

Company No. 4016409
Registered Charity No. 1083008

MINES ADVISORY GROUP

FINANCIAL STATEMENTS FOR
THE YEAR ENDED
30 JUNE 2006

(A company limited by guarantee
and not having a share capital)



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COMPANY INFORMATION

Directors:

Michael H. Taylor (Chair)
William Cooke
John Fairhurst (Treasurer)
Elizabeth Marsh
Lord Thomas of Macclesfield
Dr Steve Wright
Sarah Manning

Executive Director:

Lou McGrath

Company Secretary:

Tim Carstairs

Auditors:

Mazars LLP
Merchant Exchange
Whitworth Street West
Manchester
M1 5WG

Bankers:

The Co-Operative Bank plc
147 Church Street
Preston
PR1 3UD

Solicitors:

Bates Wells & Braithwaite
Cheapside House
138 Cheapside
London EC2V 6BB

Registered Office:

47 Newton Street
Manchester
M1 1FT

Company Number:

4016409

Registered Charity Number:

1083008

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

The directors present their report together with the audited financial statements of the company for the year ended 30 June 2006.

Reference and administrative details

Current members of the Board are:

Michael H. Taylor (Chair)
William Cooke
Brendan Duggan (Treasurer – resigned 25 April 06)
Elizabeth Marsh
James Sinclair (resigned 24 October 2006)
Lord Thomas of Macclesfield
Dr Steve Wright
John Fairhurst (appointed 21 June 2006)
Sarah Manning (appointed 29 November 2006)

Structure, Governance and Management

The Mines Advisory Group (MAG) is a registered charity regulated by the Charity Commission of England and Wales; it became an incorporated charity on 16 June 2000, and operates under a set of Articles and a Memorandum of Association, reporting also to Companies House. As this concept is not familiar in many countries, it is important to clarify for international readers of this report that this means that MAG does not make profits for the benefit of its members or otherwise operate as a commercial entity.

The organisation is governed by a Board of Trustees all of whom act in a voluntary capacity. MAG regularly recruits new members of the Board, and members of the public are encouraged to apply. Every year, up to one third of the members of the Board must rotate (based on their length of service) – they can stand for re-election if they wish. In attracting and recruiting members for the Board, MAG endeavours to achieve a wide range of expertise and knowledge that will assist and support the organisation in its development. New members are interviewed and appointed by the Board, are inducted into the work of the different departments, and receive regular briefings on different aspects of the organisation; Board members also undertake overseas visits to operational programs.

The Directorate prepares and submits plans on an annual basis for the operation and development of country programmes and projects, the running of the departments and activities at the Manchester HQ, and for the conduct of assessment visits and development of new opportunities.

The Board of Trustees takes responsibility for approving the organisation's strategic direction and annual plans and budgets; and ensuring that these fall within MAG's charitable objects. The Trustees hold four full board meetings and an Annual General Meeting each year. The four quarterly meetings monitor progress against plans and budgets and formally consider any changes recommended by the Directorate. The Trustees also hold appropriate planning, finance and audit sub-committee meetings

Throughout the year the Board monitors and approves organisational policies, relevant procedures, monitors identified risks; and reviews the governing document

The Board of Trustees delegates the management of the organisation to the Executive Director, who is assisted in the overall management of MAG by the Director of Finance, Director of Operations and the Director for Policy.

MAG is structured around six core functions: operations; finance; international partnerships and fundraising; policy; human resources and administration; and communications. MAG's Headquarters in Manchester holds these different areas of skills and support. Field programmes around the world mirror some if not all of these areas of responsibility according to their size and complexity.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

The Operational Management Team comprises the Heads of each of the departments, bringing together all areas of expertise and ensuring regular co-ordination, sharing of information and experience, and day-to-day decision-making.

In the field, projects and programmes are managed by Country Programme Managers who in turn have responsibility for finance, technical training and support, administration, communications and other functions according to the size and complexity of the country operations.

In addition, the key role of MAG's International Development and Evaluation Team, which reports independently to the Executive Director, is to monitor programmes against plans on a regular basis, visiting each one at least yearly to monitor progress, evaluate results, assist with technical questions and development, and ensure compliance with international standards. The team is also able to represent the organisation at a high level, assisting with donor discussions, negotiations with senior officials and participate in international expert groups.

MAG continues its partnerships with a variety of governmental, international and non-governmental organisations in order to maximise the developmental impact and sustainability of our work. These relationships are regulated by memoranda of understanding (MoU), contract or other agreement as appropriate to each case.

Human Resources

Key to MAG's continued success and development is excellence in the field of human resources from recruitment to deployment. At June 2006, MAG employed 2,656 staff: the majority were local national staff from the programme countries, and 92 were international (expatriate). MAG drew its international staff this year from 22 different nations, bringing a wide and varied cultural and linguistic diversity to add to its skills and expertise.

In Cambodia and next year in Laos, MAG is fielding all-women Mine Action Teams (MAT's), and in many countries women make up significant percentage of staff. Staff was employed in a variety of technical, managerial, administrative and support positions, in 12 different countries of operations this year, and all received appropriate equipment, training and supervision to relevant international and local standards.

Risks

MAG considers risk not only in terms of safety and security of staff in field operations, but equally in terms of financial, managerial and other risks to the organisation and its ability to deliver a quality service for its beneficiaries over time. Thus MAG's risk management approach covers the whole organisation. Policies and procedures are in place to ensure this. Organisational policies are reviewed by the Board on a regular basis.

The Board operates a process to review the risks to which the organisation could be exposed. A strategic and business plan is in place to ensure funding for the organisation. Internal risks are reduced through the application of appropriate controls to ensure that financial, administrative and operational procedures are effective thus minimising the risk of financial loss and litigation against the company. The internal and independent monitoring and evaluation unit provides strength to MAG's learning process and experience. Standing Operating Procedures are in place in all MAG operations to ensure risk is assessed, monitored and managed at field level; and minimised in all operational activities.

At all levels, roles, responsibilities and accountabilities are clear, and regular monitoring takes place to remain current.

Declaration of interests

All members of the Board and Directorate declare relevant interests on an annual basis. Lou McGrath, MAG's Executive Director, and Tim Carstairs, MAG's Director for Policy, also serve as unpaid officers for MAG America, President and Secretary/Treasurer respectively. MAG America (www.magamerica.org) is a not-for-profit charitable organisation registered in the USA and raises awareness of the impact of landmines and ordnance, and funds to support MAG's work. Funding decisions are made by MAG America's Board of Directors which is independent from that of MAG, and are regulated by contract. As such the accounts of MAG America are not consolidated within these financial statements.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Reserves

The majority of MAG's operational commitments are related to activities funded by restricted funds. The contractual agreements cover the completion of such tasks and related financial commitments. The Board recognises the importance of building and maintaining unrestricted reserves at an appropriate level. At present the Board has approved a target reserves level equal to 180 days of the organisation's annual unrestricted core costs which for the year ended 30 June 2006 was approximately £200,000. The unrestricted reserves are currently higher than this, which reflects MAG's investment in future charitable activities that may not be covered by restricted donor funding. Unrestricted funds are also needed where MAG is required to respond to emergency situations. Reacting quickly in these situations can lead to securing of future donor funding. The Board is satisfied that this level of reserve will provide financial cover for the organisation to meet its legal obligations if so required. This level of reserves would also strengthen its ability to respond at such times as would be required to meet its charitable Objects.

Investment

In view of the structure of the funding of the charity's activities and the resultant need to access cash flow, the Trustees invest funds in a short term deposit providing a market rate of interest. This is reviewed regularly.

Aims and Objectives

MAG takes a non-partisan, non-political and non-religious approach in carrying out its objectives.

MAG's objects are to assist communities affected by conflict. In implementation of this, MAG has a holistic vision that saving lives and building futures means more than simply clearing landmines and ordnance; and considers the future peaceful development and prosperity of people and their communities. This report will show some of the achievements MAG has made this year in these areas.

