

## Marie Stopes International

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### Auditors

Chantrey Vellacott DFK  
Russell Square House  
10-12 Russell Square  
London WC1B 5LF

### Principal bankers

Clydesdale Bank PLC  
10 Fleet Place  
London EC4M 7RB

### Solicitor

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

### Board of Trustees

Mr Timothy Rutter, Chairman  
Philip D Harvey  
Edgar W Stanford  
David W Logan  
Baroness Flather  
Catherine Stopes (appointed 17 September 2002)  
Sir Charles Pereira (retired 17 September 2002)

### Secretary

Dr TRL Black

### Registered office

153-157 Cleveland Street  
London W1T 6QW

### Company number

1102208 (registered in England and Wales)

### Charity number

265543 (registered in England)



### Report of the Board of Trustees

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 2002.

### Objects and organisation of the charity

The principal activity of the charity has continued to be the worldwide provision of a comprehensive range of reproductive healthcare services. There have been no material changes in policy in the past 12 months.

Marie Stopes International's mission remains to enable people to have **children by choice not chance**. The charity's goal remains the prevention of unwanted births. These are achieved through:

- a **clear focus on family planning** while undertaking a broad spectrum of reproductive health activities within the remit of the International Conference on Population and Development
- a **client led, rather than provider driven, approach** which ensures a choice of high quality affordable family planning and reproductive health services, through comprehensive information, advice and delivery mechanisms that are tailored to local needs
- a **unique commitment to sustainable programmes** through the transfer of enduring management skills and technology to Partners and the development of a diverse funding base, including cost recovery mechanisms
- a **range of advocacy and policy inputs** which help to raise awareness of reproductive health issues amongst governments, national and international agencies, the private sector and other non-government organisations.

Marie Stopes International operates by way of two divisions. The UK centre division is responsible for establishing and managing family planning centres, nursing homes and referral centres in the UK. The overseas programmes division is responsible for establishing, monitoring and providing technical assistance to overseas programmes.

Family planning and reproductive health projects overseas are implemented by independent non-government organisations (see note 23) or by wholly owned subsidiary organisations (see note 10) in each of the countries in which Marie Stopes International works. These organisations work together with Marie Stopes International and each other to create an informal Global Partnership.

Marie Stopes International's success depends in a large measure on the optimum involvement of people at all levels and specific policies are followed to this end. All aspects of the employment of people or the engagement of professional services are undertaken regardless of any individual's colour, ethnic or

national origins, religion, sex, marital status, sexual orientation, age or disability.

### Constitution of the charity

Marie Stopes International is a registered charity, constituted as a company and limited by guarantee. Its objects and powers and other constitutional matters are set out in its 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.

Trustees are subject to retirement by rotation. New appointments and re-appointments are made by members of the Board at Annual General Meetings.

### Trustees and their statutory responsibilities

The Trustees serving at 31 December 2002 are noted on page 1.

Company and charity law requires the Board, as Trustees and Directors, 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's results 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, subject to any departures disclosed and explained in the financial statements
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees consider risk assessment to be an ongoing process and they monitor the systems the charity has in place to mitigate risks on a regular basis.

### Results and review of activities

The net increase in funds of the group for the financial year was £2,991,000 (2001: £539,000). The

## Marie Stopes International

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Trustees are pleased with the results for the year under review and anticipate further growth in service delivery and improvements in cost recovery in the future.

One of the measures that Marie Stopes International uses to assess the impact of its activities is a statistical measure, namely couple years of protection (CYPs), an international yardstick for assessing the impact of any method of family planning. One CYP provides one couple with contraceptive cover for one year.

### *UK developments and results*

Improved efficiency throughout the division achieved an increase of 10% in service income from £21,831,000 to £24,018,000 as the number of clients visiting the UK centres continued to increase. In the middle of the year, Marie Stopes One Call moved to larger premises to accommodate recent growth and facilitate future developments.

A period of consolidation in centre services was undertaken during the course of 2002, allowing greater concentration in service development initiatives to improve customers' experience of the UK services. These initiatives included some revision to the layouts of the centres and to the appointment systems to minimise delay.

The introduction of Conscious Sedation as an anaesthetic option for women attending the day units followed the publication of *Conscious sedation in termination of pregnancy* by the Department of Health. Extensive consultation with an expert group, including representatives of Marie Stopes International, resulted in guidelines being issued that are based on a service model developed by Marie Stopes International a year earlier.

A programme of continued investment in improvements to existing premises is on-going in order to maintain a high quality environment for clients, contributing to improvements in quality of care across the organisation.

### *Overseas developments and results*

February 2002 saw the opening of the 6<sup>th</sup> Marie Stopes International Global Workshop, held in Cape Town, South Africa.

