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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

Dr Yasmin Ahmed (resigned 10th June 2008)
Cyprian Awiti
Mohsina Bilgrami (appointed 1st Feb 2009)
Dr TRL Black CBE MBBS MRCP DTM&H MPH
Baroness Flather
Philip D Harvey
Peter Smitham (appointed 1st Feb 2009)
Edgar Stanford (resigned 11th March 2008)

Secretary

Solscan Limited

Chief Executive

Dana Hovig

Auditor

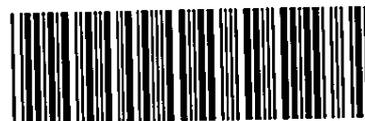
Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Principal bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

Solicitor

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



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PC4 17/11/2009 484
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**Marie Stopes International
Report of the Board of Trustees for year ended 31 December 2008**

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 2008.

1 Structure, governance and management

Memorandum and Articles of Association

The objects and powers and other constitutional matters are set out in Marie Stopes International's Memorandum and Articles of Association. The Memorandum and Articles of Association do not contain any onerous restrictions concerning the way in which the company can operate. As a company, Marie Stopes International has general investment power.

Constitution of the charity

Marie Stopes International is a charity registered in England and Wales, constituted as a company and limited by guarantee.

The Board of Trustees

Marie Stopes International's Board of Trustees is made up of independent individuals who are leaders in their field, committed to the organisation's mission, and bring enormous skills, 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; finance; government; and advocacy.

The Trustees periodically review 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 suitable potential candidates based on clear criteria; 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 now has two Trustees selected from amongst the most senior country programme members. These Trustees, who are Country Directors in Africa and Asia, are invited to join the Board for a three year term. New appointments and re-appointments are formally made by members of Marie Stopes International at Annual General Meetings.

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 partner 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, couples, communities, and countries around the world. Trustees periodically attend external courses providing training in trustees' role and responsibilities in order that they can fulfil their supervisory function more effectively and are supported in their effective stewardship of the organisation.

The Trustees serving in the year ended 31 December 2008 and up to the date of signing this report are noted on page 1.

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 1985. 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 ;

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Report of the Board of Trustees for year ended 31 December 2008

- 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 S234ZA of the Companies Act 1985.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Organisational structure and decision making process

Marie Stopes International is an international non-governmental organisation delivering sexual and reproductive health services through its 9 family planning centres in the UK and in 41 additional 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 9 UK family planning centres and London Support Office) and Marie Stopes International's 17 international branch offices. The London Support Office provides support for Marie Stopes International's UK clinics as well as its network of international branches, subsidiaries and affiliated partners in 41 countries worldwide (see Note 23 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 23. 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) ie 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 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.

RAISE

During 2008, the RAISE (Reproductive Health Access, Information and Services in Emergencies) Initiative – a joint project between Marie Stopes International and Columbia University, USA – undertook a range of activities across a number of countries. Technical and other support from RAISE, including clinical training at Marie Stopes Kenya's Eastleigh training centre in Nairobi, has enabled many of RAISE's collaborating agencies to improve their services both in scope and quality, and ensure that much needed services such as Post Abortion Care is provided in emergency camps such as those in South Darfur.

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Support from RAISE has also enabled Marie Stopes International to deliver additional reproductive health and family planning services in countries such as Uganda and Afghanistan.

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 they will identify and evaluate their effective operation.

The key elements of the system of internal control are:

- **Delegation:** there is a clear organisational structure with 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 or KPIs), 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 21 partner countries in 2008 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 – sometimes – is increasing ; managing the transition from donor grant management to more output-based aid contracting ; meeting the need to update its MIS systems 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 goal is the **prevention of unwanted births**.

To achieve these objects, the charity has:

- a **clear focus on family planning** while undertaking a broad spectrum of sexual and reproductive health activities within the remit of the 1994 International Conference on Population and Development ;
- a **client led, rather than provider driven, approach** which ensures a choice of high quality affordable family planning, sexual and reproductive health services, through comprehensive information, advice and delivery mechanisms that are tailored to local needs ;
- a **commitment to sustainable programmes** through the transfer of enduring management and operational skills to Marie Stopes International partners and the development of a diverse funding base, including cost recovery mechanisms ; and
- a **range of advocacy and policy inputs** which help to raise awareness of sexual and reproductive health issues amongst governments, national and international agencies, the private sector and other non government organisations to create an enabling environment so that women, men and young people can access their reproductive and sexual health rights.

2008 objectives

The organisation's aims and objectives for 2008 reflected the above and aimed to ensure significant progress towards achieving these strategic objectives.

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Its strategy for achieving this was to:

- continue to focus on being the best family planning agency in the world rather than diluting Marie Stopes International and moving into other sectors or services ;
- continue to be innovative, pushing the state-of-the-art of family planning, safe abortion and post abortion care services forward, by, for example, becoming a global leader in introducing medical abortion services in many countries ;
- 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 ;
- retain a strong focus on quality and the customer through a number of new initiatives including the introduction and expansion of a Health Systems Team ;
- increasingly empowering country offices and individual team members to make decisions, be entrepreneurial, and pursue opportunities ;
- ensure that the voices of the poorest are heard by undertaking a range of advocacy and external relations activities both globally and in-country ;
- ensure that Marie Stopes International has outstanding team members by: investing in their development and improving their skills; recruiting the best globally from the commercial, health, and non-profit sectors; and increasing the organisation's technical depth and breadth ; and
- focus on improving the financial self-sufficiency of our international-based family planning centres whilst simultaneously delivering increased services to the under-served and the poor.

Significant 2008 activities

Significant activities undertaken during 2008 to achieve these priorities were:

- significantly expanding delivery of family planning services including prevention of unsafe abortions (providing the equivalent of 592,715 safe abortions in 2008, an increase of 29% over 2007), post abortion care and increased delivery of both short and long term methods of contraception ;
- a continued focus on expanding access to long term and permanent family planning methods, particularly for those living in rural and hard to reach areas for example through a significant expansion of outreach services. Marie Stopes International provided long term and permanent contraception to approximately 1.2 million men and women during the year, a 16% increase on 2007 ;
- a significant expansion of medical abortion and post abortion care services giving even more women the choice of this method of termination of pregnancy ;
- obtaining contracts from national governments in Australia, Bangladesh, India, Kenya, Malawi, Pakistan, South Africa, Tanzania, Uganda and UK amongst others to provide sexual and reproductive health services on their behalf ;
- new operations were commenced in Burkina Faso (February 2008), Zambia (March 2008) and Mali (November 2008), starting first with outreach operations and then clinics ;
- further strengthening of Marie Stopes International's Executive team with the appointments of a new Senior Director for Asia and the Middle East Region and a new Director for People and Development ; and
- building managerial capacity and leadership qualities through initiatives such as the Catalyst Initiative - The Marie Stopes Transformational Leadership Programme which is being run in partnership with one of the top ranked global providers of executive education, the Centre for Creative Leadership.

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

Grant disbursement policy and programme related investments

Restricted grants are raised for a diverse variety of service delivery, capacity building and advocacy projects and are regulated by the contractual requirements of the donor. Marie Stopes International fulfils a project management function for grants disbursed and is responsible for ensuring all donor requirements are fulfilled including delivery of outcomes, cash-flow management, capacity development, project activity review and donor reports and relations.

The organisation has formal criteria and a formal process for soliciting and in turn disbursing these grants. Grants must be used to:

- contribute to Marie Stopes International's core mission, reducing the number of unsafe abortions within a country and increasing overall contraceptive usage ;
- increase choice for underserved women and couples by improving access and availability of family planning methods ;
- be catalytic and transformational, both for Marie Stopes International and for the family planning field ;
- move Marie Stopes International programmes and health services towards financial self-sufficiency ; and
- encourage innovation and move state-of-the-art family planning forward.

An American foundation donated \$7m in 2002 from which Marie Stopes International created a Social Investment Fund. This Fund prioritises the provision of sustainable reproductive health service delivery through enabling the purchase of assets such as clinic buildings, thereby strengthening the long term self-sufficiency of country

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programmes. Disbursements to country programmes from this Fund are subject to grant agreements which define programme objectives and project management and reporting requirements. Applications and disbursements are evaluated using strict criteria through a Social Fund Loan Committee set up for this purpose. (Notes 10c and 13 provide further information on this Social Fund).