MAG's activities are designed to benefit all those whose lives are restricted by the fear of or threat from all types of weapons and munitions. Combining a variety of strategies and methodologies, MAG provides technical and managerial assistance and support in conflict and post-conflict environments to:

- conduct prioritised clearance and weapons destruction programmes that meet the needs and priorities of affected communities;
- locate and destroy abandoned munitions and weapons caches;
- gather and share relevant information and survey through community liaison;
- educate civilian populations at risk from landmines and dangerous ordnance to help reduce the risk of death and injury;
- build local capacity through training and supervision programmes to assure long term sustainability;
- co-operate with partners to ensure sustainable development and build futures;
- remove and destroy stockpiled weapons and munitions to prevent the potentially destabilising effect of stockpiles and the fuelling of new or further conflict in the countries concerned and across borders;
- employ demobilised soldiers of all sides, contributing to DDR processes (Disarmament, Demobilisation, Reintegration).

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

MAG believes in taking a holistic approach in its assistance to armed conflict prevention and recovery. Through the Community Liaison teams, MAG coordinates, as needed, with all government and local authorities, non-governmental organisations, United Nations agencies and communities to ensure proper priorities are met. These priorities include refugees and internally displaced people, water and sanitation, food security, health and medical services, educational facilities, infrastructural work, agriculture and local business.

In many of the conflict and former-conflict situations where MAG intervenes, there may be an emergency phase which can often require a significant international presence and expertise, in both explosive ordnance disposal and landmine clearance. Having this capability means that MAG is able to provide assistance and deal with whatever the immediate priorities are. In many emergency situations, the local population is often unaware of the dangers that they or their families may face, especially those who have become refugees or internally displaced by the conflict. Where necessary MAG responds to these dangers through its Mine Risk Education teams whose role is to provide information on what and where the dangers are, and how to avoid them. The simple objective of this work is to reduce the risk of death and injury from mines and explosive ordnance.

In the context of ceasefire and peace processes, involving the United Nations or other bodies, MAG also provides capacity and expertise in destroying small arms and light weapons such as automatic and semi automatic machine guns and rifles, mortars, man-portable air defence systems, including air-dropped munitions, artillery pieces and shells. MAG can also provide advice and support in securing legitimately held stockpiles of weapons and munitions.

MAG also follows a broader objective in a country or region where armed conflict has left continuing problems and restrictions on people due to residues of weapons, landmines and unexploded ordnance. This is to ensure that there is sufficient capacity in place to deal with the longer term threats to the safety, security and development of the country's population. To fulfil this objective MAG is able to provide employment and training to local people.

Initial employment and training could be given in landmine search and clearance, battle area clearance, mine risk education techniques, logistics, finance and administration, human resources, community liaison, data gathering, driving and mechanical maintenance, trauma medical care, and mechanical clearance depending on the relevant country requirements. Continued training and development of individuals is undertaken throughout their employment with MAG. Individuals can be trained to supervisor or manager level and are able to develop more specialist skills in explosive ordnance disposal, IT, and to higher levels in management and administration.

In order to keep the numbers employed at a sustainable level MAG has developed a small-team structure within a programme's clearance capacity known as Mine Action Teams (MATs). These MATs are multi-skilled, thus making them more flexible and responsive. The MAT can, as a team, deal with smaller priority tasks or combine with other teams to deal with larger ones. This is unique to MAG and gives greater opportunity for integration in any future national capacity needed by local authorities once MAG has moved out of the country.

MAG does not discriminate on grounds of gender, disability, race or religion and seeks to offer opportunities to those who have been seriously disadvantaged by armed conflict. MAG aims to maximise the impact of its work by providing equal opportunities based on gender or those who may have survived through a landmine or other accident. This offers economic assistance to families who may normally be marginalised. MAG also believes that assisting former combatants from both sides of a conflict with employment directly supports and assists in the peace-building process, and lessens the likelihood of banditry by providing a much-needed income for their families.

A major aspect of MAG's holistic vision of conflict recovery is the long term future of populations affected. Re-building bridges and roads, re-generation and development of conflicted areas, the provision of health care, safe access to clean water, cropping and animal husbandry, re-opening of schools and clinics, infrastructure repair and re-construction, local administration and the visible return of government or administrative structures : all key to building futures.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

To help provide these services and opportunities for sustainable development and economic recovery, MAG therefore works with others wherever possible, building partnerships with UN agencies like the World Food Programme, UN Mine Action Service, UNICEF, the United Nations Development Programme, governmental ministries and non-governmental agencies such as CARE, Islamic Relief, Medecins sans Frontieres, World Vision and Church World Service, local groups such as Jasmal and OSIL in Sudan and OMAR in Afghanistan.

In some cases, we collaborate with such agencies bringing our own funding potential to the table, in others MAG is a part of a wider development approach funded by a third party donor, and in some cases we seek funds in partnership with another agency and donors who recognise the cost-effectiveness and value added of combining expertise.

In addition, MAG seeks to prevent new or further conflict and the proliferation of illicit weapons both in the countries concerned and those beyond its borders; and contributes where possible to DDR processes (Disarmament, Demobilisation, Reintegration); and to the removal and destruction of potentially destabilising and dangerous stockpiled weapons and munitions.

MAG also works with recognised national military authorities to provide advice and support in securing legitimately held stockpiles of weapons and munitions.

Fundraising

As can be seen in the section on operations, MAG has had an active year. Productivity in the field operations is also evidenced in the 25% increase in funds expended during the year: £22,330,930 this year, up from £17,661,213 last year.

A number of country programmes have developed significantly during the time period, including Democratic Republic of Congo, Iraq, Laos and Sudan. Our project in Afghanistan closed during the year.

At the same time, the achievements of our International Partnerships department ensure that institutional income continues to grow. In preparation for the start of the next year, MAG already had a significant proportion of funding in place to carry out its existing projects, many of which span financial years.

MAG's public and corporate fundraising has also had a good year showing £503,582 raised compared with £293,101 the previous year for a comparatively low increase in costs to generate the income.

MAG is grateful to the following donors for their continued and generous support:

Adopt-a-Minefield, AMR, Ausaid, the Government of Belgium, the British Council, Canada/DFAIT, CARE, Cordaid, CWS (Church World Service), the Government of the UK/DFID and the FCO, the Department of State/PMWRA/Office of Weapons Removal and Abatement of the USA, the European Commission - ECHO and EuropeAid, the Freeman Foundation, the Government of Finland, the Government of Germany, Guernsey Overseas Aid, the Humpty Dumpty Institute, the Government of Ireland/IrishAid, the Isle of Mann Government, Islamic Relief, the Government of Japan/Kosanone, Jersey Overseas Aid, Lutheran World Federation, MAG America, Manx Landmine Action, the Royal Government of the Netherlands, the Government of New Zealand/NZAid, the Norwegian Ministry of Foreign Affairs, Roots of Peace, the Government of Sweden/SIDA, Stichting Vluchteling, Trocaire, United Nations agencies including UNICEF, UNMAS, UNDP, UNHCR, World Food Programme, and UNESCO, World Vision

and we would also like to thank our public and corporate supporters.

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Activities, achievements and performance

To achieve its objectives and aims MAG carried out activities both in the UK and in conflict-affected countries throughout the world. The major part of MAG's income was expended in field projects and programmes. As well as its operational projects and programmes, activities included the Headquarters functions of International Partnerships and fundraising, programme support, procurement and logistics, grant administration and financial management, Human Resources, administration, communications and public education. This year MAG headquarters has initiated an internship programme which allows a small number of selected individuals to share their time between operations and international partnerships departments over a 6-month period.

MAG's website has been updated regularly and provides pictures, information, stories and news from the field as well as opportunities to get involved in MAG's work. An e-brochure became available during the year to help keep supporters informed more regularly, and a schools programme also went live with lesson plans for Global citizenship, Key Stages 2-4 and international baccalaureate. MAG also produces brochures, posters, T-shirts and other materials designed to promote awareness and interest not only in the charity but in the issue of conflict recovery. The general public, corporations, trusts and foundations are encouraged to help in whatever way they can – it is incredible what a seemingly small gift can produce in the field; and MAG is continually looking for and exploiting innovative ways to raise people's understanding of the issues and much-needed funds to support our work. Whether supporters are interested in cycling across the desert, abseiling from a famous building or participating in a fun run, MAG continually brings out ideas and events to enthuse supporters and raise funds.

This year and into the coming year, MAG is seeking new patrons and supporters, including well-known public figures, artists and media stars to help maintain the level of support we currently have from the public, and to work with us to create greater understanding of the issues.