Ninety delegates from 33 Partner country programmes attended the meeting to discuss the theme 'Working in Partnership'. Guest speakers included representatives of the David and Lucille Packard Foundation, Kreditanstalt für Wiederaufbau, the Department for International Development and the European Union as well as Dr N H Motlana who welcomed delegates on behalf of Marie Stopes: South Africa.

Almost simultaneously, a consultant report was commissioned which recommended the development of a wide ranging reproductive health programme for Afghanistan. By 10 August 2002, the first Marie Stopes International centre in Kabul opened its doors, thanks to grants from the Netherlands Ministry of Foreign Affairs and the Finnish Ministry of Foreign Affairs.

In the second half of the year, three major acquisitions were completed to extend the centre network in Australia. These centres, all in the western suburbs of Sydney, NSW, will increase the ability of Marie Stopes International in Australia to establish a sustainable network of centres able to contribute surplus funds to support activities in less developed countries. Further acquisitions are planned for the early part of 2003, to enable the organisation to work towards the development of a national network.

In October 2002, Marie Stopes: Kenya co-hosted the first regional clinical conference in collaboration with the Marie Stopes International Medical Development Team. This meeting allowed doctors, nurses and paramedics to learn from each other as well as providing a platform for an inspirational and educational range of external expert speakers across a wide range of relevant topics. A continued programme to improve the quality of care across the Marie Stopes International Global Partnership was reinforced by this workshop. Outcomes included further specialist training programmes on specific topics and a second regional workshop for the Asia region to be held in 2003.

The number of clients benefiting from the wide range services provided by the Marie Stopes International Global Partnership increased by 13% to over 3.6 million in 2002. Furthermore, Couple Years of Protection increases of over 60% were achieved by six Partners through clinical services in Malawi, Mexico, Myanmar, Nepal, Viet Nam and Yemen, and two Partners through Social Marketing in Sri Lanka and Namibia.

### *Subsidiary undertakings*

Options Consultancy Services saw a modest growth in turnover during the year but as envisaged overall the accounts show a fairly steady picture compared with 2001 and a profit of £9,022 before tax.

The greater concentration on core business and the emphasis on increasing HIV/AIDS capacity in order to secure more work has produced positive results during 2002 as Options has secured five substantive new contracts of which four are in our core areas as well as other smaller scale work related to these technical areas. Three of the new contracts will only come on stream during 2003.

## **Marie Stopes International**

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During the year the Company's operating facilities were reviewed and acknowledged that in light of this new work, that extended and new facilities should be explored in 2003.

We anticipate that the position for 2003 will see an increase in both turnover and management fee.

Ambulatorium am Fleischmarkt, Marie Stopes International's centre in Vienna continued to deliver high quality reproductive healthcare services to many thousands of clients during the year.

### **Financial position & reserves**

At 31 December 2002 Marie Stopes International's total funds amounted to £21,806,000 including funds restricted for overseas projects of £5,443,000.

Unrestricted funds of £428,000 have been set aside to cover Marie Stopes International's future contributions to existing co-financed projects.

A further £3,271,000 of the unrestricted funds at the year-end is a revaluation reserve, representing the difference between the written down value of freehold properties and the most recent professional valuations of such properties carried out in 1994.

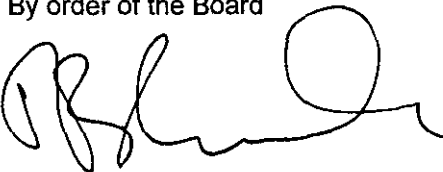
The remaining funds of £12,664,000 at year-end are unrestricted general funds. These are available to cover any deficit on the restricted funds for any particular project.

It is the aim of the Trustees that the balance of funds retained in the general reserves will become sufficient to finance up to six months unfunded expenditure and loan repayments. This policy of reviewed on an annual basis and the adequacy of the policy judged in the light of all relevant information.

### **Auditors**

In accordance with the Companies Act 1985, a resolution to reappoint Chantrey Vellacott DFK as auditors to Marie Stopes International will be put to the Annual General Meeting.

By order of the Board



**Dr TRL Black**  
**Secretary**  
10 June 2003

**Independent auditors' report to the members of the Marie Stopes International Group**

We have audited the financial statements of Marie Stopes International Group for the year ended 31 December 2002 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Company Balance Sheet, Consolidated Cashflow Statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and 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 auditors**

As described in the Statement of Trustees' Responsibilities, the company's directors who are the charitable company's trustees, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility as auditors is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all

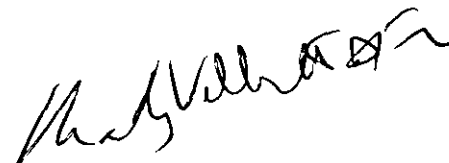
the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Trustees' Report and consider whether it is consistent with the audited financial statements and if we become aware of any apparent misstatements or material inconsistencies within it. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with the United Kingdom Auditing Standards issued by the Auditing Practices Board of the Accountancy Foundation. 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 charitable company's circumstances, consistently applied and adequately disclosed.