3 Achievements and performance

During 2008, Marie Stopes International continued to grow in scale, size, and reach. The organisation now works in 42 countries. Again, reported service outcomes include the results of affiliated Partners in order to present a true picture of Marie Stopes International's global impact.

During the year, the charity's main achievements were:

UK

- In England and Wales, Marie Stopes International provided 71,882 client services during the year (2007:104,572). Marie Stopes One Call, our telephone helpline and booking service, received 365,000 calls (2007: 320,363) for all issues related to sexual and reproductive health, an increase of 14% per cent over 2007 ; and
- Delivering the highest quality of care for our clients remains a core commitment of Marie Stopes International. The UK Division's Medical Advisory Team met regularly throughout the year, both formally and informally, to monitor the organisation's quality of care, any complaints or complications, and evolve Marie Stopes International clinical protocols, policies, and procedures in line with the Care Commission.

International

- total client visits rose 18% to 5,967,177 (2007 : 5,056,929) a record year for Marie Stopes International ;
- protecting the equivalent of 13.4 million couples from unplanned pregnancy and unsafe abortion – an increase of 7% on 2007 ;
- preventing: 7 million unplanned pregnancies; 26,800 women's deaths (through pregnancy related causes), reducing maternal deaths in the countries in which Marie Stopes International operates by 6.6% ;
- providing nearly 1.2 million women and men with long term / permanent contraception (sterilisations, IUD or implants) ;
- opening 96 new health clinics bringing the total to 560 at the end of 2008 ;
- safely delivering 17,352 babies in the organisation's maternity centres, an increase of 8% on 2007's figures ;
- providing 592,715 safe surgical and medical abortions (including post abortion care) globally, a 29% increase on 2007. This massive increase is in part due to the increase in medical abortion services and to the expansion of Marie Stopes International's Blue-Star franchising network ;
- establishing Blue-Star social franchises in 2 new countries: Ethiopia & Malawi as well as expanding operations in Ghana, the Philippines, Kenya and Vietnam to expand access to high quality sexual and reproductive health services through existing private sector providers ;
- winning large scale grants for transformational growth and impact in Ethiopia, Pakistan and Mexico City; as well as new European Commission grants for Sri Lanka, Sierra Leone and Tanzania ;
- providing high level clinical training for 25 people who in turn trained a further 400 in the first phase of a training cascade which will see up to 4,000 people skilled up over the next four years ;
- expanding its rural clinical outreach to include thousands more outreach sites.

Fundraising Activities

An External Relations and New Business Development team was revitalised in 2007 / 2008 targeting large statutory and institutional donors such as governmental agencies and large foundations. Significant new contracts signed in 2008 include a 4 year contract with Kreditanstalt für Wiederaufbau for Uganda for £ 3.2m and a 3 year contract with the Netherlands Ministry of Foreign Affairs for Yemen for £ 4.3m.

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 significant increase in charitable activities. This was partly due to the inclusion for the first time of related entities but also reflects strong organic growth of charitable activities within the Group.

A detailed review of the relationship between Marie Stopes International and all entities within the Partnership was undertaken in 2009. As a result of this review the financial results of a number of countries have been included for the first time. See Note 23 for a list of all Marie Stopes International's branches and subsidiaries, the basis for their inclusion and summary financial information. It has not been practicable to restate prior period comparatives as it is the Trustees' view that this information is not readily available at the level of detail required and the expense of obtaining this information outweighs the benefits of disclosure.

**Marie Stopes International
Report of the Board of Trustees for year ended 31 December 2008**

All 2007 financial comparatives contained in this report and the associated accounts have not been restated for the reasons outlined above.

Reserves

At 31 December 2008, Marie Stopes International's total unrestricted and restricted reserves amounted to £69,075,000 (2007 £41,296,000). The Trustees again endorsed the use of surplus service income from Marie Stopes International's UK operations to fund the growth of family planning and sexual and reproductive health services within Marie Stopes International.

Total unrestricted reserves rose to £52,023,000 (2007 £32,822,000). This was mainly due to the strong result for the year and the inclusion of unrestricted reserves from newly included entities. The Board endorses the existence of these reserves believing they provide medium and long-term financial stability for Marie Stopes International operating as it does in often difficult and unpredictable country environments.

A Tangible Fixed Asset Reserve of £ 21,197,000 (2007 : nil) was created in 2008 representing funds invested in tangible fixed assets – primarily clinic buildings – to further the long-term objectives of the group. A sustainability reserve of £5,000,000 (2007 : £5,000,000) continues to be set aside to provide working capital for the continued expansion of family planning services post donor funding and for institutional development capacity. The remaining funds of £ 22,336,000 (2007 : £22,208,000) at year-end are unrestricted general funds.

Restricted reserves increased to £17,052,000 (2007 : £8,474,000). This was driven primarily by the inclusion of restricted reserves from newly included entities. These reserves represent grant income received but not yet disbursed.

Principal sources of funding and areas of charitable expenditure

Marie Stopes International principal sources of funding in 2008 were :

- Government reimbursement and fees charged for sexual and reproductive health services globally £59,992,000 (2007 : £46,516,000)
- grant income from private trusts and foundations both UK and international £26,010,000 (2007 : £21,751,000)
- grant income from statutory funders and other governmental agencies £9,193,000 (2007 : £6,169,000)
- Other income £ 4,612,000 (2007: £4,604,000)

Expenditure on charitable activities in support of the objectives of the charity was as follows:

- delivery of family planning and other sexual & reproductive health services £69,080,000 (2007: £56,891,000)
- developing capacity to deliver sexual & reproductive health services £11,291,000 (2007: £6,249,000).
- advocacy & awareness raising £6,573,000 (2007: £3,097,000)

Principal areas of charitable expenditure were :

• UK & Europe (including Options)	£ 32,623,000	(2007 : £ 30,499,000)
• Africa, Latin America & Arab world	£ 25,754,000	(2007 : £ 14,016,000)
• Australia & Pacific Asia	£ 13,231,000	(2007 : £ 10,687,000)
• South Asia	£ 9,379,000	(2007 : £ 5,807,000)
• Cross-Regional	£ 5,957,000	(2007 : £ 5,228,000)

Investments

Excluding investments in subsidiaries and programme-related investments Marie Stopes International owns 2 investments : one Dublin property (net book value £967,000 at 31 December 2008 ; 2007:£735,000) and a managed investment fund (net book value £3,336,000 at 31 December 2008 ; 2007:£2,062,000).

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 2008 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 E D Whitewright (Finance Director – UK)

**Marie Stopes International
Report of the Board of Trustees for year ended 31 December 2008**

The principal issues addressed during 2008 were:

- the appointment of investment managers ;
- the risk appetite and tolerance of loss ;
- the overall asset allocation ;
- the investment duration ; and
- investment performance.

The Investment Supervisory Group received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

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 ; and
- 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.

5 Plans for future periods

In 2006 – 2007 Marie Stopes International developed a 5 year strategy for Marie Stopes International aiming to provide the widest possible access to family planning, sexual and reproductive health services and become the biggest, best and most sustainable family planning organisation in the world:

The strategy identified the following 3 strategic priorities to be achieved by the end of 2010 :

- Strategic Priority One : to increase significantly Marie Stopes International's delivery of family planning & reproductive health services globally and to act as a catalyst and work in partnership with other family planning organisations to deliver that increase.
- Strategic Priority Two : to build Marie Stopes International's organisational capacity to deliver the above, focussing on investing in both people and systems.
- Strategic Priority Three : to improve the sustainability of Marie Stopes International by strengthening and expanding income streams both in the UK and internationally and building reserves.

