

**Marie Stopes International**

**Financial Statements  
31 December 2011**

**Registered Charity No: 265543**

**Company No: 1102208**

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## Reference and administrative details

### Registered name

Marie Stopes International

### Charity number

265543 (registered in England and Wales)

### Company number

1102208 (registered in England and Wales)

### Registered office

1 Conway Street  
Fitzroy Square  
London W1T 6LP

### Board of Trustees

#### Chairman

Timothy M Rutter FRCS

#### Trustees

Getachew Bekele  
Dr Mohsina Bilgrami (resigned 6 March 2012)  
Dr TRL Black CBE MBBS MRCP DTM&H MPH  
Baroness Flather  
Philip D Harvey  
Kristen Anne Rutter (appointed 13 October 2011)  
Peter Smitham (resigned 24 May 2012)  
Virgilio Pernito (appointed 29 March 2012)

### Secretary

Solscan Limited

### Chief Executive

Dana Hovig

### Auditor

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

### Principal bankers

Standard Chartered Bank Plc  
1 Aldermanbury Square  
London EC2V 7SB

Barclays Bank Plc  
1 Churchill Place  
London E14 5HP

### Solicitor

Andrew Lutley  
Springfield, Rookery Hill  
Ashted Park, Ashted  
Surrey KT21 1HY

## **Report of the Board of Trustees**

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 2011

### **1. Structure, governance and management**

#### **Constitution of the charity**

Marie Stopes International is a charity registered in England and Wales, constituted as a company and limited by guarantee. The charity is governed in accordance with its Memorandum and Articles of Association.

#### **Our Objects**

The charitable objectives of Marie Stopes International are

- to educate the public about voluntary family planning and contraception with a view to preventing the poverty, hardship and distress caused by unplanned pregnancy
- to preserve and protect the good health, both mental and physical of parents, young people and children, and to prevent the poverty, hardship and distress caused by unplanned pregnancy

#### **The Board of Trustees**

Marie Stopes International's Board of Trustees is made up of individuals who are leaders in their field, committed to the organisation's mission. They bring skill, energy, and experience to Marie Stopes International. Their backgrounds include senior level experience in the commercial health sector, clinical and teaching experience in women's reproductive health, leadership in the charity sector, business, finance, government, and advocacy.

The Trustees periodically discuss the skill set and experience necessary for the Board to exercise its role. If the Trustees identify the need for a new Trustee or if a Trustee needs to be replaced (due to retirement or otherwise), the Trustees identify potential candidates, interview the potential Trustee(s) to establish their suitability and commitment, and check references as needed. The potential Trustee is often then invited to be an observer at the next Board meeting, after which the Trustees may formally invite the selected candidate to become a Trustee.

In addition, and following Charity Commission approval, Marie Stopes International has two Trustees selected from amongst Marie Stopes International's most senior country programme directors in Africa, Asia and Latin America. These Trustees are invited to join the Board for a three year term.

New Trustees are inducted to Marie Stopes International via formal and informal exchanges with other Trustees and senior team members, on areas such as Marie Stopes International's mission, goal, finances, strategy, and health service portfolio. New Trustees often visit a Marie Stopes International overseas programme, or one of the organisation's centres in the UK, in order to understand the health service mix, challenges, opportunities, and the difference that Marie Stopes International makes to individual women, men, couples, communities, and countries around the world.

The Trustees serving in the year ended 31 December 2011 and up to the date of signing this report are noted on page 2.

## Public benefit

The Trustees have satisfied themselves that Marie Stopes International meets the public benefit requirement contained within the section 17 of the Charities Act 2011. As detailed above, the charitable objectives, aims and strategy of the organisation comply with the public benefit test in the following areas

- prevention or relief of poverty
- advancement of health and the saving of lives
- advancement of human rights

At the core of our organisation is the aim to provide choices in reproductive healthcare, so that women have children by choice not chance

## Organisational structure and decision making process

Marie Stopes International is an international non governmental organisation delivering sexual and reproductive health services through its family planning centres and clinical outreach teams in 38 countries globally

Marie Stopes International (the Charity) - or the Company for the purposes of company law - refers to Marie Stopes International's UK operations (its family planning centres and London Central Office) and Marie Stopes International's 20 international branch offices. The London Office provides support for Marie Stopes International's UK clinics as well as its network of international branches, subsidiaries and affiliated partners in over 40 countries worldwide (see Note 21 for the definition of affiliated partners)

Marie Stopes International (the Group) refers to Marie Stopes International's UK operations and its branches and subsidiaries but excluding affiliated partners

Marie Stopes International (the Partnership) refers to the whole Partnership, being Marie Stopes International's UK operations, its branches, subsidiaries plus affiliated partners

All Marie Stopes International branches, subsidiaries and affiliated partners are listed in Note 21. Additionally Marie Stopes International's investment in subsidiaries is contained in Note 10b

Unless otherwise stated all references to Marie Stopes International refer to Marie Stopes International (the Group) i.e. excluding affiliated partners

The trustees of Marie Stopes International are responsible for the overall strategic direction and policies of the Group. The Executive team based in London, led by the CEO, are responsible for the implementation of this direction and for the Group's overall operational management

Marie Stopes International subsidiaries have their own board of trustees (or directors/ members) of varying size which fulfil local statutory and regulatory requirements. Operationally each branch/subsidiary has a management team headed by a Country Director that reports operationally into London

## **Wider networks in which the organisation is involved**

Below are a few examples of networks with which Marie Stopes International is involved

### **The Reproductive Health Supplies Coalition**

The Reproductive Health Supplies Coalition is a global partnership of public, private, and non-government organisations dedicated to ensuring that all people in low- and middle-income (LMI) countries can access and use affordable, high quality supplies to ensure their better reproductive health

The Coalition brings together diverse agencies and groups with critical roles in providing contraceptives and other reproductive health supplies. These include multilateral organisations, all the major northern donors, bilateral and private foundation donors, LMI country governments, civil society, and private sector representatives. Since 2004, the Coalition has been at the forefront of international efforts to secure reproductive health supplies by increasing resources, strengthening systems, and building effective partnerships.

### **The Inter-Agency Procurement Group**

The Inter-Agency Procurement Group (IAPG) along with 13 other non government organisations is a network of logistics professionals who work collectively on humanitarian supply chain activities. The Group meets once a quarter and its aim is to share knowledge and develop expertise with the goal of improving standards and the effectiveness of humanitarian logistical systems and practices worldwide.

### **EuroNGOs**

Marie Stopes International is a member of EuroNGOs network. This is a European network of non government organisations that cooperate in the field of sexual and reproductive health and rights, population and development.

### **UK Sexual & Reproductive Health & Rights (SRHR) Network**

Marie Stopes International chairs the UK SRHR Network. The aim of this network is to promote the centrality of Sexual and Reproductive Health and Rights (SRHR) in development policies and programmes, particularly with the UK government and its related decision-making bodies.

## **Risk Management**

The organisation regularly assesses risks, and undertakes activities to manage and mitigate risks.

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, the Marie Stopes International risk management system has been developed to provide reasonable assurance to the Trustees that there are adequate procedures in place and that we identify and evaluate their effective operation.

The key elements of the system of internal control are

- **delegation:** there is a clear organisational structure with clear decision rights and lines of authority and responsibility for control together with procedures for reporting issues, decisions and actions
- **reporting:** the Trustees approve and review the annual objectives (Key Performance Indicators KPI's), activities programme, income and expenditure predictions and monitor actual income and expenditure on a regular basis

- **risk management.** there are processes in place for identifying, evaluating and managing significant risks faced by Marie Stopes International. The Trustees believe that all of the major risks to which Marie Stopes International is exposed have been identified and reviewed and that systems have been established to manage those risks. The Trustees review critical risks as a formal agenda item in every Board meeting.
- **internal audit:** Marie Stopes International's internal audit team, established in 2006 and reporting direct to the Board, is a key part of Marie Stopes International's internal review and control process for its international operations, visiting 23 partner countries in 2011 to assess risks and review operational and financial controls within the Group.
- **review:** Marie Stopes International's Internal Audit Supervisory Group (ASG) comprises one Trustee, three representatives from the Marie Stopes International partnership, the Chief Executive, Finance Director and the Regional Directors. The ASG oversees the adequacy of internal control systems and compliance with finance guidelines. The ASG meets periodically, and at least prior to every Board meeting, to discuss the results from the internal audits conducted in the UK and overseas. The Trustee representative then briefs the remaining Trustees at the next Board meeting on key risks, and the actions undertaken to mitigate these risks.

