HIV/AIDS in the face of gender based violence.

THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

15 Restricted funds (continued)

Project PEP by Jimmy Choo

Luxury brand retailer Jimmy Choo designed a capsule collection of bags, shoes and accessories specifically to benefit EJAF in its support of Simelela Rape Crisis Centre in South Africa. The Jimmy Choo collection, entitled 'PEP' after the post exposure prophylaxis medication given to rape victims to prevent transmission of HIV, was launched and rolled out to stores worldwide in Nov 2009. 25% of all net sales from the PEP collection will benefit the Foundation.

Elena Franchuk ANTIAIDS Foundation and Victor Pinchuk Foundation

EJAF received a USD\$2.5m donation to support a range of programmes within Ukraine in line with the Foundation's country strategy. The Foundation has commissioned contextual analysis into the vulnerabilities and needs of young women infected and at risk of HIV/AIDS in Ukraine, with a view to identifying programmes that address these needs. A proportion of this fund will support this work. Further work will be undertaken in 2009 to identify programmes targeting street children, which is also a key strategic focus for the Foundation's work in Ukraine. £721,151 of the fund has been allocated to 'Improving the Lives of HIV-Positive Children and their Families' (see below).

Improving the Lives of HIV-Positive Children and their Families in Ukraine

This restricted award represents a five year collaborative project to deliver support and referral services to children affected by HIV/AIDS in Ukraine. The programme is funded by the Big Lottery Fund, the Elena Franchuk ANTIAIDS Foundation and Victor Pinchuk Foundation. It is being implemented by the All Ukrainian Network of People Living with HIV/AIDS at ten centres across the country delivering support and referral services to children infected and affected by HIV/AIDS. The programme will also address stigma and discrimination against such children in 3,000 kindergarten and primary schools and introduce a staged disclosure process for an estimated 1,500 HIV positive children who are unaware of their status. Technical support is provided by the Romanian Angel Appeal.



Supported by

The National Lottery[®]
through the Big Lottery Fund



Pledges at 9th White Tie & Tiara Ball 2007 for Mobile Health Fleet in Lesotho

At the 2007 annual White Tie & Tiara Ball, the appeal was made to help fund a Mobile Health Fleet in Lesotho to train health-workers to ride a motorbike and to cover the costs of the bike, fuel and servicing. With an additional £10,000 received in 2008, the implementing partner, Riders for Health will execute their project, 'Sustainable Mobility for Outreach Healthcare Delivery', in Lesotho over a 42 month period.

Pledges at 10th White Tie & Tiara Ball 2008 for Prevention of Mother to Child Transmission of HIV in Cambodia

The annual appeal aims to help secure an HIV/AIDS free generation in Cambodia. The sums raised have been allocated to the Clinton HIV/AIDS Initiative to help prevent infected mothers passing the disease to their children and to treat the mothers so they themselves survive to raise their families.

Annie Lennox SING Foundation

Annie Lennox's own charity, SING Foundation, provided a grant of £15,000 to cover security services and materials costs related to the construction of the Vrygrond Community Centre in South Africa. This grant covered costs that were incurred between November 2008, when Annie Lennox donated her performance at the Spendenmarathon (see above) in aid of EJAF/Vrygrond Community Centre, and July 2009 when funds from the telethon were received.

THE ELTON JOHN AIDS FOUNDATION
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

15 Restricted funds (continued)

Sir Evelyn & Lady de Rothschild

This award was made as a contribution towards our funding of the Children With AIDS Charity (CWAC) Hardship Fund, the only fund of its kind in the UK specifically designed to cover urgent needs for families where there is a child living with HIV/AIDS.

Jeff Hanson

Artist Jeff Hanson donated \$5,500 (equivalent of £3,322) to EJAF as a contribution to the Foundation's ongoing support of the Baphumelele Centre in South Africa. This donation will go towards the running costs and salaries at the centre, which is a registered place of safety for children orphaned as a result of HIV/AIDS, many of whom are also infected with the disease.

16 Designated funds

The income funds of the charity include designated funds comprising the following balances, which are ring-fenced for future use.

	Movement in funds				Balance at 31 December 2009 £
	Balance at 1 January 2009 £	Income received £	Utilised £	Fund transfers £	
Future Grant Commitments	5,257,182	-	(1,492,369)	5,846,953	9,611,766
The Robert Key Memorial Grant	-	-	-	200,000	200,000
	5,257,182	-	(1,492,369)	6,046,953	9,811,766

Future Grant Commitments

This fund consists of contracted grant payments to implementing partners in future years. All amounts included in this designated fund form part of existing programmes.

The Robert Key Memorial Grant

Robert Key MBE co-founded the Elton John AIDS Foundation with Sir Elton John in 1993. He was instrumental in its development and growth as both Executive Director and trustee until his death in October 2009. In his memory, the trustees of the Foundation have established a new fund to honour Robert's passion and dedication to advancing the rights and needs of those most marginalised by the AIDS epidemic. The fund will, accordingly, be used to support programmes that provide a direct and tangible benefit to those living with HIV/AIDS from marginalised communities and/or facing exceptionally difficult circumstances.

17 Analysis of group net assets between funds

	Unrestricted fund £	Designated fund £	Restricted fund £	Total £
Tangible fixed assets	7,424	-	-	7,424
Fixed asset investments	523,000	-	-	523,000
Current assets	14,759,988	9,811,766	2,251,898	26,823,652
Creditors: amounts falling due within one year	(333,941)	-	(200,997)	(534,938)
	14,956,471	9,811,766	2,050,901	26,819,138

THE ELTON JOHN AIDS FOUNDATION
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

18 Reconciliation of group net movement in funds to net cash inflow from operating activities

	2009	2008 (restated)
	£	£
Net movement in funds	2,749,859	8,019,909
Investment Income receivable	(274,422)	(1,025,711)
Depreciation of tangible fixed assets	11,193	11,621
Write back of fixed asset	626	-
Increase in debtors	(60,616)	(791,184)
Decrease in creditors	(1,255,048)	1,159,924
	<u>1,171,592</u>	<u>7,374,559</u>

19 Reconciliation of group net cash flow to movement in net funds

	2009	2008
	£	£
Decrease in cash	(6,018,636)	(2,505,952)
Net funds at 1 January 2009	14,000,268	16,506,220
	<u>7,981,632</u>	<u>14,000,268</u>

20 Analysis of net funds for the group

	2008	Cashflow	2009
	£	£	£
Cash at bank and in hand	14,000,268	(6,018,636)	7,981,632

21 Contingent liabilities

The Foundation has contracted and committed to £9,611,766 (2008: £5,257,182) of further grants, which are conditional on the performance of the recipient charities. The designated fund includes the entire balance to ensure that the Foundation can meet these commitments.

22 Commitments under operating leases

At 31 December 2009 the charity had annual commitments under non-cancellable leases as follows:

Equipment hire	2009	2008
	£	£
Expiry date:		
Between one and two years	-	2,019

23 Pension costs

Defined contribution

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charitable company to the fund.

	2009	2008
	£	£
Contributions payable by the charitable company for the year	<u>18,976</u>	<u>22,195</u>

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

24 Revaluation reserve

The unrestricted reserves include unrealised gains/(losses) on investments, which are recognised in a revaluation reserve.

	Balance at 1 January 2009 £	Incoming resources including gains £	Outgoing resourced £	Transfers £	Balance at 31 December 2009 £
Revaluation reserve	-	23,000	-	-	23,000
	-	23,000	-	-	23,000