Marie Stopes International aims to do this by:

Strategic Priority One

- continuing to expand into new countries, with a focus on Africa, as well as expanding within all existing country programmes ;
- providing the widest range of contraceptive choice with the aim of providing protection to more than 15 million couples from unplanned pregnancy and unsafe abortion during the year ;
- rolling out medical abortion into at least 12 countries and increase dramatically the number of safe abortions and post abortion care we provide around the world ; and
- expand our service delivery infrastructure via the number of outreach activities we undertake and via the Blue Star social franchising network

Strategic Priority Two

- developing senior team members' leadership and management skills and ensuring that team members across the partnership have access to training and development opportunities ;
- recruiting the best, most skilled and most passionate people from a variety of sectors as well as continuing to develop capacity within ;
- initiating Project Solar which aims to upgrade financial systems and standardise financial reporting throughout the Group ; and
- Improving knowledge and evidence generation to improve Marie Stopes International's clinical and programme quality.

Strategic Priority Three

- encouraging and facilitating country-led fundraising. Marie Stopes International will also remain focussed on forming strategic partnerships with new donors ;
- increase locally earned income, principally from MSI's clinics ; and
- continuing to build general reserves both in the UK and throughout the Group.

**Marie Stopes International
Report of the Board of Trustees for year ended 31 December 2008**

6 Auditor

As a result of a tender process in October 2007 Marie Stopes International's audit committee selected Horwath Clark Whitehill to be its auditor. This was approved by the Board 13th October 2008.

By order of the Board

A. Lully (Director)

**Solscan Limited
Company Secretary
29th October 2009**

**Marie Stopes International
Report of the Board of Trustees for year ended 31 December 2008**

**Independent auditor's report to the members
of Marie Stopes International**

We have audited the group and parent company financial statements of Marie Stopes International for the year ended 31 December 2008 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Company Balance Sheet, Consolidated Cashflow Statement and the related notes 1-23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable 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 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 charitable 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

The Trustees' (who are also the directors of Marie Stopes International for the purposes of company law) responsibilities for preparing the Report of the Board of Trustees (incorporating the Directors' Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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 and are properly prepared in accordance with the Companies Act 1985.

We also report to you whether in our opinion the information given in the Report of the Board of Trustees (incorporating the Directors' Report) is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company or the group have not kept proper accounting records, if we have not

received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and the group as at 31 December 2008 and of the group's incoming resources, and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Board of Trustees (incorporating the Directors' Report) is consistent with the financial statements.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
St Brides House
10 Salisbury Square
London EC4Y 8EH

30th October 2009

**Consolidated statement of financial activities incorporating the income and expenditure account
for the year ended 31 December 2008**

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2008 £'000	Total 2007 £'000
Incoming resources					
Incoming resources from generated funds					
-Voluntary income	2a	214	-	214	131
-Investment income	2b	1,173	3	1,176	774
Incoming resources from charitable activities	2c	59,992	35,203	95,195	74,436
Other incoming resources	2d	3,222	-	3,222	3,699
Total incoming resources	2e	<u>64,601</u>	<u>35,206</u>	<u>99,807</u>	<u>79,040</u>
Resources expended					
Costs of generating funds					
-Costs of generating voluntary income	5	20	-	20	46
Charitable activities					
-Delivery of Family Planning and other Sexual & Reproductive Health Services		53,716	15,364	69,080	56,891
-Advocacy & Awareness Raising		746	5,827	6,573	3,097
-Developing capacity to deliver Sexual & Reproductive Health Services		4,423	6,868	11,291	6,249
	3 / 5	<u>58,885</u>	<u>28,059</u>	<u>86,944</u>	<u>66,237</u>
Governance costs	4	144	82	226	99
Total resources expended	5	<u>59,049</u>	<u>28,141</u>	<u>87,190</u>	<u>66,382</u>
Net incoming resources before transfers		<u>5,552</u>	<u>7,065</u>	<u>12,617</u>	<u>12,658</u>
-Transfers - contribution to support costs	15	2,495	(2,495)	-	-
Net incoming resources before other recognised gains or losses, being net income for the year		<u>8,047</u>	<u>4,570</u>	<u>12,617</u>	<u>12,658</u>
-Net gains on revaluation of investment properties	10a	232	-	232	82
-Net (loss)/gains on revaluation of investments	10d	(779)	-	(779)	35
Net movement in funds		<u>7,500</u>	<u>4,570</u>	<u>12,070</u>	<u>12,775</u>
-Total funds brought forward at 1 January 2008	15	32,822	8,474	41,296	28,521
-Funds brought forward from newly included entities	23	11,701	4,008	15,709	-
Total funds carried forward at 31 December 2008	15	<u>52,023</u>	<u>17,052</u>	<u>69,075</u>	<u>41,296</u>

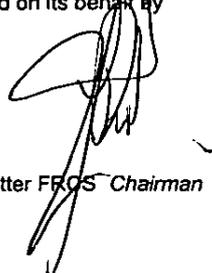
All amounts relate to continuing activities. All gains and losses have been included above, therefore no Statement of Total Recognised Gains and Losses has been presented.

The notes on pages 15 to 34 form part of these financial statements.

Group balance sheet at 31 December 2008

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2008 £'000	Total 2007 £'000
Fixed assets					
Intangible fixed assets	8	-	-	-	-
Tangible assets	9	24,687	3,822	28,509	16,360
Investment property	10a	967	-	967	735
Programme Related Investments	10c	345	-	345	2,054
Investments	10d	3,336	-	3,336	2,062
		<u>29,335</u>	<u>3,822</u>	<u>33,157</u>	<u>21,211</u>
Current assets					
Stock and Work in progress		1,397	189	1,586	46
Debtors	11	12,182	12,342	24,524	8,286
Cash at bank and in hand		24,562	7,162	31,724	25,316
		<u>38,141</u>	<u>19,693</u>	<u>57,834</u>	<u>33,648</u>
Creditors: amounts falling due within one year	12a	14,741	2,527	17,268	9,576
Net current assets		<u>23,400</u>	<u>17,166</u>	<u>40,566</u>	<u>24,072</u>
Total assets less current liabilities		<u>52,735</u>	<u>20,988</u>	<u>73,723</u>	<u>45,283</u>
Creditors: amounts falling due after more than one year	12b	712	-	712	83
Loans : amounts falling due after more than one year	13	-	3,936	3,936	3,904
Total amounts falling due after more than one year		<u>712</u>	<u>3,936</u>	<u>4,648</u>	<u>3,987</u>
Net assets		<u>52,023</u>	<u>17,052</u>	<u>69,075</u>	<u>41,296</u>
Unrestricted funds					
General reserves	15	22,336	-	22,336	22,208
Designated funds - tangible fixed asset reserve	15	21,197	-	21,197	-
Designated funds - contingency reserve	15	-	-	-	2,137
Designated funds - sustainability reserve	15	5,000	-	5,000	5,000
Capital fund - revaluation reserve	15	3,490	-	3,490	3,477
		<u>52,023</u>	<u>-</u>	<u>52,023</u>	<u>32,822</u>
Restricted funds	15	-	17,052	17,052	8,474
		<u>52,023</u>	<u>17,052</u>	<u>69,075</u>	<u>41,296</u>

Approved and authorised for issue by the Board of Trustees on 29 October 2009 and signed on its behalf by



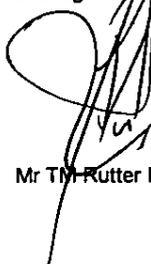
Mr TM Rutter FRCS Chairman

The notes on pages 15 to 34 form part of these financial statements.