MAG continues to follow various fora related to its core expertise such as the Ottawa Convention and its several interim and summit meetings, the donor group referred to as the Mine Action Support Group, the Geneva International Centre for Humanitarian Demining, the UN Mine Action Service's Director's meeting and other such meetings and places for gathering and sharing information. MAG attends and speaks at relevant national and international meetings, workshops and conferences, and maintains links and partnerships with a variety of non-governmental organisations such as Geneva Call, for its work with non-state actors, particularly in countries and regions where MAG is involved; Landmine Survivors Network and Motivation which work with people injured by mines and ordnance, Vietnam Veterans of America Foundation on landmine impact survey.

In the USA, MAG works with its partner organisation MAG America, and provides technical interface where required through the presence of a member of its IDET (International Development and Evaluation Team). As well as programme monitoring and evaluation, members of the IDET are also involved with developing new or additional projects and programmes to assist people affected by mines and ordnance in other areas, and are on hand for emergency capacity as well.

MAG was successful in fundraising during the year as the financial report shows, and against a budget for the year of £18,287,240 in fact raised total incoming resources of £23,768,111. As some of MAG's grants span several financial years, the report also shows how much funding is carried forward into next year to continue to fund projects that had not yet come to an end. We are very grateful to all our donors, and a separate section of this report provides more detail on who they are.

We hope that the report will give readers a flavour for what is being proudly achieved by the organisation:

Some may measure performance in numbers of staff, or in numbers of mines and ordnance removed from a given area. While these are useful indicators, they cannot tell the full story. That is why MAG chooses to explain its impact in case studies (for which we invite readers to regularly visit our website) adding a human face to the measurable indicators in order to recount some of the benefits we achieve for the communities we serve.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

MAG Country Operations

The following achievements were made possible through the dedication and professionalism of all MAG's national and international staff.

Throughout the year, MAG has pursued conflict recovery objectives in 12 countries (Angola, Cambodia, Chad, Cyprus, Democratic Republic of Congo, Iraq, Kashmir, Laos, Lebanon, Sri Lanka, Sudan, Vietnam).

Each year as part of the business planning process, MAG's country programmes detail their planned activities and outcomes. These include simple measures such as so many m² cleared by machine, by mine detection dog teams and by hand, according to which method is chosen from the 'toolbox' of methods at our disposal. Other objectives include clearance of mines and ordnance on roads, from villages, the clearance of wells, from schools, sports fields, and so on. Our Community Liaison teams will visit all communities in a given area, and give Mine Risk Education (MRE) to school children as well as adults, especially those with vulnerable occupations. All plans are measured based on impact and what the outcomes will be, essentially if this is known from the start of a project the measurements of achievement become simplified.

Angola

MAG's Community Liaison teams in Angola continue to develop their participatory and integrated approach with mapping, door-to-door information gathering, village meetings, civil society identification and detailed conflict analysis. Community Liaison provides a comprehensive understanding of community needs resulting from accurate information gathering and surveying. As Community Liaison approaches are integrated with rapid response teams, MAG Angola is in a position to react immediately to emergency EOD tasks and reports of dangerous ordnance from the local community. As a direct result of this, MAG dealt with 711 such EOD tasks and cleared close to 4,200 UXO across three highly impacted provinces benefiting 50,000 people in addition to its ongoing clearance work

MAG continued extensive landmine clearance this year in the three heavily contaminated eastern provinces of Moxico, Lunda Sul and Lunda Norte. 10 MATs, 4 Rapid Response Teams, 3 Mechanical Clearance Teams and a Road Operations Unit cleared 414,710m² of land with anti-tank and anti-personnel mines discovered and destroyed.

MAG's operating areas in the east of the country are traditional migration routes and have received large numbers of returning refugees from neighbouring Zambia and DRC. In collaboration with the UN's High Commission for Refugees, MAG's operations have been vital to the safety of moving populations over the past several years since peace has come to Angola. This aspect of MAG's work will continue over the coming year: 122,000 Angolans in Zambia are likely to return voluntarily.

MAG's support to Internally Displaced Persons (IDP), and recent returnees continued with an extensive MRE campaign during the year. MRE sessions were delivered to a total of 14,545 people (46% of whom were children) in rural communities. The customary community flows of information within Angola means that these sessions will impact on a far larger number than simply those who were present at the meetings.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Angola – Lucusse to Luchona: The History Road

There will be very few times in my life when I can say I made history, when I have been one of “the first”. It will possibly be only once, and that was today, July 5th 2006. Today, I was one of the first people in 23 years to cross the Lungue Bungue River by car and to drive onto the village of Luchona. Before May 2006, crossing the river by boat was possible, swimming across if you avoided the crocodiles was possible, but since 1983 when UNITA destroyed the bridge and mined the surrounding area, it was not possible to cross this major waterway by car, truck, motorbike or any non water born means. The landmine clearance of MAG Angola and the bridge construction project of the World Food Programme (WFP) have now made this passage possible, and in doing so have written their own chapter in Angola’s history.

Lucusse was a place where history, not just my own, was made. It is the town nearest to the Lungue Bungue River and was where Jonas Savimbi, the UNITA leader during 30 years of civil war was killed in 2002.

Being a heartland of support for UNITA, fighting between Government Forces (FAA) and the “rebel” army was fierce in the Lucusse area of Moxico Province. Today the explosive legacy of this conflict is plain to see – more than 75 bombed and burned-out vehicles between Luena the provincial capital and Lucusse alone, strategic anti personnel and anti vehicle mine laying around ambush points and 16 destroyed bridges on the province’s main national highway, which passes through Lucusse itself. The impact of this contamination has meant even after the signing of the peace agreement in 2002, the road has not been safe to travel.



Through route assessment, risk threat reduction and route verification, MAG Angola has been working to address the access constraints on this national highway. It has been supporting the World Food Programme’s bridge construction project with its Road Operations Unit (ROU) and its Mine Action Teams (MATs). The ROU plays an integral part in MAG’s Humanitarian Mine Action (HMA) support by verifying the intervening roads between the bridge sites. The MOU supported the Mine Action Teams with its vegetation cutter and ground clearance capacity.

So far the clearance at three bridge sites from the northern approach and five bridges from the south approach has allowed WFP to reconstruct bridges at these sites. At the time of writing eight bridge sites remain to be cleared of contamination and the bridges rebuilt.

The new 60 meter bridge traversing the Lungue Bungue River, the wreckage of the destroyed bridge still lies beneath

For MAG the completion of clearance at the site at the Lungue Bungue River marks a milestone in this process. Finding and destroying 57 anti-personnel and 10 anti-vehicle landmines as well as 103 items of UXO, this site was both heavily contaminated and a great challenge.

Measuring nearly 200 feet (approximately 60 meters) in length, the newly constructed unsupported metal bridge is the next link in the chain of bridges linking Luena in the north with Lumbala Nguimbo in the south. On completion, this bridge and road chain will create a vital corridor of access that will cut the travel time between the two centres from two days to six hours. In the short term increased access will facilitate the refugee reintegration process implemented by UNHCR and in the long term, with increased agricultural productivity, outputs will extend beyond subsistence farming, allowing for trade and thereby improving opportunities for economic development. Increased access by road will reduce the price of food, and increase local trade opportunities.

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Cambodia

After decades of conflict, Cambodia's people continue to face an appalling legacy of mines and all kinds of UXO. For 14 years MAG has been involved in clearance both during and following the conflict years. During the past financial year MAG has employed 458 Cambodian staff. Uniquely, 46% are women working in technical operational roles. MAG is the only mine action agency in Cambodia to employ women in such work. MAG Cambodia also employs amputee deminers - survivors of the devices they now clear.

During the period MAG cleared 3,678,727 m² of mine and UXO contaminated land. MAG Cambodia has successfully worked with the Cambodian Mine Action Authority on a new reclaimed land policy where land previously marked as suspect and now under continuous cultivation is being mapped and declared reclaimed and taken off the national contamination atlas. This is a major breakthrough in Cambodia as the 60,000,000 m² (or 60km²) already reclaimed by 3 mapping teams (6 MAG staff) over a four month period represents a significant dent in the targeted total land to be cleared in Cambodia for completion and compliance with Cambodia's obligations under the Ottawa Convention.

Additionally, MAG has assisted the national authorities with new legislation that has permitted the reclassification of land previously marked as "suspect" under the country-wide survey following three continuous years cultivation of the land with no accidents. This is the first legislation of its kind in the world and will ensure much more precise targeting of at-risk communities for the years to come, ensuring improved resource allocation for all actors in the mine action sector in Cambodia.