## Current risks and uncertainties facing the organisation

Currently identified risks facing Marie Stopes International are

- the provision of services in countries where political and regulatory unpredictability exist and may increase
- managing the transition from donor grant management to more output-based aid contracting
- meeting the need to update its management information systems (MIS) and control processes as service delivery expands and diversifies

## 2. Objectives and Activities

### Objectives, Aims & Strategy

Marie Stopes International's mission is to enable people to have children by choice, not chance. The charity's vision is a world in which every birth is wanted.

To achieve these objectives, the charity operates under the following principles:

- we will not turn away a woman in need. Provided that our standards for quality, security and legal compliance can be met, we will do our best to help anyone who seeks out our services.
- we are committed to providing family planning and safe abortion services (where we are legally able to do so) and treating complications related to unsafe abortions everywhere.
- we are passionate about excellence. In everything we do, including clinical quality and in our business processes, we embrace a spirit of innovation, efficiency, cost-effectiveness and a commitment to measurable results.
- we engage actively with the global family planning community, learning from and catalysing others to provide choices to the under-served, mobilising resources for choice and helping transform restrictive environments.
- we remain committed to our longstanding social enterprise approach, with an emphasis on diversifying revenue, maximising cost-effectiveness, achieving bottom line results and ensuring long term sustainability.
- we are One Marie Stopes International, a single global organisational franchise united by our mission and dedicated to common goals. We expect our standards of excellence – clinical, managerial and operational – to be replicated in every programme.

## 2011 Objectives

The organisation's aims and objectives for 2011 reflected the above, and its strategy for achieving this was to

- increase the number of couples protected from unwanted pregnancy
- increase choices for women and couples, including choice of provider, choice of contraception methods (if any), and choice for women to exercise their fundamental reproductive rights
- continue building Marie Stopes International's "workforce of the future"
- increase access to medical abortion, where legal to do so
- continue to use the latest commercial sector techniques and best practices to ensure Marie Stopes International remains cost-effective, efficient, and results-oriented and acts as an effective social enterprise
- ensure that the voices of the poorest are heard by undertaking a range of advocacy and external relations activities both globally and in-country
- align and integrate within host government health systems

## Significant 2011 activities

### The Power of 10 strategy

2011 was the first year of our new, five year strategic plan The Power of 10 Designed for the period 2011-2015, the plan sets out ambitious goals for Marie Stopes International in terms of health impact, organisational capacity building and enhanced revenue generation It builds on Marie Stopes International's success in achieving many of the goals in the 2007-2011 plan, while addressing areas identified for improvement It also responds to fundamental changes in services and how the organisation delivers them, and prepares for the long term impact of these changes

The plan focuses on three broad strategies for achieving our ambitious health goals

**First**, we will dramatically expand the family planning and reproductive health choices available to our clients and deliver services as close to our clients as possible

**Second**, we will build our institutional capacity – systems, standards, and people – to improve our effectiveness and efficiency around the world

And **third**, we will forge enduring connections with governments and other institutions that influence policy, funding and practice for family planning, both at the country level and globally

### 2011 global impact

Each year we track our progress towards our global mission – children by choice, not chance - in our Global Impact Report The highlights from our 2011 report\* are as follows

#### In 2011 we reached more people than ever before

- 11 million people used an Marie Stopes International-supplied method of contraception in 2011
- we prevented an estimated 11,000 maternal deaths, 1 65 million unsafe abortions and 4 5 million unintended pregnancies
- we saved families and healthcare systems an estimated £188 million

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\* Reported service outcomes include the results of affiliated Partners in order to present a true picture of Marie Stopes International's global impact



**We reached some of the world's most under-served women**

- three in ten of our clients lived in extreme poverty on less than \$1.25 a day
- three in ten of our clients were under 25

**We expanded choice**

- four in ten of our users were new adopters of family planning
- three in ten were switching to a long-term or permanent family planning method

**We reduced harm**

We reduced the potential harm caused by an unsafe abortion by providing 1.9 million safe abortion and post-abortion care services

**We improved quality**

- we take pride in making the client the focus of our service provision and tailoring our services to best meet their needs and wishes
- over 90% of our clients, in countries with clients' survey data, would recommend our services

**We innovated**

We developed a number of innovations around financing, technology and health systems to make sure that we reached those who were unable to access family planning, including

- mobile money reimbursements to expand the reach and efficiency of our social franchise teams in Madagascar
- applying private sector financing principles to improve sexual and reproductive health services delivered by the public sector in Vietnam
- piloting the integration of family planning with child health services at government facilities in Sierra Leone

You can read more about our 2011 impact, or download the full report at [www.mariestopes.org/impact](http://www.mariestopes.org/impact)

**UK Division**

During 2011 the UK Management Team focused on quality and value and received full compliance in all centres from the Care Quality Commission. The UK has also continued to develop the full range of integrated sexual and reproductive healthcare services for its clients.

In England and Wales, Marie Stopes International provided over 196,000 client services during the year (2010: 198,000). Marie Stopes One Call, our telephone helpline and booking service, received 313,000 calls (2010: 319,000) for all issues related to sexual and reproductive health.

**3. Plans for future periods**

In the developing world, over 200 million women have an unmet need for family planning, and more than 20 million women resort to unsafe abortion each year. We will continue to forge lasting connections with governments and other key organisations to accelerate progress towards universal access to contraception. And we will strive every day to make sure women can make informed choices about their family size, their fertility and their futures.

Our corporate priorities for 2012 were developed in a collaborative process from the following processes

- progress against 2011 corporate priorities and corporate KPIs
- feedback from Country Directors on organisational initiatives
- strategy working groups

Our priorities for 2012 were categorised into three strands, mirroring our corporate objectives in our Power of Ten strategy

**Capacity – Building One MSI systems and standards in the following areas:**

- develop talent and capacity in country and globally
- improve financial capacity and excellence
- increase employee engagement
- produce a Global Information Technology strategy
- further improve clinical quality by launching an Marie Stopes International clinical quality framework

**Choice & Channel – Increase our reach into the most under-served communities**

- continue to focus on developing new innovative financing mechanisms, such as results-based and demand side financing programmes (e.g. vouchers)
- work with donors and country governments to implement related schemes, so that poor people can access free or highly subsidised family planning and reproductive health services

**Connections - Establish MSI as a sector leader and preferred partner in family planning and sexual and reproductive health.**

- play a pivotal role in the London Summit on Family Planning the summit will bring together the UK Government and the Bill & Melinda Gates Foundation with UNFPA and other partners to support the rights of an additional 120 million women and girls in the world's poorest countries to use contraceptive information, services and supplies, without coercion or discrimination, by 2020
- improve country-led fundraising

## **4. Financial review**

**Financial position Marie Stopes International**

The results for the year are shown in the Consolidated Statement of Financial Activities. The Trustees are pleased to note the continued financial health of the organisation

**Principal sources of funding and areas of charitable expenditure**

Marie Stopes International's principal sources of funding in 2011 were

- government reimbursement and fees charged for sexual and reproductive health services globally £79.1 million (2010 £77.6 million)
- grant income from private trusts and foundations both UK and international £37.0 million (2010 £32.0 million)
- grant income from statutory funders and other governmental agencies £18.3 million (2010 £15.1 million)
- other income £10.7 million (2010 £5.2 million)

Expenditure on charitable activities in support of the objectives of the charity was £139.9 million (2010 £125.9 million)

## Reserves Policy

On 25 October 2011 the Board approved a revised reserves policy. MSI views reserves requirements from both a long-term and short-term perspective. In both cases, the purpose of reserves is to provide an unencumbered resource foundation for the pursuit of Marie Stopes International's charitable mission of children by choice, not chance.

Reserves are defined as unrestricted funds and are available to Marie Stopes International to meet its charitable objectives. These reserves represent the accumulated surpluses from MSI's worldwide operations of a network of over 600 clinics and over 40 country programmes, including substantial commercial operations in the UK, Australia and Western Europe. The Trustees again endorse the use of surplus service income from these operations to fund the growth of family planning and sexual and reproductive health services within the developing world.