Company balance sheet at 31 December 2008

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2008 £'000	Total 2007 £'000
Fixed assets					
Intangible fixed assets	8	-	-	-	-
Tangible assets	9	19,586	1,184	20,770	16,183
Investment property	10a	967	-	967	735
Investments in subsidiaries	10b	1,213	-	1,213	1,162
Programme Related Investments	10c	1,711	-	1,711	2,054
Investments	10d	3,294	-	3,294	2,030
		<u>26,771</u>	<u>1,184</u>	<u>27,955</u>	<u>22,164</u>
Current assets					
Stock and Work in progress		1,059	14	1,073	46
Debtors	11	8,613	12,185	20,798	6,750
Cash at bank and in hand		19,966	6,668	26,634	24,366
		<u>29,638</u>	<u>18,867</u>	<u>48,505</u>	<u>31,162</u>
Creditors: amounts falling due within one year	12a	9,414	2,277	11,691	7,509
Net current assets		<u>20,224</u>	<u>16,590</u>	<u>36,814</u>	<u>23,653</u>
Total assets less current liabilities		<u>46,995</u>	<u>17,774</u>	<u>64,769</u>	<u>45,817</u>
Creditors: amounts falling due after more than one year	12b	723	-	723	43
Loans : amounts falling due after more than one year	13	-	3,899	3,899	3,904
Total amounts falling due after more than one year		<u>723</u>	<u>3,899</u>	<u>4,622</u>	<u>3,947</u>
Net assets		<u>46,272</u>	<u>13,875</u>	<u>60,147</u>	<u>41,870</u>
Unrestricted funds					
General reserves	15	21,686	-	21,686	22,782
Designated funds - tangible fixed asset reserve	15	16,343	-	16,343	-
Designated funds - contingency reserve	15	-	-	-	2,137
Designated funds - sustainability reserve	15	5,000	-	5,000	5,000
Capital fund - revaluation reserve	15	3,243	-	3,243	3,477
		<u>46,272</u>	<u>-</u>	<u>46,272</u>	<u>33,396</u>
Restricted funds	15	-	13,875	13,875	8,474
		<u>46,272</u>	<u>13,875</u>	<u>60,147</u>	<u>41,870</u>

Approved and authorised for issue by the Board of Trustees on 29 October 2009
and signed on its behalf by



Mr TM Rutter FRCS *Chairman*

The notes on pages 15 to 34 form part of these financial statements.

Consolidated cashflow statement for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Net cash inflow from operating activities	16	4,550	10,261
Taxation paid		(218)	(30)
Returns on investments and servicing of finance			
Interest received	1,004	703	
Distributions received	45		
Interest paid	(353)	(259)	
Rent receivable	127	71	
Net cash inflow for returns on investments and servicing of finance		823	515
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	-	(824)	
Payments to acquire tangible fixed assets	(7,610)	(8,801)	
Receipts from sale of tangible fixed assets	354	4,660	
Investment in programme related investments	-	(487)	
Capital repayments from programme related investments	25	212	
Net cash outflow for capital expenditure and financial investment		(7,231)	(5,240)
Net cash inflow before financing		(2,076)	5,506
Management of liquid resources			
Payments to acquire current asset investments	(2,042)	(2,008)	
Sale of current asset investments	-	16	
Net cash (outflow) for current asset investments		(2,042)	(1,992)
Financing			
New unsecured loan	1,489	2,174	
Capital repayment of long term loans	(5)	(22)	
Net cash inflow for financing		1,484	2,152
(Decrease) / Increase in cash	17 / 18	(2,634)	5,666

The notes on pages 15 to 34 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and investment properties and investments in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities 2005, the Companies Act 1985 and applicable Accounting Standards.

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.

In 2008, following an internal review, a number of entities have been included in the consolidated statements for the first time. The entities included are listed in note 23 as well as the reasons for inclusion. The 2007 comparatives have however not been amended to include the results of these entities as - per Financial Reporting Standard 3 'Reporting Financial Performance' - it has not been practicable - on the basis of currently available information - to do so.

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 1985 and paragraph 397 of the 2005 Charities SORP. The company had total incoming resources in the year of £80,955,000 (2007: £71,090,000) and total resources expended of £69,746,000 (2007: £58,645,000) giving net income for the year of £11,209,000 (2007: £12,445,000). The net movement in funds, after investment gains/losses and inclusion of new entities was £18,277,000 (2007: £12,565,000).

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 provided during the period.

Grant Income

Income from external grants other than capital 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.

Capital grants

Grants for capital expenditure are recognised in the Statement of Financial Activities when the grant is receivable. The depreciation of the asset is charged to the Statement of Financial Activities over the life of the asset.

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

Transactions undertaken in foreign currencies are recorded where applicable at the rate of exchange ruling at the dates of transaction but reported at average rates of exchange for the year. 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 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. 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.

Notes to the financial statements for the year ended 31 December 2008

1 Accounting policies (continued)

f) Resources Expended

Resources expended are accounted for as incurred. 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.

Costs of charitable activities comprise costs relating directly to the following activities:

- Delivery of Family Planning and other Sexual & Reproductive Health Services: costs relating to the 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.
- Advocacy & Awareness Raising : costs of promoting the objectives of the charity, such as the costs of development and distribution of information and educational materials on sexual and reproductive health matters.
- Developing capacity to deliver Sexual & Reproductive Health Services : costs relating to the development, monitoring and support of international partner countries, e.g. training and infrastructure development funds for international partner countries; technical and programme team employment costs; travel and communication costs.

Support costs are allocated across resources expended on the basis of usage.

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.

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. Grants to affiliated partners are reported at the point of disbursement.

h) Intangible assets

Intangible assets comprise the cost of goodwill on acquisitions of subsidiary companies or centres.

Goodwill arising represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired. The cost of the acquisitions comprise of the fair value of the initial consideration, deferred consideration paid or accrued and professional costs directly associated with the acquisition.

Goodwill on acquisition is capitalised and amortised over its useful economic life of five years, or a shorter period where deemed appropriate.

i) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation has been provided at rates calculated to write off the cost or valuation 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 but none in the year of revaluation
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 the Charity capitalises fixed assets above a value of £1,200. For Marie Stopes International branches and subsidiaries the capitalisation level is lower and varies by entity.

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.

Notes to the financial statements for the year ended 31 December 2008

1 Accounting policies (continued)

l) Investments

In 2007, the Board of Marie Stopes International delegated to the Supervisory Group responsibility for developing an overall approach to investment management on behalf of all of the financial assets under the company's control. The Investment Supervisory Group has developed a more detailed investment strategy for Marie Stopes International to now include investment in managed funds. The objective for this managed investment is for Marie Stopes International to increase the value of its portfolio by 9% per annum, with an anticipated investment of £2 million per annum. Marie Stopes International has delegated investment management to Schroder & Co Ltd and has agreed that the portfolio should be invested within the following ranges:

Equities	60 - 80%
Bonds	20 - 30%
Property	0 - 10%
Cash	0 - 5%

Current asset investments are shown in the financial statements at market value. Any material increase or decrease in the value is reflected in the statement of financial activities.

m) Stock

Stock represents medical equipment and supplies purchased to fulfil Marie Stopes International charitable objectives and is reported at the lower of cost or net realisable value

n) 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.

o) 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.

p) Deferred Income

Deferred income includes grant income received where the contractual obligations of the grant are to be fulfilled in future periods.

q) Contingent liabilities

Contingent liabilities are disclosed in accordance with FRS 12, 'Provisions, contingent liabilities and contingent assets'. No recognition is made in the Statement of Financial Activities until the obligation becomes current, probable and measurable.

r) 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 15

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 2008

2 Incoming resources	Unrestricted Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
a) Voluntary income				
Discretionary income raised by campaigns from:				
Trusts & Foundations	6	-	6	4
Direct Mail	5	-	5	36
Covenants	90	-	90	55
Legacies and other donations	113	-	113	36
Donations from subsidiaries				
	<u>214</u>	<u>-</u>	<u>214</u>	<u>131</u>
b) Investment income				
Bank interest receivable	976	3	979	703
Distributions receivable	45	-	45	-
Loan interest receivable	25	-	25	-
Rent receivable	127	-	127	71
	<u>1,173</u>	<u>3</u>	<u>1,176</u>	<u>774</u>
c) Incoming resources from charitable activities				
Grant income				
Department for International Development	-	1,225	1,225	946
European Union	-	4,540	4,540	2,551
United Nations	-	530	530	1,071
Packard Foundation	-	401	401	445
Kreditanstalt für Wiederaufbau	-	1,693	1,693	1,000
World Bank	-	-	-	-
The Community Fund	-	-	-	-
Netherlands Ministry of Foreign Affairs	-	610	610	363
Finland Ministry of Foreign Affairs	-	622	622	238
UK Trusts & Foundations	-	2,216	2,216	1,154
Offshore Trusts & Foundations	-	19,313	19,313	19,959
Other	-	4,053	4,053	193
	<u>-</u>	<u>35,203</u>	<u>35,203</u>	<u>27,920</u>
Service income				
Sexual and Reproductive healthcare services	60,292	-	60,292	46,666
Fees waived	(300)	-	(300)	(150)
	<u>59,992</u>	<u>-</u>	<u>59,992</u>	<u>46,516</u>
	<u>59,992</u>	<u>35,203</u>	<u>95,195</u>	<u>74,436</u>
d) Other incoming resources	3,222	-	3,222	3,699
e) Total incoming resources	64,601	35,206	99,807	79,040