All team supervisors have successfully completed a licensing process internally, meaning that MAG continues to maintain the high level of national technical ability in the field and to strengthen a standard approach to skills and field management. The period also saw the addition of several new tools in MAG's Cambodia toolbox, namely MDD (Mine Detection Dogs) and mechanical flails to complement the fleet of vegetation cutting machines. This has further accelerated the release of cleared land to agriculture and other development activity.

Last year, MAG was the only agency clearing UXO (unexploded ordnance) in areas towards the country's border with Vietnam, site of heavy bombing of the Ho Chi Minh trail during the Vietnam war. MAG is still the only agency to deal with UXO in a proactive way, prioritising its EOD (Explosive Ordnance Disposal) teams to undertake proactive search according to where bombing data and high casualty incidences occur.

Cambodia - Srae Anteak village



With the support from WRA, MAG cleared land from nine minefield sites around Srae Anteak village. Following clearance work, five wells were drilled and four ponds were being dug by CARE. The wells and ponds will benefit 182 families consisting of 931 people.



One of the villagers to benefit from this work is Duch Savath. She is 24 years old, married with two children living in Srae Anteak village, Salakrau commune-district, Pailin province. She no longer has to spend time away from her family to walk the 1 to 2 miles to collect water from a stream. "I am happy to have clean water from the well which is the support from MAG and CARE, notably thanks to MAG and CARE for collaborating to develop my village as well as other villages" said Savath.

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Chad

Following up results of the Landmine Impact Survey conducted in the country in 2004, MAG focused last year on ensuring safe access to water points in the north of the country. Primarily desert, traditional water sources in the north are vital to nomadic peoples and their animals, and many had been mined or made unsafe due to mined access routes; abandoned ordnance was also very evident presenting further danger to people using the area. Following the fighting in and around Ndjamena in April 2006, MAG also supported the national demining capacity deployed by the HCND in conducting Battle Area Clearance (BAC) in the course of which 11 contaminated areas were cleared of UXO in the capital.

In May 2006, after a peace agreement between the Chadian government and the non-state actors operating in the Tibesti province, and at the behest of the Chadian High Commission for National Demining (HCND), MAG expanded its activities into Tibesti, which due to the conflict had not been surveyed or cleared in any way. These 'first' activities are seen as a key contribution to peace-building work in the region. MAG was enthusiastically received by the local population and has begun clearance of landmines and abandoned weapons in the area. In addition, MAG cleared several stockpiles of weapons left in the 1980s by Libyan forces in and around the town of Zouarke. As local populations have become more aware of MAG's activities, reports of UXO and mine contamination have increased. This is a tendency wherever we work: when local people recognise that something is being done about their problem, they come forward with more information.

MAG has worked hard to build effective relations with beneficiary communities and has provided support to the HCND in disseminating Mine Risk Education (MRE) messages through presentations, leaflets and radio broadcasts. Beneficiaries of the work, estimated at around 15,000 people and spread out across the arid desert of northern Chad, include local and nomadic communities who now have safer and improved access to water sources and other community facilities. Indeed, many of the recently cleared water points are already being used on a regular basis and plantations of date palms (a key source of income and nutrition for many of the nomadic populations) have been appearing next to the newly cleared water points.

Chad – cleared water sources



Bir Gosse is the site of a former battlefield, located in wild pasture land where thousands of camels graze. A child was injured playing with an item of UXO found near the water point in January 2005.



Bir Nassarah, about 50 miles (80 km) from Faya Largeau on the track of Kalait, is the only water point available for nomads to use before crossing the desert. A villager decided to hide munitions he had found, left behind by the Libyan Army, so that children wouldn't find them. Unfortunately, the cache was just next to a water point.

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Cyprus

Since 1974 Cyprus has been divided by a buffer zone, controlled by the United Nations Forces in Cyprus (UNFICYP). The buffer zone occupies 3% of the island, including valuable agricultural land. It is 180 km long and varies from 3 meters to 7 kilometres in width. During the conflict both sides laid defensive minefields inside and outside this zone.

As a result of political agreements to clear the minefields between Greek and Turkish areas of the island, a UN clearance programme has been ongoing since 2004. Since that time, MAG has provided international staff as a Quality Management Capacity to the UN programme. This contract is hoped to continue into 2007.

Liaising closely with the UN Mine Action Centre, MAG's team continued monitoring and evaluation of a commercial company that is conducting manual and MDD clearance.

In addition, by year-end the team had completed a working draft of the second edition of Cyprus Technical Standards and Guidelines (TSGs).

DR Congo

MAG began operations in September 2004, and has developed consistently since then, though not without considerable logistical challenges brought about by the sheer size of the country combined with limited infrastructure.

The programme undertakes Community Liaison in direct conjunction with the landmine clearance and EOD teams. Through this partnership, a large volume of information is gleaned from communities in order to direct the clearance operations. Concurrent to clearance activities Mine Risk Education and other risk mitigation strategies are presented to communities and mechanisms established for the reporting of any further areas of suspected contamination.

During the year, MAG cleared areas of landmines and UXO for way stations to assist the repatriation of refugees; health centres and schools in order for other NGOs to implement humanitarian activities; and cleared land to ensure safe agriculture and other traditional sustainable livelihoods.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Democratic Republic of Congo – clearance of caches of munitions

Luhonde is a village on the road between Moba and Pweto in Tanganyika district. Before the war, there were 191 families lived in Luhonde and now there are only 58. The main activity now is subsistence agriculture including the growing of maize, beans, potatoes and cabbage. There is not a lot of money in circulation in the village and the villagers usually obtain necessary items through bartering their crops. The only primary school was closed down since the war, so village children walk 14 kilometres to Pepa each day to go to school.

Large numbers of munitions were stored in the church, in local houses and in some stone farmhouses. The area changed hands several times during the fighting between government and no-state forces. The dangerous areas are all due to ordnance abandoned by the different armed groups and exploded depots resulting from an attempt to burn two of the stockpiles.

MAG surveyed the area and found abandoned and hazardous ordnance and unexploded stockpiles in trenches and dugouts and in the area used by villagers to collect firewood.



Now that MAG has cleared the area Mr Musape, the landowner, feels confident to increase his exploitation of the site, and he now plans to expand his field and grow crops both for subsistence for himself and his family, and for bartering.

MAG has also established a single issue Small Arms and Light Weapons destruction programme to tackle the destruction of stockpiled munitions and weapons collected as part of the Demobilisation, Disarmament and Reintegration process within the security sector reform in DRC. The project will assist in the peace building initiative in this emerging democracy. The first destruction of weapons began just as the year ended.



**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Iraq

MAG has been working in Iraq since 1992 and handed back over 45km² cleared land, and marked a further 125 km². More than 135,000 landmines and 1,336,504 unexploded ordnance have been destroyed including almost 10,000 cluster munitions. This past year, employing a total of 660 local personnel, MAG operated up to 21 Mine Action Teams (MATs) and several mechanical and dog teams in the seven northern governorates, driven by a comprehensive Community Liaison programme including a Mine Risk Education component that is implanted in schools and government ministries and forms part of the school curriculum. Clearance figures remain significant this year with some 3km² of land handed over for safe use and another 3km² marked as dangerous or suspect.

MAG also operated two mechanical flails and an armoured roller for area verification, quality assurance and ground preparation.

Ongoing beginner and refresher training for all Iraqi national staff was conducted throughout the year and as an example 292 students underwent refresher training and re-qualification, 62 new deminers were trained, and 55 technical staff went through to higher levels of EOD and supervision.

MAG has also delivered a number of national capacity building initiatives, chief amongst them being a 6-month Ordnance Recognition and Disposal Program in Dohuk for 23 members of the northern Iraq police (Peshmerga) and security police (Asayish). The course covered mine clearance and EOD to level III.

Under an MoU with the Iraqi Army, MAG trained 44 members of an Iraqi Army Engineers unit from Tikrit. This included basic demining and method of instruction courses, and later courses for EOD levels 1-3. Successful applicants then formed 2 MAT teams, which continued to operate semi-autonomously into the new financial year in Suleymanieh governorate, with MAG providing refresher training and guidance.