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



**Chantrey Vellacott DFK**  
**Chartered Accountants**  
Russell Square House  
10-12 Russell Square  
London WC1B 5LF  
10 June 2003

**Consolidated statement of financial activities incorporating the income and expenditure account  
for the year ended 31 December 2002**

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2002 £'000	Total 2001 £'000
<b>Incoming resources</b>					
Donations, legacies and similar incoming resources	2a	273	-	273	163
Operating activities in furtherance of the charity's objectives	2b	23,912	14,830	38,742	34,942
Investment income	2c	332	-	332	398
<b>Total incoming resources</b>		<b>24,517</b>	<b>14,830</b>	<b>39,347</b>	<b>35,503</b>
<b>Resources expended</b>					
<b>Cost of generating funds</b>	3	628	-	628	585
<b>Charitable expenditure</b>					
Activities in furtherance of the charity's objectives	4a	20,915	12,324	33,239	32,230
Support costs	4b	2,359	-	2,359	2,025
Management and administration of the charity	4c	131	-	131	123
<b>Total charitable expenditure</b>		<b>23,405</b>	<b>12,324</b>	<b>35,729</b>	<b>34,378</b>
<b>Total resources expended</b>	5	<b>24,033</b>	<b>12,324</b>	<b>36,357</b>	<b>34,963</b>
<b>Net incoming resources before transfers</b>		<b>484</b>	<b>2,506</b>	<b>2,990</b>	<b>540</b>
Contribution to support costs	15	1,805	(1,805)	-	-
<b>Net incoming resources before revaluations and investment asset disposals</b>		<b>2,289</b>	<b>701</b>	<b>2,990</b>	<b>540</b>
<b>Gains and losses on revaluations and disposals of investment assets</b>	10b	1	-	1	(1)
<b>Net movement in funds</b>		<b>2,290</b>	<b>701</b>	<b>2,991</b>	<b>539</b>
Total funds brought forward at 1 January 2002	15	14,076	4,742	18,818	18,276
<b>Exchange movement on consolidation</b>	15	(3)	-	(3)	3
<b>Total funds carried forward at 31 December 2002</b>	15	<b>16,363</b>	<b>5,443</b>	<b>21,806</b>	<b>18,818</b>

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 10 to 26 form part of these financial statements.

# Marie Stopes International

## Group balance sheet at 31 December 2002

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2002 £'000	Total 2001 £'000
<b>Fixed assets</b>					
Intangible assets	8	758	-	758	571
Tangible assets	9	9,360	-	9,360	9,286
		<u>10,118</u>	<u>-</u>	<u>10,118</u>	<u>9,857</u>
<b>Current assets</b>					
Work in progress		127	-	127	71
Debtors	11	2,127	1,140	3,267	2,241
Short term investments	10b	40	-	40	37
Cash at bank and in hand		6,041	8,738	14,779	8,408
		<u>8,335</u>	<u>9,878</u>	<u>18,213</u>	<u>10,757</u>
<b>Creditors: amounts falling due within one year</b>	12a	1,967	-	1,967	1,734
<b>Net current assets</b>		<u>6,368</u>	<u>9,878</u>	<u>16,246</u>	<u>9,023</u>
<b>Total assets less current liabilities</b>		<u>16,486</u>	<u>9,878</u>	<u>26,364</u>	<u>18,880</u>
<b>Creditors: amounts falling due after more than one year</b>	12b	123	-	123	62
<b>Loans: amounts falling due after more than one year</b>	13	-	4,435	4,435	-
<b>Net assets</b>		<u>16,363</u>	<u>5,443</u>	<u>21,806</u>	<u>18,818</u>
<b>Unrestricted funds</b>					
General reserves	15	12,664	-	12,664	10,296
Designated funds - contingency reserve	15	428	-	428	509
Capital fund - revaluation reserve	15	3,271	-	3,271	3,271
		<u>16,363</u>	<u>-</u>	<u>16,363</u>	<u>14,076</u>
<b>Restricted funds</b>					
Specific reserves	14/15	-	5,443	5,443	4,742
		<u>16,363</u>	<u>5,443</u>	<u>21,806</u>	<u>18,818</u>

Approved by the Board of Trustees on 10 June 2003  
and signed on its behalf by

Mr T. RUTTER *Chairman*

The notes on pages 10 to 26 form part of these financial statements.