These reserves would be used to ensure the organisation can operate in times of substantial income fluctuations or where expenditure on charitable activities could not or should not be scaled back in the short to medium term. Marie Stopes International aims to hold at all times reserves equal to the prior six months of total expenditures. Management will notify the Board if natural fluctuation takes this figure to either five months or seven months and will alert the Board if it deviates to four months or eight months. Should net assets fall below four months total expenditure, Marie Stopes International risks not having control over the resource base to maintain focus on its organisational goals. Should MSI's net assets exceed eight months expenditure, the Trustees should consider using extra resources for Marie Stopes International's charitable mission.

Sufficient reserves are critical to the long-term sustainability of Marie Stopes International's infrastructure, platforms, people, and mission irrespective of donor funding ups and downs. This long-term reserves target will provide sufficient internal resources to support Marie Stopes International's business model.

Our general reserves were £40.5 million (2010 - £27 million).

Marie Stopes International has designated part of the unrestricted reserves to create:

- a tangible fixed asset reserve of £22.9 million (2010 - £21.6 million) which represents funds invested in tangible fixed assets – primarily clinic buildings – to further the long-term objectives of the group.
- a sustainability reserve of £5.7 million (2010 - £5.0 million) which continues to be set aside to provide working capital for the continued expansion of family planning services post donor funding and for strengthening institutional development capacity.

This equates to total unrestricted reserves of £69.1m which is equal to 5.7 months of total expenditure. Should MSI experience a significant reduction in grant income, total expenditures will be reduced accordingly and immediately due to the inherent nature of MSI's grant funding. Clinics that do not cover their costs with earned income are closed and the assets liquidated if appropriate subsidies cannot be found from reserves or grants. The Trustees therefore are confident that our unrestricted reserve levels are appropriate for our organisation.

Our restricted funds at 31 December 2011 were £9.2 million (2010 - £18.7 million). These funds are from two sources. Firstly, funds received from donors to directly support our charitable activities and secondly net proceeds for clinic services from international operations which, for local legal reasons or at Marie Stopes International's discretion, the proceeds are restricted to be used within the country where the original income was

generated. For donor funds in the highly unlikely event of such funds not being able to be used for their intended purpose, any non-committed balance would be returned to the original donors.

For Marie Stopes International, all reserves relate to reserves held by the Group, which includes all branches and subsidiaries.

## Investment

Excluding investments in subsidiaries and programme-related investments, Marie Stopes International owns two investments: one Dublin property (net book value £268,000 at 31 December 2011, 2010: £274,000) and a managed investment fund (net book value £5.7 million at 31 December 2011, 2010: £5.0 million).

The Board of Marie Stopes International has delegated to the Investment Supervisory Group the responsibility for developing an overall approach to investment management on behalf of all of the financial assets under the charity's control.

The principal responsibilities of the Supervisory Group include:

- determining an appropriate investment strategy consistent with the risk appetite prevailing from time to time
- developing guidelines based on the agreed investment strategy
- recommending the appointment, re-appointment or removal of investment managers
- setting of appropriate investment benchmarks and targets

The members of the Investment Supervisory Group in 2011 were:

Mr T M Rutter FRCS (Chairman)

Dr T R L Black CBE MBBS MRCP DTM&H MPH (Trustee)

Mr D S Hovig (Chief Executive)

Mr A K Brown (Global Finance Director)

Marie Stopes International's investment policy seeks to maximise income returns subject to the following considerations:

- any risks are minimised and no speculative investments are made
- no investment will be made if the Trustees are aware that the investment may present a compromise to the charity's commitment to sexual and reproductive health rights
- from inception the value of our external investments fell by approximately 4.3% to 31 December 2011. This is a reflection of the difficult and turbulent global markets
- the Investment Supervisory Group has developed a more detailed investment strategy for Marie Stopes International to include investment in managed funds. The objective for this investment is to increase the value of its portfolio. In October 2011, we confirmed the delegation of funds to Schroder & Co Limited and have reinforced that the portfolio should be invested within the following tactical ranges:

Category	Tactical Range
Equities	20 - 78%
Bonds	0 - 18.5%
Hedge Funds	10 - 20%
Private Equity	5 - 15%
Commodities	3 - 13%
Cash	0 - 10%

The performance of the Schroder fund is benchmarked internally to the FTSE 100 index. As the make up of the Schroder fund is particular to Marie Stopes International, there are no exact third party alternatives available to consider when looking for comparable performances. The FTSE 100 index is a sensible benchmark to look at when considering general global market trends.

## **5. Employees**

Marie Stopes International aims to be an organisation where team members enjoy working and where they feel supported and continue to be developed in their roles. Our team members are kept fully informed of the organisation's strategy and objectives. Their individual performance is reviewed at least twice a year and learning and development is an integral part of the staff appraisal process. All managers attend the Performance Plus Management Programme to create a supportive environment and ensure proper performance management. A two way feedback and appraisal process are part of the Marie Stopes International culture.

We conduct a survey each year to gather views of our team. From this an action plan is developed so we can enhance the experience of our employees and improve performance and productivity. Marie Stopes International is dedicated to attracting and retaining a talented and diverse workforce and we aim to hire for talent to allow team members to develop within their employment at Marie Stopes International. Marie Stopes International has an Equality and Diversity policy and we are committed to non-discrimination. As an organisation we have full and fair consideration to applications for employment by the company made by disabled persons having regard to their particular aptitudes and abilities. This policy and culture is embedded in policies, procedures and practices throughout the organisation.

## **6. Creditors**

The organisation abides by the payment terms of our suppliers. At the end of 2011 the amount owed to Trade Creditors by the group was £5.2 million (2010 £5.4 million). This equated to 30.5 days of applicable expenditure (2010 31 days).

## **7. Auditor**

Crowe Clark Whitehill LLP have expressed their willingness to continue as auditor for the next financial year.

## **8. Statement of Trustees' responsibilities**

Company and charity law requires the Board, as Directors and Trustees, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the group's surplus or deficit for that period. In preparing those financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards and statements of recommended practice have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity and the group will be able to continue to meet their objectives.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and therefore must take reasonable steps for the prevention and detection of fraud and other irregularities.

Each Trustee who is a director at the date of the approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware,
- the director has taken all steps that he/she should have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S 418 of the Companies Act 2006. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Going Concern**

During 2011 we increased our service provision so that we delivered services to over 7.5 million clients. We are expanding our service delivery due to our reputation for delivering clinical excellence and services to women in need. We cannot do this without the continued and increasing support from our donors, for which we are grateful. As we continue to expand our horizons and start on the path to achieving our strategic vision for 2015, the Board of Trustees has confidence in the future success and growth of the organisation.

**Company 1102208 (Registered in England and Wales)**

**By order of the Board**



Mr TM Rutter FRCS Chairman  
27 September 2012

## **Independent Auditor's Report to the Members of Marie Stopes International**

We have audited the financial statements of Marie Stopes International for the year ended 31 December 2011 set out pages 16 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Board of Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Pesh Framjee  
Senior Statutory Auditor  
For and on behalf of  
**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

17 September 2012



**Consolidated statement of financial activities incorporating the income and expenditure account  
for the year ended 31 December 2011**

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2011 £'000	Total 2010 £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
-Voluntary income	2a	2,593	4,484	7,077	2,246
-Investment income	2b	474	305	779	921
<b>Incoming resources from charitable activities</b>					
	2c	74,053	60,408	134,461	124,713
<b>Other incoming resources</b>					
	2d	2,384	472	2,856	1,980
<b>Total incoming resources</b>	2e	79,504	65,669	145,173	129,860
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
	5	410		410	143
<b>Charitable activities</b>					
	3 / 5	65,170	73,830	139,000	125,246
<b>Governance costs</b>					
	4	192	303	495	558
<b>Total resources expended</b>	5	65,772	74,133	139,905	125,947
<b>Net incoming resources before other recognised gains or losses, being net income for the year</b>					
		13,732	(8,464)	5,268	3,913
<b>Net movement in funds</b>					
		14,594	(9,434)	5,160	703
<b>-Total funds brought forward at 1 January 2011</b>					
	17	54,531	18,663	73,194	72,491
<b>Total funds carried forward at 31 December 2011</b>	16/17	69,125	9,229	78,354	73,194

All amounts relate to continuing activities. All gains and losses have been included above, therefore no Statement of Total Recognised Gains and Losses has been presented.