Notes to the financial statements for the year ended 31 December 2008

3 Charitable activities	Unrestricted Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
Africa				
Burkina Faso	-	57	57	-
Ethiopia	1,136	902	2,038	866
Ghana	9	921	930	630
Kenya	1,670	2,587	4,257	1,827
Madagascar	78	925	1,003	701
Malawi	93	788	881	122
Mali	11	143	154	-
Mozambique	-	-	-	10
Nigeria	-	67	67	-
Sierra Leone	167	994	1,161	358
South Africa	2,892	962	3,854	777
Sudan	29	11	40	-
Tanzania	2,483	600	3,083	2,685
Uganda	1,513	1,611	3,124	1,671
Zambia	267	89	356	133
Zimbabwe	178	711	889	2,160
Africa training, research & development	591	89	680	595
Arab World				
Yemen	225	1,115	1,340	486
Pacific Asia				
Cambodia	82	1,120	1,202	342
China	123	401	524	1,347
East Timor	-	48	48	68
Fiji	-	91	91	125
Papua New Guinea	44	378	422	315
Mongolia	35	59	94	84
Myanmar	129	1,233	1,362	352
Philippines	417	663	1,080	1,009
Viet Nam	604	(312)	292	161
Pacific Asia training, research & development	11	481	492	238
South Asia				
Afghanistan	132	534	666	507
Bangladesh	911	1,651	2,562	1,529
India	675	181	856	841
Nepal	556	679	1,235	816
Pakistan	(16)	2,939	2,923	1,710
Sri Lanka	614	106	720	56
Uzbekistan	-	-	-	-
South Asia training, research & development	281	136	417	348
Europe				
Albania	50	8	58	-
Austria	1,310	-	1,310	1,313
Romania	367	-	367	(2)
United Kingdom	30,888	-	30,888	29,188
Latin America				
Bolivia	174	689	863	686
Mexico	245	685	930	251
Nicaragua	-	-	-	2
Latin America training, research & development	48	-	48	56
Australia				
Australia	7,624	-	7,624	6,646
Cross-regional				
Advocacy	682	578	1,260	1,391
Contraceptive & medical supplies	89	(94)	(5)	123
Refugees & Internally Displaced People	162	247	409	353
Overseas promotion of the objectives of charity	-	-	-	-
Social Marketing	9	610	619	859
General training, research & development	1,297	2,376	3,673	2,502
	58,885	28,059	86,944	66,237

Total grants made to affiliated partners included above £10,606,686

Notes to the financial statements for the year ended 31 December 2008

3 Charitable activities (continued)

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

	2008 £'000	2007 £'000
Funded by Department for International Development		
Ethiopia SRH Rights Protection	94	5
Malawi Management Support	190	93
Tanzania Youth Information & Education	110	135
Uganda Youth Advocacy	108	86
Bangladesh CSCF	-	164
Papua New Guinea SRH Gender Equity	141	58
Pakistan Sindh Reproductive Health	26	151
Bolivia Advocacy in Cochabamba	72	42
Bolivia CSCF	148	87
Philippines Capacity HIV/AIDS Advocacy (2006 costs co financed in 2007)	-	(16)
Philippines Capacity Youth Councils	70	58
Zimbabwe : safe sex and motherhood	223	37
	<u>1,182</u>	<u>900</u>

Funded by the Finland Foreign Affairs Ministry

Afghanistan Clinics Phase 2 (expenditure reallocated to Phase 3)	-	(38)
Afghanistan Clinics Phase 3	307	266
	<u>307</u>	<u>228</u>

Funded by United Nations

Advocacy 2006 Phase A	-	8
Advocacy 2007	-	20
Advocacy 2008	20	-
Advocacy - European Policy Makers 2005/2006	-	(4)
China Technical Assistance 2006	830	1,062
Myanmar Improving Adolescent Rural Health	-	33
	<u>850</u>	<u>1,119</u>

Funded by The Netherlands Government

Netherlands Ministry of Foreign Affairs 2005	-	-
Netherlands Ministry of Foreign Affairs 2006	-	68
Netherlands Ministry of Foreign Affairs 2007	1	320
Netherlands Ministry of Foreign Affairs 2008	259	-
	<u>260</u>	<u>388</u>

	2008 £'000	2007 £'000
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4 Governance Costs

Costs of Trustees' meetings and support	6	3
Audit fee		
- amounts payable to group auditors	118	74
- amounts payable to subsidiary auditors	102	22
	<u>226</u>	<u>99</u>

Notes to the financial statements for the year ended 31 December 2008

5 Total resources expended	Programme activities £'000	Direct Staff costs £'000	Depreciation & amortisation £'000	Other costs £'000	Support costs £'000	Total 2008 £'000	Total 2007 £'000
- Delivery of Family Planning and other Sexual & Reproductive Health Services	18,688	26,745	3,291	16,231	4,125	69,080	56,891
- Advocacy & Awareness Raising	4,556	428	10	312	1,267	6,573	3,097
- Developing capacity to deliver Sexual & Health Services	7,705	1,758	17	714	1,097	11,291	6,249
Total charitable activities	30,949	28,931	3,318	17,257	6,489	86,944	66,237
Costs of generating voluntary income	-	11	-	9	-	20	46
Governance Costs	136	-	-	90	-	226	99
	<u>31,085</u>	<u>28,942</u>	<u>3,318</u>	<u>17,356</u>	<u>6,489</u>	<u>87,190</u>	<u>66,382</u>

Staff costs:

- Wages and salaries	25,152	13,157
- Social security costs	437	1,472
- Employer's pension contributions	587	409
	<u>26,156</u>	<u>15,038</u>

Sessional fees and agency costs

7,207 8,139

Total staff costs

33,363 23,177

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

Number Number

The average number of staff analysed by function was:

- Generating Voluntary income	42	4
- Charitable activities:		
- Delivery of Family Planning and other Sexual & Reproductive Health	3,290	435
- Advocacy & Awareness Raising	16	18
- Developing capacity to deliver Sexual & Reproductive Health Services	101	42
- Governance	7	7
	<u>3,456</u>	<u>506</u>

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

£60,001 - £70,000	9	12
£70,001 - £80,000	5	2
£80,001 - £90,000	2	2
£90,001 - £100,000	1	3
£100,001 - £110,000	2	-
£110,001 - £120,000	-	3
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£140,001 - £150,000	1	1
£150,001 - £200,000	-	-
£200,001 - £210,000	1	-
	<u>1</u>	<u>-</u>

	Management & Office Services	Finance & IT	Programme Support	Human Resources	External Relations	Total support costs
Support Costs						
- Delivery of Family Planning and other Sexual & Reproductive Health Services	1,250	1,617	750	508	-	4,125
- Advocacy & Awareness Raising	126	164	275	51	651	1,267
- Developing capacity to deliver Sexual & Reproductive Health Services	206	262	545	84	-	1,097
Total support costs	<u>1,582</u>	<u>2,043</u>	<u>1,570</u>	<u>643</u>	<u>651</u>	<u>6,489</u>

Support costs represent London support office costs and are allocated on the basis of usage.

6 Directors' emoluments

None of the directors, who are also Trustees of the charity, received any emoluments during the year (2007: none)

7 Interest payable and similar charges

2008 2007
£'000 £'000

Loans & overdrafts

353 258

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.

Notes to the financial statements for the year ended 31 December 2008

8 Intangible fixed assets	Group £'000	Company £'000
Cost:		
At 1 January 2008	2,024	2,024
Exchange movements on consolidation	164	164
At 31 December 2008	<u>2,188</u>	<u>2,188</u>
Amortisation:		
At 1 January 2008	2,024	2,024
Provided during the year	-	-
Exchange movements on consolidation	164	164
At 31 December 2008	<u>2,188</u>	<u>2,188</u>
Net book value:		
At 31 December 2008	<u>-</u>	<u>-</u>
At 31 December 2007	<u>-</u>	<u>-</u>

Intangible fixed assets represent goodwill arising on acquisition of shares in subsidiary companies and acquisition of clinics.