Iraq - Teaching saves lives



Nuha Hani, a teacher at the school, explained that MRE has successfully been integrated into her syllabus and she was happy to teach it to her pupils,

“Due to the risk from the contaminated land in our communities, it is important that the MRE message is spread. The school is an ideal place to do this: firstly, because it is a community responsibility to look after and educate its members; and secondly, because I think that the classroom is a good way to reach the children as they are receptive to learning new information and will concentrate more on the subject because it is being delivered by their teacher, who they are taught to listen to carefully and to respect.”

Mahdi Khalil Mohammed, a Grade 4 teacher, had this to say about the program and MAG's support,

“I am very happy and proud to deliver MRE messages. MAG initiated this programme to help our communities and our children, and I am happy to help our children. Children are the future and they will grow up safer with this knowledge and also share it with friends and family, further helping the community. MAG's support to school program is very good and necessary. We need them to continue with follow up and refresher training so we are kept up to date with new messages, dangers, and teaching materials. It is difficult for the Ministry to gather this information but MAG are experts in this. We hope more teachers can receive training in the future.”

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Zaynab Yassen Dewali, an 11-year old pupil explained why MRE is important to her:



“MRE is very important especially for those who do not know what mines and UXOs are, they may play with them so it will kill them as happened to four of my friends. One of them was Peshraw Sabah Husain who was in my class. I enjoy learning MRE in school because we learn how to protect ourselves. I tell my parents what MRE messages I learn in the school. I also tell my cousins who visit me from Baghdad. I avoid the dangerous areas and I keep away from them.”

Kashmir

MAG worked with partner NGO Islamic Relief (IR) to undertake an initial mine action assessment in the area known as Azad Jammu, Kashmir (Pakistan-held Kashmir) in 2004. In response to this, MAG assessed in early March 2005 the preliminary needs of local populations in the Neelam Valley, Lipa Valley and Bagh. These people suffer as a result of landmine and UXO contamination following 5 decades of conflict between India and Pakistan.

To follow up MAG carried out a 4 week workshop in May 2005 for 20 IR ‘Social Mobilisers’ enabling them to carry out targeted MRE as part of their ongoing health and education programme. In May 2006 MAG conducted a follow-up mission in order to assess the impact of the MRE training, the efficiency of the project and make recommendations for the successful continuation of similar initiatives within Kashmir.

Laos

This year MAG continued its commitment to building local capacity and providing support to the national clearance capacity, UXO LAO, in management and EOD including training and establishing a mobile big-bomb disposal team in three provinces. In addition, MAG trained its own community liaison teams in participatory data gathering techniques, trained over 30 UXO technicians, 14 new team leaders, deputy team leaders and medics as well as providing additional training to its support service staff.

MAG aims to contribute to the Government of the Lao PDR’s National Growth and Poverty Alleviation Strategy and the Government’s Strategy for the sector ‘the Safe Path Forward’. To this end, MAG’s UXO clearance activities are focussed where they will have the most impact on vulnerable communities in improving access to food security, basic infrastructure and farm incomes. This financial year, MAG’s Community Liaison teams worked in conjunction with UXO clearance teams to identify and prioritise clearance sites in two of the most vulnerable and highly contaminated districts in the country. As a result of this targeted clearance work, 7 new schools were built and an 8th rehabilitated, access roads and areas for agriculture cleared, water and sanitation systems were built, two bridges, fish ponds, forage plots, weirs, drainage canals, water tanks were developed, and areas made safe for well drilling in villages previously without potable water. MAG has also continued to make itself available to community requests to remove dangerous items: in one district in a 6-month period for example, MAG removed and destroyed 1,591 items of UXO that had been reported by villagers. Further, through its recruitment policy and innovative Village Assisted Clearance approach MAG has supported vulnerable households through employment and training.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

The financial year saw considerable changes in the UXO sector in the Lao PDR with the establishment of the National Regulatory Authority for the UXO sector. This meant that at the request of the relevant local authorities, MAG was able to expand its independent operations in the country. As an independent body, MAG has continued to implement its toolbox approach to UXO clearance and to introduce innovative new technologies especially designed for a UXO rather than mined environment.

Laos - clearance of the Nong Het primary school and district administrative sites



A handover ceremony was held in Nong Het, Xieng Khouang province on 23rd March 2006. The teachers and students are now growing vegetables on the areas already cleared by MAG with plans to extend the vegetable gardens as MAG clears more land. Given the paucity of fresh produce in the market, the ability to grow vegetables in the school land not only promotes a more diverse and therefore more nutritional diet, but also helps to minimize time children and teachers have to spend seeking forest products to supplement their diet. This site had always been a priority but when the need to grow vegetables in the coming wet season became more apparent, it was decided to begin work on the site immediately.

MAG cleared 91 items of UXO including mortars and BLU 26s from this site (cluster munitions locally called *bombies*).

Lebanon

The MAG programme in Lebanon continued its operations throughout 2005 and 2006, with a capacity of two MATs and one Mechanical Support team operating a middle-sized flail (MineCat).

MAG continued its support to the population affected by mines and UXO. The MineCat team and two MATs were operational in three different regions of Lebanon: Mount Lebanon, Marjeioun, and Nabatieh and contributed to the National Demining Office's Long Term Plan 2005 – 2009 to create a Lebanon free from the impact of landmines by 2009.

As a result of clearance activities by MAG, affected communities have been able to return to previously vacated areas or re-establish themselves in new locations. Once a community has been able to re-establish itself in a physical location, it also must develop a livelihood upon which it can sustain itself. MAG's work in Lebanon has allowed vital land to be released for the development of natural resources and economic use such as cash cropping, agriculture, infrastructure development, small business development, and tourism, helping communities to improve their livelihoods and re-generate their local economies.

Though MAG had not previously conducted MRE, Mine Risk Education activities were carried out in 60 affected communities of Nabatieh province, resulting in a reduction of accidents and contributing to increased public safety. Data-gathering also took place, resulting in the identification of future community-prioritised clearance tasks for this province.

MAG also further contributed to the national Long Term Plan by increasing the skills of local capacities by providing ongoing input and guidance to the National Demining Office of Lebanon and by training the Lebanese Armed Forces in the use of a second MineCat flail machine, donated by Norway.

(It should be noted that this report covers the period directly prior to the summer 2006 conflict. In 2006-07 MAG is fielding upwards of 20 teams primarily focused on removing the threat of unexploded cluster munitions.)

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Lebanon –tools for clearance

During the year, MAG used a remote-controlled midi-flail in Lebanon, against minefields, as well as a combination of manual MATs and mine detection dog teams.



Sri Lanka

MAG teams have undertaken a considerable amount of Community Liaison during this period and the community information collected has assisted the District Mine Action Steering Committee in task prioritisation and has reported information on suspected hazardous areas and sightings of mines and UXO which may otherwise have gone unreported.

MAG undertook manual clearance in the districts of Ampara, Batticaloa and the Vanni region of Sri Lanka. Through the district prioritisation systems referred to above all tasks undertaken by MAG were considered a high priority due to the end-use of the land and/or by the number of beneficiaries of the land. MAG supported other NGOs in the clearance of land for development related projects, provided safe land for resettlement and land to support livelihoods including the building of schools, hospitals and markets.

In early 2005, MAG deployed its survey and EOD teams to undertake EOD, Battle Area Clearance (BAC - some 7.6 million m² (7.6km²) of land were handed back safely to communities as a result) and victim support to assist with the immediate needs of the tsunami survivors. Agencies in the region undertook a combined response integrating programmes to deliver long term benefits, particularly in the areas of shelter, agriculture, health, nutrition, water supply and the creation of income generating opportunities. Ultimately the combined impact of this would make a significant contribution to the rebuilding of lives devastated by the tsunami. In conjunction with the local HDU (Humanitarian Demining Unit) of the Tamils Rehabilitation Organisation, MAG assisted in this process with survey and EOD in the Mullaithivu and Vadamarachchi east areas which are all part of the tsunami Phase 3 Resettlement Projects, assist 60 villages and approximately 9000 families resettle in safe areas. The work MAG and other demining agencies undertook in conjunction with the HDU was the catalyst for supporting projects by other agencies including World Vision, CARE, Caritas, UNICEF, FORUT, JICA, and local organizations including Sewalanka.

MAG recognised that existing refugees and the people displaced by the tsunami were living in unfamiliar environments with a desire to move back to areas affected. MAG ensured MRE messages were delivered to 142,000 people in the camps.