The notes on pages 19 to 31 form part of these financial statements.

Balance Sheet as at 31 December 2011

	Note	Group		Company	
		Total 2011 £'000	Total 2010 £'000	Total 2011 £'000	Total 2010 £'000
<b>Fixed assets</b>					
Tangible assets	9	36,607	34,984	23,551	24,143
Investment property	10a	268	274	268	274
Investment in subsidiaries	10b	-	-	1,256	1,256
Programme related investments	10c	-	-	920	1,117
Investments	10d	7,945	5,730	5,661	5,421
Intangible Assets	10e	2,744	-	2,744	-
		<u>47,564</u>	<u>40,988</u>	<u>34,400</u>	<u>32,211</u>
<b>Current assets</b>					
Stock and work in progress		7,074	5,148	3,478	2,049
Debtors	11	28,006	17,961	38,158	22,931
Short term investments	14	243	11,839	243	9,154
Cash at bank and in hand	14	17,293	22,616	5,743	13,545
		<u>52,616</u>	<u>57,564</u>	<u>47,622</u>	<u>47,679</u>
<b>Creditors</b> amounts falling due within one year	12a	18,643	22,403	17,887	18,232
<b>Net current assets</b>		<u>33,973</u>	<u>35,161</u>	<u>29,735</u>	<u>29,447</u>
<b>Total assets less current liabilities</b>		<u>81,537</u>	<u>76,149</u>	<u>64,135</u>	<u>61,658</u>
<b>Creditors</b> amounts falling due after more than one year	12b	1,661	556	1,661	556
<b>Loans</b> amounts falling due after more than one year	13	1,522	2,399	1,109	1,892
<b>Total amounts falling due after more than one year</b>		<u>3,183</u>	<u>2,955</u>	<u>2,770</u>	<u>2,448</u>
<b>Net assets</b>	15	<u>78,354</u>	<u>73,194</u>	<u>61,365</u>	<u>59,210</u>
<b>Represented by</b>					
<b>Unrestricted funds</b>					
General reserves	17	40,572	27,895	31,619	29,141
Designated funds - tangible fixed asset reserve	17	22,896	21,636	20,965	20,544
Designated funds - sustainability reserve	17	5,657	5,000	5,657	5,000
		<u>69,125</u>	<u>54,531</u>	<u>58,241</u>	<u>54,685</u>
<b>Restricted funds</b>	16	9,229	18,663	3,124	4,525
		<u>78,354</u>	<u>73,194</u>	<u>61,365</u>	<u>59,210</u>

Approved and authorised for issue by the Board of trustees on 27 September 2012  
and signed on its behalf by

Mr TM Rutter FRCS *Chairman*

The notes on page 19 to 31 form part of these financial statements

Consolidated cashflow statement for the year ended 31 December 2011

	2011		2010	
	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>				
Net incoming resources before other gains and losses	5,268		3,913	
Investment income	(779)		(921)	
Interest payable	40		63	
Depreciation and amortisation	4,918		4,457	
Tax charge	299		672	
(Gain)/loss on sale of tangible fixed assets	(1,049)		240	
(Increase)/decrease in stock	(1,926)		(1,347)	
(Increase)/decrease in debtors	(10,045)		2,322	
(Decrease)/increase in creditors	(2,655)		(26,809)	
Exchange movements	1,449		(263)	
<b>Net cash outflow from operating activities</b>		<b>(4,480)</b>		<b>(17,673)</b>
<b>Returns on investment and servicing of finance</b>				
Interest received	669		790	
Distributions received	52		75	
Interest received	26		(63)	
Rent receivable	32		56	
		<b>779</b>		<b>858</b>
<b>Taxation paid</b>	<b>(219)</b>	<b>(219)</b>	<b>(647)</b>	<b>(647)</b>
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets	(8,586)		(5,375)	
Payments to acquire intangible assets	(2,909)		-	
Receipts from sale of tangible fixed assets	2,099		634	
Capital repayments from programme related investments	-		302	
Payments to acquire investment property	-		(12)	
Payments to acquire investments	(3,109)		(729)	
		<b>(12,505)</b>		<b>(5,180)</b>
<b>Financing</b>				
Unsecured loan movement	377		(3,904)	
Capital repayment of long term loans	(871)		(2,019)	
		<b>(494)</b>		<b>(5,923)</b>
<b>Management of liquid resources</b>				
Decrease in short term investments	11,596		16,088	
		<b>11,596</b>		<b>16,088</b>
<b>Net cash outflow</b>		<b>(5,323)</b>		<b>(12,477)</b>
<b>Increase/(decrease) in cash</b>				
Cash at 1 January 2011	22,616		35,093	
Decrease in cash	(5,323)		(12,477)	
<b>Cash at 31 December 2011</b>		<b>17,293</b>		<b>22,616</b>

The notes on pages 20 to 32 form part of these financial statements

## Notes to the financial statements for the year ended 31 December 2011

### 1 Accounting policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, and applicable United Kingdom law and accounting standards. Having considered the risks, reserves and financial position the financial statements have been prepared on a going concern basis.

The principal accounting policies adopted are as follows:

#### a) Basis of consolidation

The Group financial statements combine the results of the parent undertaking, Marie Stopes International, and its subsidiary undertakings detailed in Note 10b and after eliminating inter-group transactions.

No separate Statement of Financial Activities or income and expenditure account has been presented for the company alone as permitted by section 230 of the Companies Act 2006 and paragraph 397 of the 2005 Charities SORP. The company had total incoming resources in the year of £95.3m (2010: £95.8m) and total resources expended of £92.3m (2010: £91.7m) giving net gain for the year of £3.0m (2010: £4.1m). The net movement in funds, after investment gains/losses was £2.2m (2010: £5.5m).

#### b) Incoming resources

Incoming resources from charitable activities comprises income from the provision of services to clients for sexual and reproductive healthcare, grants for the delivery of sexual & reproductive health services and consultancy services.

##### Service income

Service income comprises income received and receivable from clients for sexual and reproductive health services and products provided during the period.

##### Grant income

Income from external grants is recognised in the Statement of Financial Activities as soon as it is receivable unless donor conditions related to performance and specific deliverables apply. These grants are accounted for as the charity earns the right to consideration through performance. Where income is received in advance it is classified as deferred and included in creditors. Where entitlement occurs before the income is received the income is accrued and included in debtors.

##### Voluntary income

Legacies and donations are included in the Statement of Financial Activities in the year in which they are received or once it is known with certainty that an identifiable sum of money is going to be received.

##### Investment income

Investment income comprises interest, dividends, distributions and rents and is recognised in the period in which it becomes receivable.

#### c) Foreign currencies

For reporting purposes monetary assets and liabilities in foreign currencies are translated into sterling at the year end exchange rate at the balance sheet date and exchange differences are included in the Statement of Financial Activities. Exchange differences arising from the re-translation at year end of Group assets and liabilities are recognised as unrealised in the Statement of Financial Activities.

#### d) Pension costs

The charity operates a defined contribution scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund managed by Standard Life Assurance Company. Employer contributions are charged to the Statement of Financial Activities as they fall due.

#### e) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

#### f) Resources expended

All expenditure is accounted for on an accruals basis. Direct costs incurred by the Group are allocated across the various types of expenditure as follows:

**Costs of generating voluntary income** comprise costs relating to the raising of voluntary donations such as production of publications, direct mailing campaigns, donations database maintenance and personnel.

**Charitable activities** comprise costs relating directly to the delivery of family planning and other sexual & reproductive health services and related advocacy & awareness raising and capacity building. Costs include delivery of clinical and outreach services throughout the global partnership, such as service providers' salaries, costs of drugs and equipment, materials, premises, training and travel.

**Governance costs** represent the costs of compliance with statutory requirements and include the costs of audits and costs incurred on behalf of trustees relating to the governance of the organisations, such as travel and meeting attendance.