9 Tangible fixed assets

Freehold properties are re-valued periodically on the basis of the open market value for existing use. 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 re-valued 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 inline 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, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 January 2008	21,091	1,370	1,555	1,981	4,320	-	30,317
Opening balances from newly included entities	5,069	364	2,229	1,083	782	3,429	12,956
Additions	3,861	343	1,007	740	597	1,062	7,610
Disposals	(463)	(489)	(1,018)	(1,057)	(3,733)	(179)	(6,939)
Revaluations	-	-	-	-	-	-	-
Exchange movements on consolidation	186	54	64	39	19	-	362
At 31 December 2008	<u>29,744</u>	<u>1,642</u>	<u>3,837</u>	<u>2,786</u>	<u>1,985</u>	<u>4,312</u>	<u>44,306</u>
Depreciation							
At 1 January 2008	5,771	1,040	1,368	1,709	4,069	-	13,957
Opening balances from newly included entities	433	261	901	1,008	420	1,802	4,825
Charge for the year	1,268	214	423	410	364	639	3,318
Disposals	(41)	(489)	(1,018)	(1,042)	(3,727)	(137)	(6,454)
Exchange movements on consolidation	35	12	51	36	17	-	151
At 31 December 2008	<u>7,466</u>	<u>1,038</u>	<u>1,725</u>	<u>2,121</u>	<u>1,143</u>	<u>2,304</u>	<u>15,797</u>
Net book value							
At 31 December 2008	<u>22,278</u>	<u>604</u>	<u>2,112</u>	<u>665</u>	<u>842</u>	<u>2,008</u>	<u>28,509</u>
At 31 December 2007	<u>15,320</u>	<u>330</u>	<u>187</u>	<u>272</u>	<u>251</u>	<u>-</u>	<u>16,360</u>

Notes to the financial statements for the year ended 31 December 2008

9 Tangible fixed assets (continued)

Company

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 January 2008	21,091	1,204	1,466	1,917	4,243	-	29,921
Opening balances from newly included entities	655	1	792	106	370	962	2,886
Additions	3,220	215	831	451	474	371	5,562
Disposals	(463)	(489)	(1,016)	(1,056)	(3,725)	(8)	(6,757)
Revaluations	-	-	-	-	-	-	-
Exchange movements on consolidation	186	1	39	19	13	-	258
At 31 December 2008	24,689	932	2,112	1,437	1,375	1,325	31,870
Depreciation							
At 1 January 2008	5,771	1,007	1,306	1,653	4,001	-	13,738
Opening balances from newly included entities	156	-	554	(74)	185	576	1,397
Charge for the year	1,196	96	264	194	253	182	2,185
Disposals	(41)	(489)	(1,016)	(1,042)	(3,723)	-	(6,311)
Exchange movements on consolidation	34	1	34	10	12	-	91
At 31 December 2008	7,116	615	1,142	741	728	758	11,100
Net book value							
At 31 December 2008	17,573	317	970	696	647	567	20,770
At 31 December 2007	15,320	197	160	264	242	-	16,183

Notes to the financial statements for the year ended 31 December 2008

10 Investments

a) Investment Property

The investment property was revalued at £735,000 by Finnegan Menton, Chartered Surveyors, on the basis of the open market value for rental use, at 31 December 2007. The original cost was £971,619. In 2008 the unrealised gain of £232,000 represents a foreign exchange movement on the market valuation.

	Group and Company 2008 £'000	Group and Company 2007 £'000
Investment property at valuation:		
Original cost	972	972
Market revaluations to date	<u>(237)</u>	<u>(319)</u>
Market value at 1 January 2008	735	653
Revaluations	-	82
Unrealised gain on exchange movement	232	-
At 31 December 2008	<u>967</u>	<u>735</u>
Net book value	<u>967</u>	<u>735</u>

b) Investments in subsidiaries - company

	Company 2008 £'000	Company 2007 £'000
Investment in subsidiary undertakings at cost:		
At 1 January 2008	1,162	1,162
Capital invested	51	-
At 31 December 2008	<u>1,213</u>	<u>1,162</u>

Notes to the financial statements for the year ended 31 December 2008

10 b) Investments in subsidiaries - company (continued)

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

Name of company	Country of incorporation	% Holding	Net Incoming Resources	Net Assets as at	Nature of business
			2008	31 December 2008	
			£'000	£'000	
Options Consultancy Services Limited*	England	100	32	446	Provision of consultancy services in the field of sexual and reproductive health
Ambulatorium am Fleischmarkt Betriebs GmbH** (trading as pro:woman)	Austria	100	199	322	Operation of centre based sexual and reproductive healthcare services
Marie Stopes Albania Shpk	Albania	75	146	202	Delivery of sexual and reproductive healthcare services
Marie Stopes Kenya Limited*	Kenya	99	(565)	1,086	Delivery of sexual and reproductive healthcare services
Marie Stopes Mexico*	Mexico	100	175	456	Delivery of sexual and reproductive healthcare services
Maries Stopes Services Pvt Ltd*	Nepal	100	135	91	Delivery of sexual and reproductive healthcare services
Marie Stopes International Romania Foundation	Romania	100	(17)	117	Delivery of sexual and reproductive healthcare services
Marie Stopes Society Sierra Leone	Sierra Leone	100	(232)	1,327	Delivery of sexual and reproductive healthcare services
Community Medical Services trading as Marie Stopes South Africa	South Africa	100	78	1,165	Delivery of sexual and reproductive healthcare services
Marie Stopes Clinics Services	Sri Lanka	100	(104)	(79)	Delivery of sexual and reproductive healthcare services
Population Services Lanka	Sri Lanka	100	312	1,872	Delivery of sexual and reproductive healthcare services
Marie Stopes Tanzania*	Tanzania	100	(506)	278	Delivery of sexual and reproductive healthcare services
Marie Stopes Uganda	Uganda	100	(254)	901	Delivery of sexual and reproductive healthcare services
MSI-US	United States	100	100	107	Delivery of sexual and reproductive healthcare services
Marie Stopes International Zambia Limited	Zambia	100	145	192	Delivery of sexual and reproductive healthcare services

* Shares directly held by Marie Stopes International.

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

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 2008

10 Investments

c) Programme Related Investments: Social Investment Fund loans

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Balance brought forward as at 1 January 2008	2,054	1,801	2,054	1,801
Elimination of intra group balances	(1,620)	-	(156)	-
Loans out	-	487	-	487
Capital repayment	(25)	(212)	(123)	(212)
Provision for write off	(59)	-	(59)	-
Exchange gains / (losses)	(5)	(22)	(5)	(22)
Balance carried forward as at 31 December 2008	<u>345</u>	<u>2,054</u>	<u>1,711</u>	<u>2,054</u>

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 is 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.

Of the below, amounts repayable after more than one year are £178,421 (2007: £1,799,546).

	2008 £'000	2007 £'000
Loans outstanding outside the Group at 31 December 2008 comprise the following:		
Australia Support Office	196	201
Malawi	61	68
Philippines	88	106
Zimbabwe	-	59
	<u>345</u>	<u>434</u>

Loans outstanding to subsidiaries eliminated on consolidation at 31 December 2008 comprise the following:

	2008	2007
Kenya	170	190
Romania	304	332
Sierra Leone	78	77
South Africa	417	468
Tanzania	397	397
	<u>1,366</u>	<u>1,464</u>
	<u>1,711</u>	<u>1,898</u>

Loans outstanding within the company eliminated on consolidation at 31 December 2008 comprise the following:

	2008	2007
Australia Clinics	267	0
China	61	78
Mongolia	37	78
	<u>365</u>	<u>156</u>

Notes to the financial statements for the year ended 31 December 2008

10 d) Current Asset Investments

Group	Group		Company	
	2008 £'000	2007	2008 £'000	2007
Listed investments				
Market value at 1 January 2008	2,062	32	2,030	-
Additions	2,042	2,008	2,042	2,008
Disposals	-	-	-	-
Revaluation	(779)	19	(778)	22
Exchange movements on consolidation	11	3	-	-
Market value at 31 December 2008	3,336	2,062	3,294	2,030
Historical cost at 31 December 2008	4,088	2,032	4,042	2,000

In line with the company's investment policy, £2,042,000 was invested in 2008 (2007 £2,008,000) through a managed investment fund in equities, bonds, cash and other investments.