MAG teams also provided NGO safety briefings (basic information in the recognitions of mines and UXO as well as dangerous areas) to the sudden influx of NGOs into the Vanni and Batticaloa areas following the emergency.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

The first half of 2006 saw MAG working under more difficult conditions following the significant deterioration in security following the breakdown in peace talks and a resumption of war in the northern and eastern areas of the country. Staff were conscripted into the army, and a training embargo was enforced by the Ministry of Defence meaning that MAG was forced to reconfigure its teams but was able to continue to work at a much reduced capacity.

Further deterioration in security and an embargo on daily necessities such as fuel, medical supplies and food being transported into the Vanni, and a ban on expatriate staff and equipment entering these areas meant that MAG was forced to suspend operations in August 2006.

(Since then, MAG was able to restart operations in other areas of the country, including Ampara, until operations were again put on hold later in 2006.)

Sri Lanka – community liaison



Community meetings and various group sessions were organised to obtain village and surrounding area information such as accident rates, location of suspicious items, suspected mined areas, daily activities of communities, land denied for planting of crops and cattle grazing, water sources, and natural resource accessibility. A variety of techniques were used including mapping activities, group discussions, Knowledge Attitude and Practice (KAP) questionnaires, and one to one discussions with village leaders who hold a wealth of information about their particular village. In addition to data gathering the teams also delivered MRE to minimise the risks posed by landmine/UXO contamination.

Sudan

MAG has been operational in the south of Sudan since 1998, providing technical support and advice to a partner local NGO, Operation Save Innocent Lives (OSIL). Since April 2004, MAG has also worked in the north of the country in collaboration with The Sudanese Association for Combating Landmines (JASMAR).

MAG's operational capacity increased by 60% during the period, and worked through challenges such as logistical constraints (poor infrastructure and large distances) and the available capacity of national and local government to manage and coordinate a large NGO response in the South of Sudan. The programme has experienced difficulties in recruitment and retention of international staff in this difficult operational environment, though by the end of the year most posts had been filled.

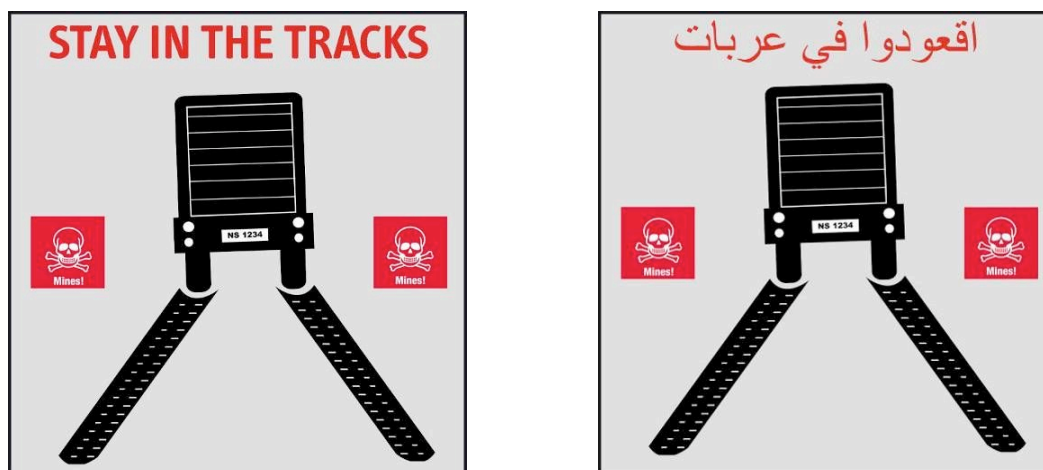
In total MAG employed 332 national staff during the period, and in addition to existing teams, recruited, trained and deployed new EOD teams to operate in Central Equatoria, southern Sudan. An integrated Mine Action Project also started up with 2 MATs and 2 CL/MRE teams in Eastern Equatoria.

MAG ran a dedicated Small Arms/Light Weapons teams in the south to locate and destroy caches and stocks of weapons, including man-portable surface to air missiles, and other working ordnance that might otherwise have been transported to other conflict areas.

This year, MAG began working with the UN World Food Programme, providing a self-sufficient capacity of 1 CL team and 5 MATs, based in South Sudan, to carry out the following tasks: Explosive Ordnance Disposal (EOD), Battle Area Clearance (BAC), Mine Clearance tasks, Route Clearance, Limited Survey and Mine Risk Education. The MRE teams provide MRE along all roads being cleared and feeder roads leading onto the road being cleared.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

MAG Sudan continued to build upon MRE work previously conducted by the programme in the south with the provision of Community Liaison and Mine Risk Education in Eastern Equatoria and Bahr al Jabal giving Mine Risk Education (MRE) to over 25,000 people, including refugees, internally displaced people, children, women, drivers and construction workers.



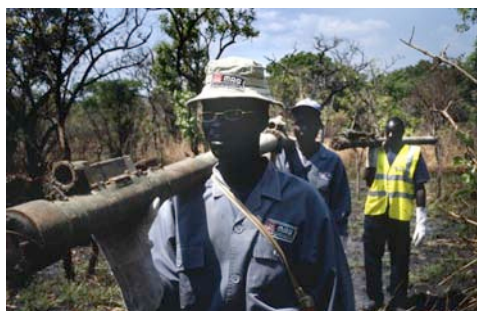
An innovative MRE campaign called 'Stay in the Tracks' was carried out with 101 drivers to ensure they were aware of the safest behaviour on unsafe roads. This campaign has been successful in keeping drivers safe, and has since been expanded to target cyclists who were identified as another at-risk group.

New MRE material was designed, tested, produced and distributed to at-risk people, including memory card games for mine recognition, and a Safe Return Pack for village leaders: this pack targets village leaders to help them to deliver MRE to returnees when they arrive in their original communities; and a 'Talk before you walk' campaign: in preparation for the design of these packs, CL teams visited village leaders in Yei and conducted specific MRE sessions with this target group.

Numbers of attendees at MRE sessions increased as coordination was improved with other agencies. The CL/MRE teams became better skilled at identifying at risk groups. IDPs and returnees received MRE at way stations in coordination with UNHCR. When they returned to their communities MAG MRE teams followed up with targeted MRE. The teams delivered more follow up sessions of MRE to settled communities. MAG coordinated all CL/MRE activities with UN agencies and other NGOs to assist the passage or resettlement of refugees and IDPs and support communities who are settled.

Sudan - Small Arms/Light Weapons teams

In May 2005, three SAM 7 (Surface to air missiles) were found in Yei county by MAG's mobile Small Arms Light Weapons team (SALW), and at the end of June one more was found in Manglalore.



Armed non-state actors in the area are continuously searching for this type of portable weaponry, and ammunition to enable them to remain armed. There were several instances within weeks of the SALW team removing the ERW from a location where armed groups came in search of the same items.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Vietnam

MAG has worked in central Vietnam since 1999, and has focused primarily on the two most affected provinces of Quang Tri and Quang Binh respectively south and north of what was known as the DMZ, or demilitarised zone during the war.

With 185 national staff this year, the period also saw a far greater responsibility for the programme's activities being handed over to the national staff as MAG was able to reduce international staff presence.

MAG cleared all known and reported landmines and UXO from 151 villages (19 communes) in Quang Tri and Quang Binh provinces. In total MAG conducted 22,198 household visits and undertook 4,628 separate EOD Tasks removing and destroying 24,463 items of UXO and 41 landmines. These activities helped to significantly reduce the risk of injury or death, along with the associated psychological stress of living in UXO contaminated environment, for over 114,000 people.

27 separate development sites (758,512 m²) were cleared for resettlement and community development. 1,490 items of UXO and 4 landmines were cleared in the process – this gives a measure of the risk involved considering that the land was destined for agriculture, grazing and access, and to build homes, schools, medical centres, kindergartens and markets, benefiting over 40,000 people.

Whereas in the past years MAG had concentrated efforts on larger institutional development sites, this past period has seen MAG's 9 MATs focused predominantly on mobile EOD activities. This means that MAG has removed far greater amounts of ordnance and reached far larger numbers of beneficiaries than ever before. MAG opened a representative office in Hanoi.

MAG Viet Nam – Quang Tri Project Team 2005



*This report provides a sample of activities. Further detailed information can be found on MAG's website, in country reports and brochures and on specific request.