## Notes to the financial statements for the year ended 31 December 2011

### 1 Accounting policies (continued)

#### g) Grants paid

Donor grants are disbursed in accordance with the contractual obligations to the donor. Grants to branches and subsidiaries are eliminated through the intercompany elimination process with grant expenses being reported as spent within the relevant country. Amounts payable to affiliated partners for overseas projects are charged when an obligation exists and are described as grants payable in the notes.

#### h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation has been provided at rates calculated to write off the cost of fixed assets less their estimated residual value, on a straight line basis over their useful economic lives as follows:

Freehold properties	Over estimated useful life
Leasehold properties	Over period of the lease
Furniture, fixtures, fittings & office equipment	20% to 50% per annum
Medical equipment	20% to 50% per annum
Computer equipment	25% to 50% per annum
Motor Vehicles	25% per annum

Marie Stopes International capitalises fixed assets in the UK above a value of £1,200. For Marie Stopes International's branches and subsidiaries overseas the capitalisation level is lower and varies by entity.

#### i) Intangible Assets

Goodwill, which represents the excess of the acquisition costs over the fair values of the identifiable net assets acquired, is capitalised at cost and amortised over its estimated useful life (estimated to be 9 years).

Registration and license fees are capitalised at cost and will be depreciated over the period to which the rights relate (estimated to be seven years).

#### j) Investment properties

Investment properties are included in the balance sheet at open market value in accordance with SSAP 19 "Accounting for investment properties". Valuations are made by external valuers every five years and any material increase or decrease in value is reflected in the Statement of Financial Activities. Investment properties are not depreciated.

#### k) Programme related investments

Programme related investments are included at the amount invested less any repayments and impairments.

#### l) Stock

Stock represents medical equipment and supplies purchased to fulfill Marie Stopes International charitable objectives and is reported at the lower of cost or net realisable value. In some circumstances stock items are sold (rather than used internally) after the balance sheet date. In such cases our assessment of net realisable value is based on the service potential provided by the items of stock because, as indicated, the sale after the balance sheet date is made in furtherance of our charitable objectives. As a result, in these cases, it is not necessary to impair the carrying value of this stock at the period end.

#### m) Donated goods and services

Where the charity receives donations of goods and services in kind and where there is a measurable value to the charity, which can be ascertained with reliability, they are included as both income and expenditure.

#### n) Debtors

Debtors includes amounts receivable from government agencies or donors where Marie Stopes International's contractual obligations have been fulfilled and the payment of funds is outstanding as at balance date.

#### o) Reserves & fund accounting

General reserves are unrestricted funds available to be used at the discretion of the Board of trustees for the furtherance of the charitable objectives of the Group and which have not been designated for any other purpose.

Designated funds comprise unrestricted funds that have been set aside by the Board of trustees for particular purposes. The aim of each designated fund is set out in note 16.

Restricted funds are funds which have to be used in accordance with specific restrictions imposed by donors.

Notes to the financial statements for the year ended 31 December 2011

2 Incoming resources	Unrestricted Funds £'000	Restricted Funds £'000	Total 2011 £'000	Total 2010 £'000
<b>a) Voluntary income</b>				
Donations and legacies	2,593	4,484	7,077	2,246
	<u>2,593</u>	<u>4,484</u>	<u>7,077</u>	<u>2,246</u>
<b>b) Investment income</b>				
Bank interest receivable	371	298	669	767
Distributions receivable	47	5	52	75
Loan interest receivable	26	-	26	23
Rent receivable	30	2	32	56
	<u>474</u>	<u>305</u>	<u>779</u>	<u>921</u>

**c) Incoming resources from charitable activities**

**Grant income**

Department for International Development				
<i>Prevention of Maternal Death from Unwanted Pregnancy (PMDUP)</i>	4,447	-	4,447	-
<i>Programme Partnership Arrangements (PPA)</i>	3,127	-	3,127	-
<i>Other</i>	-	5,923	5,923	3,231
Danish International Development Agency	-	2,142	2,142	787
European Union	-	2,068	2,068	707
United Nations	-	762	762	2,304
Packard Foundation	-	328	328	489
Kreditanstalt für Wiederaufbau	-	1,517	1,517	1,323
Netherlands Ministry of Foreign Affairs	-	1,724	1,724	6,120
Finland Ministry of Foreign Affairs	-	418	418	699
UK Trusts & Foundations	-	769	769	779
United States Agency for International Development	-	2,788	2,788	720
Offshore Trusts & Foundations	-	16,312	16,312	24,582
Other	-	12,953	12,953	5,337
	<u>7,574</u>	<u>47,704</u>	<u>55,278</u>	<u>47,078</u>

Grant income is recognised in accordance with the Charity SORP. Actual receipts under key agreements during the year were PMDUP £1,864k, PPA £3,265k, Danida general support £1,269k

**Service income**

Sexual and reproductive healthcare services	67,093	12,941	80,034	78,587
Fees waived	(614)	(237)	(851)	(952)
	<u>66,479</u>	<u>12,704</u>	<u>79,183</u>	<u>77,635</u>
	<u>74,053</u>	<u>60,408</u>	<u>134,461</u>	<u>124,713</u>
<b>d) Other incoming resources</b>	2,384	472	2,856	1,980
<b>e) Total incoming resources</b>	<u>79,504</u>	<u>65,669</u>	<u>145,173</u>	<u>129,860</u>

**Geographical analysis of incoming resources**

	Total 2011 £'000	Total 2010 £'000
Africa	42,634	37,419
Asia	14,589	9,778
Latin America	3,776	3,664
Pacific Asia	24,105	22,329
Rest of the World including Europe & USA	60,069	56,670
<b>Total</b>	<u>145,173</u>	<u>129,860</u>

Notes to the financial statements for the year ended 31 December 2011

3 Charitable activities	Unrestricted Funds £'000	Restricted Funds £'000	Total 2011 £'000	Total 2010 £'000
<b>Activities in furtherance of the charity's objectives</b>				
Africa	9,585	35,303	44,888	36,278
Asia	1,965	13,569	15,534	9,704
Latin America	517	2,874	3,391	2,620
Pacific Asia	19,763	6,731	26,494	20,516
Rest of the World Including Europe & USA	33,340	15,353	48,693	56,127
	65,170	73,830	139,000	125,246

Total grants made to MSI affiliated partners included above was £4,409,209 (2010 £5,383,586) Details of these grants are available from Marie Stopes International, 1 Conway Street, London, W1T 6LP

Programme activity expenditure includes the following payments disclosed separately in accordance with the requirements of the donor These figures include contributions to support costs

	2011 £'000	2010 £'000
<b>Funded by Department for International Development</b>		
Malawi/BLM Programme of Work II	3,307	3,170
Prevention of Maternal Death from Unwanted Pregnancy	4,341	-
Programme Partnership Arrangement	1,441	-
Improving Maternal Health in Rural Ethiopia	450	103
Increasing Maternal Health Services Sierra Leone	297	39
CSCF 420 Ethiopia SRH Rights Protection	76	128
Sudan Improving Safety Nets in HS Prov-Abiemnom & Mayom	61	103
Bangladesh Better MH for the poor/vulnerable in Kishoreganj	17	11
CSCF 422 Zimbabwe safe sex and motherhood	-	159
CSCF 369 Tanzania Youth Information & Education	-	36
Guardian Journalist of the Year 2009	-	13
	9,990	3,762

4 Governance costs	2011 £'000	2010 £'000
Costs of trustees' meetings and support	11	5
Fees payable to the company's auditors for		
- the audit of the company's annual accounts	177	253
- company tax advice	-	5
- project audit	50	2
- stock review	-	2
Fees payable to other auditors for the audit of other Group entities	257	291
	495	558

Notes to the financial statements for the year ended 31 December 2011

5 Total resources expended	Programme activities £'000	Direct Staff costs £'000	Depreciation & amortisation £'000	Other costs £'000	Support costs £'000	Total 2011 £'000	Total 2010 £'000
Charitable activities	51,747	66,798	3,197	8,012	9,246	139,000	125,246
Costs of generating voluntary income	-	-	-	410	-	410	143
Governance costs (note 4)	135	-	-	360	-	495	558
	<u>51,882</u>	<u>66,798</u>	<u>3,197</u>	<u>8,782</u>	<u>9,246</u>	<u>139,905</u>	<u>125,947</u>