11 Debtors	Unrestricted Funds		Restricted Funds		Total	
	£'000	£'000	£'000	£'000	2008 £'000	2007 £'000
Group						
Trade debtors	10,355	920	11,275	7,468		
Other debtors	338	-	338	185		
Prepayments & accrued income	1,489	44	1,533	633		
Grants receivable	-	11,378	11,378	-		
	12,182	12,342	24,524	8,286		
Company						
Trade debtors	6,990	787	7,777	5,718		
Amounts owed by subsidiary undertakings	127	-	127	437		
Other debtors	339	-	339	167		
Prepayments & accrued income	1,157	20	1,177	428		
Grants receivable	-	11,378	11,378	-		
	8,613	12,185	20,798	6,750		

Notes to the financial statements for the year ended 31 December 2008

12 Creditors	Unrestricted Funds £'000	Restricted Funds £'000	Total 2008 £'000	Total 2007 £'000
a) Amounts falling due within one year				
Group				
Bank loans	4,936	-	4,936	3,396
Bank overdrafts	950	-	950	1,038
Trade creditors	6,113	677	6,790	1,657
Corporation tax	464	-	464	60
Other taxes & social security	544	-	544	434
Accruals	1,732	1,670	3,402	2,991
Deferred income	2	180	182	-
	14,741	2,527	17,268	9,576

Company

Bank loans	4,871	-	4,871	3,396
Bank overdrafts	219	-	219	-
Trade creditors	2,861	427	3,288	1,333
Corporation tax	13	-	13	-
Other taxes & social security	365	-	365	373
Accruals	1,050	1,670	2,720	2,390
Amounts owed to subsidiary undertakings	35	-	35	17
Deferred income	-	180	180	-
	9,414	2,277	11,691	7,509

b) Amounts falling due after more than one year

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Deferred liabilities	712	83	712	33
Amounts owed to subsidiary undertakings	-	-	11	10
	712	83	723	43

13 Loans

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts repayable:				
One year or more - Packard	3,899	3,904	3,899	3,904
One year or more - Other	37	-	-	-
	3,936	3,904	3,899	3,904

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 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. The amount repayable of £3.899 million includes offset of exchange differences on inward loan repayments as allowed by the loan agreement.

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

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

Notes to the financial statements for the year ended 31 December 2008

14 Restricted funds	Group		
	At 1 Jan 2008 £'000	Net movement £'000	At 31 Dec 2008 £'000
Africa and Arab World			
Ethiopia	679	(359)	320
Ghana	573	(48)	525
Kenya	17	2,299	2,316
Madagascar	5	128	133
Malawi	328	(43)	285
Mali	-	439	439
Mozambique	8	-	8
Sierra Leone	140	(52)	88
South Africa	199	(324)	(125)
Tanzania	210	297	507
Uganda	669	982	1,651
Yemen	120	304	424
Zambia	10	48	58
Zimbabwe	148	(54)	94
Training, research & development	27	(18)	9
Pacific Asia			
Cambodia	83	2	85
China	1	83	84
East Timor	-	330	330
Fiji	21	31	52
Papua New Guinea	28	(17)	11
Mongolia	-	(108)	(108)
Myanmar	170	902	1,072
Philippines	47	(33)	14
Viet Nam	107	384	491
Training, research & development	55	(11)	44
South Asia			
Afghanistan	12	(99)	(87)
Bangladesh	43	644	687
India	155	437	592
Nepal	467	267	734
Pakistan	1,989	259	2,248
Sri Lanka	126	18	144
Training, research & development	47	(43)	4
Latin America			
Bolivia	-	614	614
Honduras	-	-	-
Mexico	370	110	480
Nicaragua	-	-	-
North America			
USA	-	89	89
Europe			
Albania	-	30	30
Cross-regional			
Advocacy	264	28	292
Contraceptive & medical supplies	-	101	101
Refugees & Internally Displaced People	81	132	213
Social Marketing	14	53	67
Training, research & development	1,261	776	2,037
	8,474	8,578	17,052

Notes to the financial statements for the year ended 31 December 2008

15 Accumulated funds

	General reserves £'000	Tangible fixed asset reserves	Contingency reserves £'000	Sustainability reserves £'000	Revaluation reserves £'000	Total Unrestricted Reserves £'000	Restricted reserves £'000
Group							
As at 1 January 2008	22,208	-	2,137	5,000	3,477	32,822	8,474
Funds brought forward from newly included entities	11,531	-	157	-	13	11,701	4,008
Net incoming resources before transfers	5,552	-	-	-	-	5,552	7,065
Transfers:							
- Movement in tangible fixed asset reserve	(21,197)	21,197	-	-	-	-	-
- Movement in contingency reserve	2,294	-	(2,294)	-	-	-	-
- Contributions to support costs	2,495	-	-	-	-	2,495	(2,495)
Net losses on revaluation of current asset and property investments	(547)	-	-	-	-	(547)	-
At 31 December 2008	22,336	21,197	-	5,000	3,490	52,023	17,052
Company							
As at 1 January 2008	22,782	-	2,137	5,000	3,477	33,396	8,474
Funds brought forward from newly included entities	6,770	-	157	-	(234)	6,693	921
Net incoming resources before transfers	4,234	-	-	-	-	4,234	6,975
Transfers:							
- Movement in tangible fixed asset reserve	(16,343)	16,343	-	-	-	-	-
- Movement in contingency reserve	2,294	-	(2,294)	-	-	-	-
- Contributions to support costs	2,495	-	-	-	-	2,495	(2,495)
Net losses on revaluation of current asset and property investments	(546)	-	-	-	-	(546)	-
At 31 December 2008	21,686	16,343	-	5,000	3,243	46,272	13,875

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

Unrestricted Funds

General Reserves - Marie Stopes International's general reserves aim to provide medium and long-term security for the Group both in the UK and in the countries within which it operates. It aims to be sufficient to finance up to six months unfunded 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.

Contingency Reserves - following an internal review the contingency reserve has been released and transferred to general reserves.

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.

Revaluation reserves - the revaluation reserves represent the difference between the written down value of freehold properties held for the group's own use and professional valuations of such properties calculated at the time of the professional valuation.

Restricted Funds

Restricted Funds represent donor funds received that are to be disbursed in accordance with the contractual obligations of the donor.

Transfers

Contributions to support costs represent the recovery of support costs from donor projects.

Notes to the financial statements for the year ended 31 December 2008

	2008	Restated 2007
	£'000	£'000
16 Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources for the year	12,617	12,658
Investment income	(1,176)	(774)
Interest payable	353	258
Depreciation and amortisation	3,318	2,251
Tax charge	116	65
Loss / profit on disposal of tangible fixed assets	131	(3,795)
(Increase) in stock and work in progress	(1,540)	(46)
(Increase) in debtors	(16,238)	(1,653)
Increase in creditors	6,869	1,191
Exchange movements	100	106
	<u>4,550</u>	<u>10,261</u>

	2008	2007
	£'000	£'000
17 Reconciliation of net cash flow to movement in net funds		
(Decrease) / Increase in cash in the period	(2,634)	5,666
Funds from newly included entities	9,042	-
	<u>6,408</u>	-
New unsecured loan	(1,489)	(2,174)
Capital repayment of loans	5	22
	<u>4,924</u>	<u>3,514</u>
Net funds at 1 January 2008	16,978	13,464
	<u>21,902</u>	<u>16,978</u>

	At 1 Jan 2008 £'000	Cash flows £'000	At 31 Dec 2008 £'000
18 Analysis of changes in net funds as shown in balance sheet			
Cash at bank & in hand	25,316	6,408	31,724
Bank overdrafts	(1,038)	88	(950)
	<u>24,278</u>	<u>6,496</u>	<u>30,774</u>
Other loans falling due after more than one year	(3,904)	(32)	(3,936)
Bank loans	(3,396)	(1,540)	(4,936)
	<u>16,978</u>	<u>4,924</u>	<u>21,902</u>

19 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.