**REPORT OF THE DIRECTORS
for the year ended 30 June 2006**

Plans for the coming year

MAG will continue existing programmes and projects where possible and appropriate, growing in some areas and contracting in others. Areas where the political and military situation may worsen, for example Sri Lanka and Iraq, are under sometimes daily watch, and all necessary security procedures are in place to ensure maximum safety for all staff.

MAG will continue to develop its internal monitoring and controls, and will review and strengthen policies and procedures where necessary. A finance managers workshop will take place in the coming financial year, and an annual workshop with senior headquarters and programme management will take place in the early new year to share knowledge and experience. Reporting against achievements, and in particular impact reporting, will be further developed and improved with project officers put in place to support this. Community Liaison techniques and methodologies continue to develop as MAG's experience grows in this area, and internal workshops in this and in other technical areas will take place to share experience and develop new approaches. An intranet system in preparation will go live and all relevant internal documentation, forms, policies will be available to internal password holders.

MAG is also looking to add additional projects and programmes to its work-list and will consider a number of new initiatives in the coming year. Implementation will depend on funding as well as political and military constraints in those areas.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the status of the affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the accounts 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 accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors also confirm that as far as they are aware there is no relevant audit information of which the charity's auditors are unaware and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

A resolution to appoint Mazars LLP as auditors to the company and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board



Michael H. Taylor
Chair
27 April 2007



Lou McGrath
Executive Director

27 April 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINES ADVISORY GROUP

We have audited the financial statements of Mines Advisory Group for the year ended 30 June 2006 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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

As described in the Statement of Directors' Responsibilities the directors, who also act as trustees for the charitable activities of Mines Advisory Group, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility 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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the charity is not disclosed.

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

Basis of audit opinion

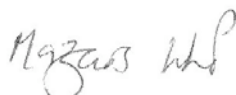
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of state of the charitable company's affairs as at 30 June 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Mazars LLP

Chartered Accountants and Registered Auditors

Merchant Exchange
Whitworth Street West
Manchester, M1 5WG
27 April 2007

27 April 2007

**Statement of Financial Activities (including income and expenditure account)
for the year ended 30 June 2006**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £ As restated
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income		481,798	21,784	503,582	293,101
Investment income	2	39,397	46	39,443	29,416
Incoming resources from charitable activities					
	3	-	23,120,186	23,120,186	22,694,697
Other incoming resources		104,900	-	104,900	188,429
Total incoming resources		<u>626,095</u>	<u>23,142,016</u>	<u>23,768,111</u>	<u>23,205,643</u>
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income					
		118,599	-	118,599	82,182
Charitable activities	4	287,389	21,903,792	22,191,181	17,563,008
Governance costs	4	21,150	-	21,150	16,023
Total resources expended		<u>427,138</u>	<u>21,903,792</u>	<u>22,330,930</u>	<u>17,661,213</u>
Net incoming resources before transfers		198,957	1,238,224	1,437,181	5,544,430
Transfer between funds		(7,939)	7,939	-	-
Net movement in funds		191,018	1,246,163	1,437,181	5,544,430
Total funds brought forward	11	<u>296,202</u>	<u>9,858,688</u>	<u>10,154,890</u>	<u>4,610,460</u>
Total funds carried forward	11	<u>487,220</u>	<u>11,104,851</u>	<u>11,592,071</u>	<u>10,154,890</u>

The statement of financial activities includes all gains and losses recognised in the period.

All incoming resources and resources expended derive from continuing activities.

Where appropriate, comparative figures have been restated to comply with SORP 2005.

Balance Sheet as at 30 June 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible assets	8		100,483		140,070
CURRENT ASSETS					
Debtors	9	11,505,403		9,670,536	
Cash at bank and in hand		1,635,142		2,213,390	
		□□□□□□□□		□□□□□□□□	
		13,140,545		11,883,926	
CREDITORS					
Amounts falling due within one year	10	1,648,957		1,869,106	
		□□□□□□□□		□□□□□□□□	
NET CURRENT ASSETS			11,491,588		10,014,820
			□□□□□□□□		□□□□□□□□
NET ASSETS			11,592,071		10,154,890
			□□□□□□□□		□□□□□□□□
FUNDS					
Unrestricted funds	11		487,220		296,202
Restricted funds	11		11,104,851		9,858,688
			□□□□□□□□		□□□□□□□□
TOTAL FUNDS	12		11,592,071		10,154,890
			□□□□□□□□		□□□□□□□□

The accounts were approved by the Board of Directors on 27 April 2007

27 April 2007

Signed on behalf of the Board of Directors



Michael H. Taylor
Chair

**Cash Flow Statement
for the year ended 30 June 2006**

	£	2006 £	£	2005 £
Reconciliation of operating surplus to net cash inflow from operating activities				
Surplus on continuing operations	1,437,181		5,544,430	
Depreciation	2,899,296		2,947,022	
Increase in debtors	(1,834,867)		(6,375,621)	
(Decrease)/increase in creditors	(220,149)		449,872	
Bank interest received	(39,443)		(29,416)	
	□□□□□□□		□□□□□□□	
Net cash inflow from operating activities		2,242,018		2,536,287
Returns on investments and servicing of finance				
Interest received		39,443		29,416
Capital expenditure				
Payments to acquire tangible fixed assets	(2,859,709)		(3,044,812)	
	□□□□□□□		□□□□□□□	
		(2,859,709)		(3,044,812)
		□□□□□□□		□□□□□□□
Decrease in cash		(578,248)		(479,109)
		□□□□□□□		□□□□□□□
Reconciliation of net cash flow to movement in net debt				
(Decrease) in cash in the period		(578,248)		(479,109)
(Decrease) in liquid resources		(578,248)		(479,109)
		□□□□□□□		□□□□□□□
Change in cash resources		(578,248)		(479,109)
Net cash resources at 30 June 2005		2,213,390		2,692,499
		□□□□□□□		□□□□□□□
Net cash resources at 30 June 2006		1,635,142		2,213,390
		□□□□□□□		□□□□□□□

**Notes to the Financial Statements
for the year ended 30 June 2006**

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting & Reporting by Charities (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 1985. Where appropriate, comparative figures have been restated to comply with SORP 2005.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

Income recognition

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

Income from charitable activities, including income received under contract and grants where entitlement to funding is subject to specific performance conditions, is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when:

- The donor specified that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Gifts in kind received are accounted for in the Statement of Financial Activities as soon as it is prudent and practicable to do so. They are valued as by the donor in the grant documentation.

No permanent endowment funds were received in the year.

Taxation

The charity has been granted exemption from tax under Section 505(1) (c) of the Income and Corporation Taxes Act 1988 on its charitable activities as a body established for charitable purposes only.

Resources expended

Expenditure is recorded in the financial statements in the period in which it is incurred, and includes creditors and accruals where material and is inclusive of any VAT which cannot be reclaimed.

Charitable activities

These expenses include salaries and overhead costs of assisting communities affected by conflict overseas, including funds transferred to the project by the UK support team for the ongoing requirements of the projects.

Costs of generating voluntary income

Costs of generating voluntary income include the salaries and overhead costs of UK staff involved in fund-raising and increasing public awareness.

**Notes to the Financial Statements (continued)
for the year ended 30 June 2006**

1. Accounting policies (continued)

Governance costs

Governance costs comprise those costs relating to the legal existence of the charity.

Restricted and unrestricted funds

Restricted funds are those where the donor has specified the manner of spending the grant, but include central support costs which, whilst not specifically funded, have been essential to the operation of the project.

Unrestricted funds are monies that have been received towards the general objectives of the charity as a whole to be spent at the discretion of the directors.

Leasing contracts

Instalments under operating lease rentals are charged to the income and expenditure account as incurred. The charity does not acquire assets under finance leases or hire purchase agreements.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Exchange differences are written off to the income and expenditure account.

Tangible fixed assets

Assets in the UK costing more than £1,000 are capitalised and written off over 4 years at 25% per annum. Any assets costing less than £1,000 have been written off in these accounts. UK assets are stated at cost less depreciation.

All expenditure of a capital nature on relief work overseas is capitalised but then, in recognition of the lack of a material residual value or the recoverability of the assets by the charity, is depreciated fully in the year of purchase.

Pension costs

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

**Notes to the Financial Statements (continued)
for the year ended 30 June 2006**

2. Investment income

	2006	2005
	£	£
Bank interest received		
Restricted	46	6,309
Unrestricted	39,397	23,107
	□□□□□□	□□□□□□
	39,443	29,416
	□□□□□□	□□□□□□

3. Incoming resources from charitable activities

The charitable activity is assisting communities affected by conflict.