Staff costs	£'000	£'000
- Wages and salaries	52,223	41,661
- Social security costs	2,557	2,542
- Employer's pension contributions	1,954	1,598
	<u>56,734</u>	<u>45,801</u>
Sessional fees and agency costs	15,238	14,095
Total staff costs	<u>71,972</u>	<u>59,896</u>

Note Staff costs are included in both direct staff costs and support costs

The average number of staff analysed by function was	Number	Number
- Generating voluntary income	2	1
- Charitable activities	6,959	6,945
- Governance	20	20
	<u>6,981</u>	<u>6,966</u>

The numbers of employees whose emoluments were more than £60,000 were

	Number	Number
£60,001 - £70,000	17	4
£70,001 - £80,000	7	8
£80,001 - £90,000	4	5
£90,001 - £100,000	4	4
£100,001 - £110,000	3	2
£110,001 - £120,000	3	-
£120,001 - £130,000	1	1
£140,001 - £150,000	-	1
£150,001 - £160,000	-	2
£180,001 - £190,000	1	-
£190,001 - £200,000	1	-
£210,001 - £220,000	-	1
£260,001 - £270,000	1	-

Contributions paid in the year for employees earning over £60,000 for the provision of defined contribution scheme were £130,056 (2010 - £117,308)  
The number of staff to whom the retirement benefits are accruing under defined contribution schemes were 186 (2010 167)

Support costs	Management & Office Services £'000	Finance & IT £'000	Programme Support £'000	Human Resources £'000	External Relations £'000	Total support costs £'000
Support costs by function	1,397	3,886	1,604	1,127	1,232	<u>9,246</u>

Support cost represent the cost of London and Marie Stopes International regional support offices and allocated by function

6 Directors' emoluments

None of the directors received any emoluments during the year for their services as Trustees (2010 none)

7 Interest payable and similar charges

	2011 £'000	2010 £'000
Loans & overdrafts	<u>40</u>	<u>63</u>

Interest payable on The David and Lucile Packard Foundation loan is charged against a restricted reserve into which interest earned from bank deposits and onward loans are allocated and against which administration costs are also charged. The balance of the restricted reserve must be offset against any exchange losses suffered by The David and Lucile Packard Foundation at the date of repayment by Marie Stopes International

8 Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging (crediting)

	2011 £'000	2010 £'000
- Depreciation of tangible fixed assets	4,753	4,457
- Operating lease rentals	3,237	2,695
	<u>7,990</u>	<u>7,152</u>



## Notes to the financial statements for the year ended 31 December 2011

## 9 Tangible fixed assets

The latest revaluation of freehold properties in the UK was at 1 December 1994 by Nelson Bakewell, Chartered Surveyors. As this valuation was prior to the introduction of FRS 15 - Tangible Fixed Assets, the revalued assets are treated as being held at cost. Properties purchased since 1994 are included at cost. Properties owned in Australia were revalued at 31 December 2004 by Robert Lister, Chartered Surveyors but in line with Group policy these assets have been included at cost. The trustees have not updated the valuations as they are not aware of any material impairments that would affect the values included in this report.

## Group

	Freehold properties £'000	Short leasehold properties £'000	Furniture fixtures & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>							
At 1 January 2011	33,975	3,009	4,806	5,424	5,705	7,600	60,519
Additions	1,936	366	801	924	2,322	2,237	8,586
Disposals	(799)	-	(97)	(101)	(253)	(883)	(2,133)
Revaluations							
Exchange movements on consolidation	(632)	(261)	(116)	(253)	(80)	(285)	(1,627)
At 31 December 2011	34,480	3,114	5,394	5,994	7,694	8,669	65,345
<b>Depreciation</b>							
At 1 January 2011	10,024	1,962	3,120	3,620	2,324	4,485	25,535
Charge for the year	1,234	(139)	646	768	920	1,324	4,753
Disposals	(258)	-	(72)	(72)	(76)	(627)	(1,105)
Exchange movements on consolidation	213	(128)	(66)	(176)	(58)	(230)	(445)
At 31 December 2011	11,213	1,695	3,628	4,140	3,110	4,952	28,738
<b>Net book value</b>							
At 31 December 2011	23,267	1,419	1,766	1,854	4,584	3,717	36,607
At 31 December 2010	23,951	1,047	1,686	1,804	3,381	3,115	34,984

## Company

	Freehold properties £'000	Short leasehold properties £'000	Furniture fixtures & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>							
At 1 January 2011	26,999	1,633	2,945	2,078	4,347	2,185	40,187
Additions	543	338	486	641	2,149	322	4,479
Disposals	(1,765)	-	(13)	(1)	(157)	(56)	(1,992)
Exchange movements on consolidation	(108)	(5)	(7)	(24)	(11)	(75)	(230)
At 31 December 2011	25,669	1,966	3,411	2,694	6,328	2,376	42,444
<b>Depreciation</b>							
At 1 January 2011	9,839	945	1,810	1,116	1,430	904	16,044
Charge for the year	1,127	88	401	369	767	453	3,205
Disposals	(240)	-	(9)	(1)	(10)	(50)	(310)
Exchange movements on consolidation	(18)	1	5	(7)	(6)	(21)	(46)
At 31 December 2011	10,708	1,034	2,207	1,477	2,181	1,286	18,893
<b>Net book value</b>							
At 31 December 2011	14,961	932	1,204	1,217	4,147	1,090	23,551
At 31 December 2010	17,160	688	1,135	962	2,917	1,281	24,143

Notes to the financial statements for the year ended 31 December 2011

10 Investments

a) Investment property

The investment property was revalued at €320,000 (£268,000) by Damien Baxter MRICS Chartered Surveyor, on the basis of market value as at 24 March 2011. The market valuation is affected by a number of factors including an oversupply of commercial property in Dublin, the IMF/EU bailout of the Republic of Ireland in November 2010 and current credit restrictions on the purchase of commercial property. This resulted in a market value of £274k at the end of 2010. During 2011 there have been no additions or market revaluation, but a further loss on exchange.

	Group and Company 2011 £'000	Group and Company 2010 £'000
Investment property at valuation		
Original cost	972	972
Market revaluations to date	(698)	(72)
<b>Market value at 1 January 2010</b>	<b>274</b>	<b>900</b>
Additions	-	12
Revaluations	-	(624)
Unrealised (loss)/gain on exchange movement	(6)	(14)
<b>At 31 December 2011</b>	<b>268</b>	<b>274</b>
<b>Net book value</b>	<b>268</b>	<b>274</b>

b) Investments in subsidiaries

	Company 2011 £'000	Company 2010 £'000
Investment in subsidiary undertakings at cost		
<b>At 1 January 2011</b>	<b>1,256</b>	<b>1,213</b>
Capital invested	-	43
<b>At 31 December 2011</b>	<b>1,256</b>	<b>1,256</b>

Notes to the financial statements for the year ended 31 December 2011

10 b) Investments in subsidiaries company (continued)

The charity controls the following principal subsidiaries the results of which have been consolidated