Notes to the financial statements for the year ended 31 December 2008

20 Financial commitments

a) Capital commitments

Capital commitments as at 31 December 2008 amounted to £25,000 (2007: £872,142)

b) Operating lease commitments

As at 31 December 2008 commitments for the following year under operating leases for land and buildings were as follows:

	Group	
	2008	2007
	£'000	£'000
Within one year	676	523
Between two and five years	1,714	930
Leases expiring in five years or more	416	89
	<u>2,806</u>	<u>1,542</u>

21 Contingent liabilities

Marie Stopes International and 8 other defendants are being sued for damages (including legal fees) in India for approximately £ 791,505. The case is based on the Plaintiff claiming it has a right to the Marie Stopes International trade name and logo in India. Marie Stopes International has taken legal advice and is of the view the claim has little chance of succeeding.

The charity has agreed an irrevocable letter of credit facility of up to \$AUD 11,715,000 / £5,584,901) (2007: \$AUD 11,715,000 / £5,167,394 of which \$AUD Nil/£Nil (2007: \$AUD7,770,000/£3,427,286) has been drawn during the year.

22 Transactions involving Trustees and Company Secretary

During the year the charity reimbursed Trustees with out-of-pocket expenses of £5,342 (2007: £6,050) for travel to partner programmes, £Nil (2007: £6,322) for travel to Partnership Workshop and £1,520 (2007: £1,560) for travel to UK offices for trustee meetings. The charity also made a performance bonus payment of £Nil (2007: £4,619) to a trustee for their role as Programme Director of an affiliated partner programme.

Notes to the financial statements for the year ended 31 December 2008

23 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 42 countries worldwide. It delivers these services through its branches and subsidiaries and in partnership with affiliated partners.

In 2009 a review was undertaken of the legal status of the country programmes within the Marie Stopes International partnership. As a result of this review the results, assets and liabilities of a number of branches and subsidiaries have been included in the 2008 group accounts for the first time.

It has not been practicable to restate prior period comparatives as it is the Trustees' view that this information is not readily available at the level of detail required and the expense of obtaining this information outweighs the benefits of disclosure.

	Total Incoming Resources 2008 £'000	Net Incoming Resources 2008 £'000	Net Assets 1st January 2008 £'000
Results from newly included branches	2,857	867	7,614
Results from newly included subsidiaries	10,377	767	8,095
	13,234	1,634	15,709

- The summary results above are reported after inter-company eliminations

All entities within the Marie Stopes Partnership are listed below with summary financial information for Marie Stopes International branches & subsidiaries.

a) Marie Stopes International branch offices :

Name of Organisation	Country of operation	Total Incoming Resources 2008 £'000	Net Incoming Resources 2008 £'000	Net Assets 31 December 2008 £'000
1 Marie Stopes China	China	615	(83)	547
2 Marie Stopes International Yemen	Yemen	1,443	137	768
3 Marie Stopes Internationale	Belgium	117	-	-
4 MSI Afghanistan	Afghanistan	803	181	228
5 MSI Australia (clinics) *	Australia	7,772	137	(4,800)
6 MSI Bolivia	Bolivia	719	(141)	569
7 MSI Cambodia	Cambodia	1,216	81	348
8 MSI Ethiopia	Ethiopia	1,376	(536)	2,351
9 MSI Ghana	Ghana	1,056	197	465
10 MSI India	India	138	122	120
11 MSI Mali	Mali	302	193	191
12 MSI Mongolia	Mongolia	71	(25)	336
13 MSI Myanmar	Myanmar	1,747	329	999
14 MSI Nepal	Nepal	720	(83)	634
15 MSI Uganda	Uganda	993	(98)	349
16 MSI Vietnam	Vietnam	1,085	548	1,253
		20,173	979	4,358

* Included in 2007 statutory accounts

- The summary results above are reported before inter-company eliminations

b) Marie Stopes International subsidiaries :

Name of Organisation	Country of operation	Total Incoming Resources 2008 £'000	Net Incoming Resources 2008 £'000	Net Assets 31 December 2008 £'000
1 Ambulatorium am Fleischmarkt Betriebs GmbH *	Austria	1,520	199	322
2 Community Trading Services trading as Marie Stopes South Africa	South Africa	3,965	78	1,165
3 Marie Stopes Albania Shpk	Albania	205	146	202
4 Marie Stopes Clinics Services Lanka	Sri Lanka	34	(104)	(79)
5 Marie Stopes International Contraceptive Social Marketing Limited	Mongolia	-	-	-
6 Marie Stopes International Romania Foundation	Romania	350	(17)	117
7 MSI - US (formerly Marie Stopes International Ltd) **	US	15,269	100	107
8 Marie Stopes International Zambia Ltd	Zambia	385	145	192
9 Marie Stopes Kenya Ltd	Kenya	3,926	(565)	1,086
10 Marie Stopes Mexico AC	Mexico	1,002	175	456
11 Marie Stopes Services Pvt Ltd	Nepal	909	135	91
12 Marie Stopes Society Sierra Leone	Sierra Leone	812	(232)	1,327
13 Marie Stopes Tanzania Ltd	Tanzania	2,674	(506)	278
14 Marie Stopes Uganda	Uganda	1,920	(254)	901
15 Options Consultancy Services *	UK	7,061	32	446
16 Population Services Lanka	Sri Lanka	825	312	1,872
17 Population Services Zimbabwe	Zimbabwe	N/A	N/A	N/A
		40,857	(356)	8,483

* Included in 2007 statutory accounts

** MSI - US has not been consolidated in the past but since it remits all funds to Marie Stopes International UK there is no additional impact on consolidation

- The summary results above are reported before inter-company eliminations

- Population Services Zimbabwe is a subsidiary of Marie Stopes International but - in line with FRS2 - Accounting for subsidiaries - has been excluded from consolidation due to the significant and continuing political uncertainty which places severe long term restrictions on Marie Stopes International's exercise of control of the enterprise and the assets owned by Population Services Zimbabwe. All other branches and subsidiaries have been included in group reported results.

- Branches and subsidiaries that were not historically included in the group accounts were treated as affiliated partners to whom Marie Stopes International paid grants. Prior year accounts therefore include this expenditure classified as grants. In 2008 branches' and subsidiaries' expenditure is reported as incurred by the group entity and not when remitted to the entity by Marie Stopes International London as a grant.

Notes to the financial statements for the year ended 31 December 2008

23 Marie Stopes International branches, subsidiaries and affiliated partners

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 (per UK Financial Reporting Standards 2, Accounting for Subsidiary Undertakings, June 2009). Their results have therefore not been included in the group reported results.

Name of Organisation	Country of operation
1 Banjo La Matsogolo	Malawi
2 Integrated Healthcare Services	Bangladesh
3 Integrated Healthcare Services Ltd	Bangladesh
4 Marie Stopes Australia	Australia
5 Marie Stopes Bangladesh	Bangladesh
6 Marie Stopes Bangladesh Ltd	Bangladesh
7 Marie Stopes Clinic Society	Bangladesh
8 Marie Stopes Clinic Society Bangladesh	Bangladesh
9 Marie Stopes International Australia (Support Office)	Australia
10 Marie Stopes International Pacific	Fiji
11 Marie Stopes Madagascar	Madagascar
12 Marie Stopes Properties Ltd	Madagascar
13 Marie Stopes Society	Pakistan
14 MSI Timor Leste	Timor Leste
15 MSI Trust	India
16 National Social Marketing Association (NASOMA)	Namibia
17 Pakistan CSM Guarantee Ltd	Pakistan
18 Population Health Services	India
19 Population Services Philippines Inc	Philippines
20 Reproductive Choices Ltd	Ireland
21 SunauloParivar Nepal	Nepal
22 Vietnam Centre for Community Reproductive Health	Vietnam
23 Yumi Health Papua New Guinea	Papua New Guinea