	2006	2005
	£	£
Restricted:		
Government, EU and UN Agencies	15,397,587	12,998,635
Charitable institutions	7,722,599	9,565,484
Others	-	130,578
	□□□□□□	□□□□□□
	23,120,186	22,694,697
	□□□□□□	□□□□□□

4. Resources expended

Charitable activities

The charitable activity is assisting communities affected by conflict.

	2006	2005
	£	£
Direct costs	21,764,044	17,224,954
Support costs	427,137	338,054
	□□□□□□	□□□□□□
	22,191,181	17,563,008
	□□□□□□	□□□□□□

Governance costs

	2006	2005
	£	£
Legal and professional fees	-	4,773
Audit fees	21,150	11,250
	□□□□□□	□□□□□□
	21,150	16,023
	□□□□□□	□□□□□□

**Notes to the Financial Statements (continued)
for the year ended 30 June 2006**

5. Net incoming resources

	2006	2005
	£	£
The net incoming resources for the year are stated after charging:		
Depreciation of tangible fixed assets owned by the company	2,899,296	2,947,022
Operating lease rentals	285,399	77,009
Auditors' remuneration	21,150	11,250
	41,401	40,759
	□□□□□□	□□□□□□

6. Staff costs

	2006	2005
	£	£
Salaries and wages		
– UK employees (including those working overseas)	4,287,287	3,653,769
Salaries and wages		
– Overseas national employees	4,564,375	4,270,791
Social security costs	112,056	96,861
Pension contributions	56,679	49,039
	□□□□□□	□□□□□□
	9,020,397	8,070,460
	□□□□□□	□□□□□□

The average number of persons employed by the company during the year was:

The average number of UK employees in the year was:

- Overseas projects	92	71
- Programme support and administration	25	24
- Fund-raising information and education	2	2
	□□□□□□	□□□□□□
	119	97
	□□□□□□	□□□□□□

In addition to the employees stated above, the charity uses the services of nationals in the fields totalling 2,656 (2005 – 2,120).

Number of employees whose emoluments were between £60,000 and £70,000 per annum:

Operational staff	1	-
between £70,000 and £80,000 per annum:		
Operational staff	1	-
Administration	1	1
	□□□□□□	□□□□□□

Pension costs of £12,202 were paid in respect of those higher paid employees noted above.

**Notes to the Financial Statements (continued)
for the year ended 30 June 2006**

7. Transactions with directors

Expenses reimbursed to 4 directors (2005 – 1) during the period amounted to £979 (2005 - £275). No remuneration was paid to directors during the period in their capacity as directors. The company has paid indemnity insurance on behalf of the directors, amounting to £2,625 (2005 - £2,625).

8. Tangible fixed assets

	Field Assets £	Vehicles £	Equipment Fixtures & Fittings £	Total £
Cost or valuation				
At 1 July 2005	10,827,324	18,284	471,201	11,316,809
Additions	2,820,539	-	39,170	2,859,709
	□□□□□□	□□□□□□	□□□□□□	□□□□□□
At 30 June 2006	13,647,863	18,284	510,371	14,176,518
	□□□□□□	□□□□□□	□□□□□□	□□□□□□
Depreciation				
At 1 July 2005	10,827,324	18,284	331,131	11,176,739
Charge for the period	2,820,539	-	78,757	2,899,296
	□□□□□□	□□□□□□	□□□□□□	□□□□□□
At 30 June 2006	13,647,863	18,284	409,888	14,076,035
	□□□□□□	□□□□□□	□□□□□□	□□□□□□
Net Book Value				
At 30 June 2006	-	-	100,483	100,483
	□□□□□□	□□□□□□	□□□□□□	□□□□□□
Net Book Value				
At 30 June 2005	-	-	140,070	140,070
	□□□□□□	□□□□□□	□□□□□□	□□□□□□

9. Debtors

	2006 £	2005 £
Grant income	11,259,110	9,238,913
Prepayments and accrued income	211,116	195,264
Other debtors	35,177	236,359
	□□□□□□	□□□□□□
	11,505,403	9,670,536
	□□□□□□	□□□□□□

**Notes to the Financial Statements (continued)
for the year ended 30 June 2006**

10. Creditors: amounts falling due within one year

	2006	2005
	£	£
Trade creditors	756,844	431,748
Deferred income	25,076	339,783
Grants repayable	709,504	832,986
Other taxation and social security	30,315	26,659
Accruals	50,664	228,988
Other creditors	76,554	8,942
	□□□□□□	□□□□□□
	1,648,957	1,869,106
	□□□□□□	□□□□□□

Deferred income comprises grant income to be used in future accounting periods.

The balance at 1 July 2005 related to frozen funds on a Laos project which were subsequently released in the current year.

	2006
	£
Balance as at 1 July 2005	339,783
Amount released to income resources	(339,783)
Amount deferred in year	25,076
	□□□□□□
Balance as at 30 June 2006	25,076
	□□□□□□

**Notes to the Financial Statements (continued)
for the year ended 30 June 2006**

11. Restricted/unrestricted funds

	Balance at 1 July 2005 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 30 June 2006 £
Restricted:					
Afghanistan	60,247	294,659	(354,906)	-	-
Angola	2,946,171	1,569,270	(3,305,846)	(56,070)	1,153,525
Cambodia	565,285	2,110,774	(2,024,017)	13,797	665,839
Chad	371,212	1,450,881	(1,093,207)	(20,966)	707,920
Cyprus	20,471	237,041	(237,191)	-	20,321
Democratic Republic of Congo	251,774	1,465,344	(1,588,117)	53,700	182,701
Iraq	2,383,279	5,258,453	(4,558,286)	23,104	3,106,550
Laos	199,268	2,201,718	(1,222,719)	(5,626)	1,172,641
Lebanon	620,346	209,465	(708,089)	-	121,722
Sri Lanka	608,160	1,750,155	(1,469,981)	-	888,334
Sudan	296,943	5,021,954	(4,001,918)	-	1,316,979
UK	205,371	12,579	(55,336)	-	162,614
Vietnam	1,330,161	1,559,723	(1,284,179)	-	1,605,705
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□
	9,858,688	23,142,016	(21,903,792)	7,939	11,104,851
Unrestricted	296,202	626,095	(427,138)	(7,939)	487,220
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□
	10,154,890	23,768,111	(22,330,930)	-	11,592,071
	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□	□□□□□□□□

Restricted funds

The closing restricted fund balances relate to unspent grant and contract balances which are to be carried forward to the following year. The organisation has received over 100 sources of income in the form of restricted funds, which have been consolidated within the above note and shown by country in which the donor wishes the funds to be used. Grouping the funds in this way also gives an appreciation of the level of activity being undertaken in each country.

The funds relate to a variety of activities which include land mine clearance, education and the removal and destruction of stockpiled weapons and munitions.

The transfers from unrestricted to restricted funds relate to amounts required to complete field programmes which have been funded from unrestricted funds.

**Notes to the Financial Statements (continued)
for the year ended 30 June 2006**

12. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Totals 2006 £
Tangible fixed assets	100,483	-	100,483
Net current assets	386,737	11,104,851	11,491,588
	□□□□□□	□□□□□□	□□□□□□
Total net assets	487,220	11,104,851	11,592,071
	□□□□□□	□□□□□□	□□□□□□

13. Commitments

At 30 June 2006 the company had annual commitments under non-cancellable operating leases as follows:

	2006	2005			
	Within one year £	2-5 years £	Over 5 years £	2005	2-5 years £
Land and buildings	193,155	129,844	5,839	-	32,263
Other	1,008	720	-	-	32,263
	□□□□□□	□□□□□□	□□□□□□	□□□□□□	□□□□□□

At 30 June 2006, the company had authorised and contracted for capital commitments of £20,843 (2005 - £281,483).

14. Pension contributions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions of 5% (Executive Director 15%) paid by the company to the fund and amounted to £56,679 (2005 - £49,039).

15. Connected companies

MAG Response Ltd (Company Number 04030037) is a 100% subsidiary of Mines Advisory Group and has not traded since incorporation on 10 July 2000.

16. Company status

The company is a charitable company limited by guarantee and has no share capital.

In the event of winding up, the liability of each member is limited to £1.