Name of company	Country of incorporation	% Holding	Income	Expenditure	Net incoming resources 2011 £ 000	Net assets as at 31 December 2011 £ 000	Nature of business
Options Consultancy Services Limited*	England	100	12,608	12,627	(19)	521	Provision of consultancy services in the field of sexual and reproductive health
Ambulatorium am Fleischmarkt Betnebs GmbH** (trading as pro woman)	Austria	100	1 350	1 299	51	119	Operation of centre based sexual and reproductive healthcare services
MSI-US	United States	100	14,647	14,980	(333)	(150)	Technical Exchange/Fundraising/Advocacy
Marie Stopes Albania Shpk	Albania	75	-	-	-	39	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Kenya Limited*	Kenya	99	4,753	4,666	87	(535)	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes India	India	99	343	411	(68)	-	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Madagascar	Madagascar	100	3,629	2,634	995	279	Provision of consultancy services in the field of sexual and reproductive health
Banjo La Malsogolo	Malawi	50	5,401	5,038	363	3,063	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Mexico*	Mexico	100	2,601	1,925	676	(214)	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes International Contraceptive Social Marketing Limited	Mongolia	100	547	502	45	69	Provision of consultancy services in the field of sexual and reproductive health
Manes Stopes Services Pvt Ltd*	Nepal	100	1,050	967	83	416	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes International Organisation Nigeria	Nigeria	100	604	578	26	7	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Society	Pakistan	100	4 889	4 571	318	2,098	Provision of consultancy services in the field of sexual and reproductive health
CSM Pakistan (Guarantee) Ltd	Pakistan	100	717	661	56	101	Provision of consultancy services in the field of sexual and reproductive health
Yumi Health Papua New Guinea	Papua New Guinea	100	1,112	1,163	(51)	115	Provision of consultancy services in the field of sexual and reproductive health
Population Services Pilipinas Inc	Philippines	100	1,026	1,529	(503)	-	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes International Romania Foundation	Romania	100	432	369	63	126	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Society Sierra Leone	Sierra Leone	100	2,226	2,031	195	119	Provision of consultancy services in the field of sexual and reproductive health
Community Medical Services trading as Marie Stopes South Africa	South Africa	100	6,290	6,733	(443)	978	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Clinics Services	Sri Lanka	100	1	18	(17)	39	Provision of consultancy services in the field of sexual and reproductive health
Population Services Lanka	Sri Lanka	100	1,044	1,024	20	1 349	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Swaziland <sup>o</sup>	Swaziland	100	-	52	(52)	-	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes Tanzania*	Tanzania	100	2,643	2,569	74	(332)	Provision of consultancy services in the field of sexual and reproductive health
Marie Stopes International Zambia	Zambia	100	1,912	1,490	422	506	
Population Services Zimbabwe	Zimbabwe	100	3 123	3,201	(78)	301	Provision of consultancy services in the field of sexual and reproductive health

\* Shares directly held by Marie Stopes International

\* Shares indirectly held by Marie Stopes International through the dormant holding company Shawline Developments Limited

<sup>o</sup> Entity closed during 2011

Further information on the activities of the subsidiary undertakings is given in the Trustees' Report

Notes to the financial statements for the year ended 31 December 2011

10 Investments

c) Programme related investments Social investment fund loans

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Balance brought forward as at 1 January 2011	-	191	1,117	1,430
Loans out	-	-	-	133
Capital repayment	-	(302)	(197)	(527)
Exchange gains/(losses)	-	111	-	81
Balance carried forward as at 31 December 2011	-	-	920	1,117

On 1 November 2002 Marie Stopes International created a social investment fund with a £4 435 million loan from The David and Lucile Packard Foundation (see note 13). The purpose of the social investment fund was to provide onward loans to partner organisations and subsidiaries for the delivery of sexual and reproductive health services, provided the goals and objectives of projects are in line with those of Marie Stopes International and The David and Lucile Packard Foundation. Loans are made in the recipient country currency and at interest rates of between 3% and 6% and are repayable by September 2015. Exchange gains and losses on capital repayments are offset against the amounts due to the David and Lucile Packard Foundation, as detailed in note 13.

In 2010, Marie Stopes International made a programme related investment loan for a clinic now owned by a subsidiary. The loan of £133,000 is over a term of 10 years at a rate of 3% p.a.

10 d) Listed Investments

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Market value at 1 January 2011	5,730	4,544	5,421	4,327
Additions	3,109	729	504	552
Disposals	(575)	(39)	-	-
Revaluation	(319)	497	(264)	542
Exchange movements on consolidation	-	(1)	-	-
Market value at 31 December 2011	7,945	5,730	5,661	5,421
Historical cost at 31 December 2011	5,986	5,486	5,627	5,127
Investment portfolio allocation				
Equities	2,846	3,302	2,846	2,993
Bonds	571	553	571	553
Alternatives	2,125	1,738	2,125	1,738
Cash	2,403	137	119	137
	7,945	5,730	5,661	5,421

10 e) Intangible Assets

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Goodwill				
Additions	2,278	-	2,278	-
Amortisation	(165)	-	(165)	-
	2,113	-	2,113	-
Registration and license fees	631	-	631	-
	2,744	-	2,744	-

Goodwill has arisen due to purchase of clinic network in Australia in April 2011. It represents the excess of the acquisition costs over the fair values of the identifiable net assets acquired and is capitalised at cost and amortised over its estimated useful life (estimated to be 9 years).

Registration and License fees relate to costs incurred to acquire exclusive rights to a drug in Australia. Marie Stopes International has not yet activated the rights and therefore no amortisation has been charged in the year.

Notes to the financial statements for the year ended 31 December 2011

11 Debtors

	Group		Company	
	Total 2011 £'000	Total 2010 £'000	Total 2011 £'000	Total 2010 £'000
Trade debtors	12,505	11,862	7,760	7,045
Amounts owed by subsidiary undertakings	-	-	15,331	10,388
Other debtors	2,449	736	2,269	34
Prepayments & accrued income	2,454	2,560	1,512	2,661
Grants receivable	10,598	2,803	11,286	2,803
	<b>28,006</b>	<b>17,961</b>	<b>38,158</b>	<b>22,931</b>

12 Creditors

	Group		Company	
	Total 2011 £'000	Total 2010 £'000	Total 2011 £'000	Total 2010 £'000
<b>a) Amounts falling due within one year</b>				
Bank loans	240	106	120	14
Bank overdrafts	324	75	323	13
Trade creditors	5,173	5,372	2,477	2,473
Corporation tax	12	21	-	-
Other taxes & social security	613	699	253	293
Accruals	4,618	6,428	3,967	3,653
Amounts owed to subsidiary undertakings	-	-	5,905	2,084
Deferred income	7,663	9,702	4,842	9,702
	<b>18,643</b>	<b>22,403</b>	<b>17,887</b>	<b>18,232</b>

Deferred income reflects grant income received where the contractual obligations of the grant are to be fulfilled in future periods. All income deferred at 31 December 2010 was released in the year. A further balance of £7,663k was then deferred.

**b) Amounts falling due after more than one year**

	Group		Company	
	Total 2011 £'000	Total 2010 £'000	Total 2011 £'000	Total 2010 £'000
Deferred Liabilities	<b>1,661</b>	<b>556</b>	<b>1,661</b>	<b>556</b>

Deferred liabilities relate to the outstanding HMRC Lennartz VAT liability (2011 £476k, 2010 £556k) and deferred consideration relating to the purchase of clinics in Australia (2011 £1,185k, 2010 £nil).

13 Loans

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts repayable				
One year or more - Packard	1,021	1,892	1,109	1,892
One year or more - other	501	507	-	-
	<b>1,522</b>	<b>2,399</b>	<b>1,109</b>	<b>1,892</b>

Marie Stopes International agreed terms on 1 November 2002 with The David and Lucile Packard Foundation for a £4,435 million loan to be repaid in 2010. The purpose of the loan is to create a social investment fund which will provide onward loans to partner organisations and subsidiaries, provided the goals and objectives of the projects are in line with those of Marie Stopes International and The David and Lucile Packard Foundation (see note 10c).

In 2004, the loan agreement was extended to 2015. On 1 July 2010, Marie Stopes International and The David and Lucile Packard Foundation amended this agreement, which resulted in a periodic principal repayments over the remaining life of the loan. A further repayment of £769,875 was made in March 2011.

The long term loan is unsecured, repayable in GB Sterling and bears interest at 1% per annum.

Other loans consist of commercial and other loan facilities arranged by Marie Stopes International's branches and subsidiaries.

Notes to the financial statements for the year ended 31 December 2011

14 Analysis of changes in net funds as shown in the balance sheet

	At 1 Jan 2011 £ 000	Cash flows £'000	At 31 Dec 2011 £'000
Cash at bank and in hand	22 616	(5 323)	17 293
Short term investments	11 839	(11 596)	243
Bank overdrafts	(75)	(249)	(324)
	<u>34 380</u>	<u>(17 168)</u>	<u>17 212</u>
Other loans falling due after more than one year	(2 399)	877	(1 522)
Bank loans	(106)	(134)	(240)
	<u>31,875</u>	<u>(16,425)</u>	<u>15,450</u>

15 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted funds £ 000	Total £ 000
Fund balances at 31 December 2011 are represented by			
Tangible fixed assets	22 896	13 711	36 607
Investments	8 995	1 962	10 957
Current assets	48 370	4 246	52 616
Current liabilities	(9 024)	(9 619)	(18 643)
Long term liabilities	(2 112)	(1 071)	(3 183)
	<u>69,125</u>	<u>9,229</u>	<u>78,354</u>

16 Restricted funds

	At 1 Jan 2011 £'000	Income £ 000	Expenditure £'000	At 31 Dec 2011 £ 000
<b>Africa</b>				
Donor funds	3 211	23 741	26 918	34
Restricted by constitution	5 065	10 323	12 461	2 927
<b>Asia</b>				
Donor funds	2 034	8 958	10 603	389
Restricted by constitution	1 455	3 709	3 705	1 459
<b>Pacific Asia</b>				
Donor funds	3 123	3 173	5 422	874
Restricted by constitution	139	2 405	1 923	621
<b>Latin America</b>				
Donor funds	1 219	584	1 545	258
Restricted by constitution	1 310	2 601	1 336	2 575
<b>Rest of the World including Europe and USA</b>	<u>1 107</u>	<u>10 175</u>	<u>11 190</u>	<u>92</u>
	<u>18,663</u>	<u>65,669</u>	<u>75,103</u>	<u>9,229</u>

Restricted funds represent the following

- a) Donor funds unspent at the end of the financial year which will be expended in the future in line with the contractual and geographical conditions imposed by the donor
- b) Funds restricted by constitution represent the accumulated surpluses from those group entities where the funds have been generated locally and the future use is restricted to that location

17 Statement of funds

	General reserves £ 000	Tangible fixed asset reserves £ 000	Sustainability reserves £ 000	Total Unrestricted Reserves £'000	Restricted reserves £ 000
As at 1 January 2011	27,895	21,636	5,000	54,531	18,663
Net incoming resources before transfers	13 732	-	-	13,732	(8 464)
Transfers					
- Movement in tangible fixed asset reserve	(1 260)	1 260		-	
- Movement in sustainability reserve	(657)		657	-	
Net (losses)/gains on revaluations	862			862	(970)
At 31 December 2011	<u>40,572</u>	<u>22,896</u>	<u>5,657</u>	<u>69,125</u>	<u>9,229</u>

Unrestricted and restricted funds represent reserves available to Mane Stopes International for a range of purposes dependent on their designation

Unrestricted Funds

**General Reserves** Mane Stopes International's general reserves aim to provide medium and long-term security for the Group both in the United Kingdom and in the countries within which it operates. It aims to be sufficient to finance up to six months expenditure. This policy is reviewed by the trustees on a regular basis.

**Tangible Fixed Asset Reserves** - represents the amount of general funds invested in fixed assets to achieve the objectives of the organisation

**Sustainability Reserves** represent designations made by the trustees to provide working capital for the continued expansion of family planning service delivery post donor funding and for institutional capacity development to support such services

Restricted Funds

Restricted Funds represent donor funds received that are to be disbursed in accordance with the grant terms of the donor and the accumulated surplus/deficit of those entities within the group that are considered to be for a restricted purpose (See note 15)

Transfers

Movement in tangible fixed asset reserves represents the movement for the year in the net written down value of unrestricted tangible fixed assets

Notes to the financial statements for the year ended 31 December 2011

18 Taxation

Marie Stopes International has no liability to UK corporation tax as the company is a charity registered in England and Wales and takes advantage of the tax exemption available to charities. The liability to taxation shown in these financial statements relates to tax due on profits of the branches and subsidiary undertakings.

19 Financial commitments

a) Capital commitments

Capital commitments as at 31 December 2011 amounted to £329k for purchase of a clinic in Australia (2010: £1.9m).

b) Operating lease commitments

As at 31 December 2011 commitments for the following year under operating leases for land and buildings were as follows:

	Group	
	2011	2010
	£'000	£'000
Within one year	538	927
Between two and five years	2,639	2,571
Leases expiring in five years or more	536	1,406
	<u>3,713</u>	<u>4,904</u>

20 Transactions involving trustees and Company Secretary

During the year the charity reimbursed four trustees (2010: six) with out-of-pocket expenses of £996 (2010: £374) for travel to partner programmes, £4,880 (2010: £2,307) for travel to UK offices for trustee meetings.

21 Marie Stopes International branches, subsidiaries and affiliated partners

Marie Stopes International is an international non-government organisation delivering family planning, sexual and reproductive health services in 43 countries worldwide. It delivers these services through its branches and subsidiaries and in partnership with affiliated partners.

All entities within the Marie Stopes Partnership are listed below:

a) Marie Stopes International branch offices

Name of organisation	Country of operation
1 Marie Stopes China	China
2 Marie Stopes International Yemen	Yemen
3 Marie Stopes Internationale	Belgium
4 MSI Afghanistan	Afghanistan
5 MSI Australia (clinics)	Australia
6 MSI Bolivia	Bolivia
7 MSI Burkina Faso	Burkina Faso
8 MSI Cambodia	Cambodia
9 MSI Ethiopia	Ethiopia
10 MSI Ghana	Ghana
11 MSI India	India
12 MSI Mali	Mali
13 MSI Mongolia	Mongolia
14 MSI Myanmar	Myanmar
15 MSI Nepal	Nepal
16 MSI Sudan	Sudan
17 MSI Uganda	Uganda
18 MSI Vietnam	Vietnam
19 MSI South Sudan	South Sudan
20 MSI Senegal	Senegal

Notes to the financial statements for the year ended 31 December 2011

21 Marie Stopes International branches, subsidiaries and affiliated partners (continued)

b) Marie Stopes International subsidiaries

Name of organisation	Country of operation
1 Ambulatorium am Fleischmarkt Betriebs GmbH	Austria
2 Banjo La Matsogolo	Malawi
3 Community Medical Services trading as Marie Stopes South Africa	South Africa
4 CSM Pakistan (Guarantee) Ltd	Pakistan
5 Marie Stopes Albania Shpk	Albania
6 Marie Stopes Clinics Services Lanka	Sri Lanka
7 Marie Stopes International Organisation Nigeria	Nigeria
8 Marie Stopes International Contraceptive Social Marketing Limited	Mongolia
9 Marie Stopes International Romania Foundation	Romania
10 MSI - US ( formerly Marie Stopes International Ltd )	US
11 Marie Stopes International Zambia Ltd	Zambia
12 Marie Stopes Kenya Ltd	Kenya
13 Marie Stopes India	India
14 Marie Stopes Madagascar	Madagascar
15 Marie Stopes Mexico AC	Mexico
16 Fundacion Marie Stopes Mexico	Mexico
17 Marie Stopes Services Pvt Ltd	Nepal
18 Marie Stopes Society	Pakistan
19 Marie Stopes Society Sierra Leone	Sierra Leone
20 Marie Stopes Swaziland	Swaziland
21 Marie Stopes Tanzania Ltd	Tanzania
22 Options Consultancy Services	UK
23 Population Services Lanka	Sri Lanka
24 Population Services Pilipinas Inc	Philippines
25 Population Services Zimbabwe	Zimbabwe
26 Yumi Health Papua New Guinea	Papua New Guinea

c) Marie Stopes International affiliated partners

In addition to its branches and subsidiaries Marie Stopes International delivers services globally through a number of affiliated partners. These are entities closely connected with Marie Stopes International but which Marie Stopes International currently believes it does not control nor over which it exercises dominant influence. Their results have therefore not been included in the group reported results.

Name of organisation	Country of operation
1 Integrated Healthcare Services	Bangladesh
2 Integrated Healthcare Services Ltd	Bangladesh
3 Marie Stopes Australia	Australia
4 Marie Stopes Bangladesh	Bangladesh
5 Marie Stopes Bangladesh Ltd	Bangladesh
6 Marie Stopes Clinic Society	Bangladesh
7 Marie Stopes Clinic Society Bangladesh	Bangladesh
8 Marie Stopes International Australia (Support Office)	Australia
9 Marie Stopes Properties Ltd	Madagascar
10 MSI Timor Leste	Timor Leste
11 MSI Trust	India
12 Population Health Services	India
13 Reproductive Choices Ltd	Ireland
14 Sunaulo Parivar Nepal	Nepal
15 Vietnam Centre for Community Reproductive Health	Vietnam
16 Marie Stopes Uganda	Uganda

22 Related Party Transactions

Marie Stopes International has taken advantage of the exemption under FRS 8, Related Party Disclosures, not to disclose transactions or balances between group entities that have been eliminated on consolidation in these financial statements.