Company balance sheet at 31 December 2002

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2002 £'000	Total 2001 £'000
<b>Fixed assets</b>					
Intangible assets	8	482	-	482	75
Tangible assets	9	9,335	-	9,335	9,253
Investments	10a	1,162	-	1,162	1,162
		<u>10,979</u>	<u>-</u>	<u>10,979</u>	<u>10,490</u>
<b>Current assets</b>					
Debtors	11	1,697	1,140	2,837	1,992
Cash at bank and in hand		5,509	8,738	14,247	7,999
		<u>7,206</u>	<u>9,878</u>	<u>17,084</u>	<u>9,991</u>
<b>Creditors: amounts falling due within one year</b>	12a	1,352	-	1,352	1,326
<b>Net current assets</b>		<u>5,854</u>	<u>9,878</u>	<u>15,732</u>	<u>8,665</u>
<b>Total assets less current liabilities</b>		<u>16,833</u>	<u>9,878</u>	<u>26,711</u>	<u>19,155</u>
<b>Creditors: amounts falling due after more than one year</b>	12b	55	-	55	72
<b>Loans: amounts falling due after more than one year</b>	13	-	4,435	4,435	-
<b>Net assets</b>		<u>16,778</u>	<u>5,443</u>	<u>22,221</u>	<u>19,083</u>
<b>Unrestricted funds</b>					
General reserves	15	13,079	-	13,079	10,561
Designated funds - contingency reserve	15	428	-	428	509
Capital fund - revaluation reserve	15	3,271	-	3,271	3,271
		<u>16,778</u>	<u>-</u>	<u>16,778</u>	<u>14,341</u>
<b>Restricted funds</b>					
Specific reserves	14/15	-	5,443	5,443	4,742
		<u>16,778</u>	<u>5,443</u>	<u>22,221</u>	<u>19,083</u>

Approved by the Board of Trustees on 10 June 2003  
and signed on its behalf by

Mr T. RUTTER *Chairman*

The notes on pages 10 to 26 form part of these financial statements.



Consolidated cashflow statement for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Net cash inflow from operating activities	16	3,963	1,958
Taxation paid		(120)	(263)
Returns on investments and servicing of finance			
Interest received	268	345	
Interest paid	(10)	(36)	
Rent receivable	27	25	
Sundry income	37	28	
Net cash inflow for returns on investments and servicing of finance		322	362
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	(483)	-	
Payments to acquire tangible fixed assets	(1,797)	(1,262)	
Receipts from sale of tangible fixed assets	-	2	
Net cash outflow for capital expenditure and financial investment		(2,280)	(1,260)
Net cash inflow before financing		1,885	797
Financing			
New unsecured loan	4,435	(26)	
Repayment of long term loans	-	(932)	
Net cash outflow for financing		4,435	(958)
(Decrease) / increase in cash	17/18	<u>6,320</u>	<u>(161)</u>

The notes on pages 10 to 26 form part of these financial statements.

**Notes to the financial statements for the year ended 31 December 2002**

**1 Accounting policies**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with Statement of Recommended Practice Accounting and Reporting by Charities 2000, 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, other than those detailed in Note 10a, and after eliminating inter-group transactions.

Results of partner organisations, referred to in Note 23, are not consolidated as they are not considered to be subsidiary undertakings and no such relationship exists or is implied.

A statement of financial activities for the charity has not been prepared, as it is not materially different from the consolidated statement of financial activities.

**b) Incoming resources**

Incoming resources comprises the gross amounts receivable from clients for reproductive healthcare and consultancy services and receipt of grants and donations.

**c) Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date and exchange differences are included in the income and expenditure account.

Exchange differences arising from the re-translation at year end exchange rates are taken to reserves and reported 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.

**e) Operating leases**

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

**f) Allocation of costs**

Costs incurred by the Group are allocated across the various types of expenditure as follows:

**Cost of generating funds** - Costs relating to donor and media relations and advertising such as production of publications, visits to donors, office costs allocated on the basis of space used.

**Costs of activities in furtherance of the charity's objectives** - Costs relating directly to overseas programmes, such as transfers of funds, purchase of supplies and equipment.

**Support costs** - Costs relating to the development, monitoring and support of overseas programmes, eg programme teams' salaries, office costs allocated on the basis of space used.

**Costs of management and administration of the charity** - represent those costs that are necessarily incurred in running the charity and its subsidiary undertakings but cannot be attributed directly to the furtherance of the charity's objectives.

Notes to the financial statements for the year ended 31 December 2002

1 Accounting policies (continued)

g) **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 and 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

h) **Work in progress**

Work in progress represents amounts incurred on behalf of clients in advance of being invoiced at the year-end

i) **Investments**

Current asset investments are shown in the financial statements at market value. Any material increase or decrease in the value is included in the income and expenditure account.

j) **Goodwill**

Goodwill on acquisition is capitalised and amortised over its useful economic life of five years.

k) **Reserves**

**General reserves** - It is the aim of the Trustees that the balance of funds retained in the general reserve will become sufficient to finance up to six months unfunded expenditure and loan repayments. This policy is reviewed on an annual basis and the adequacy of the policy judged in the light of all relevant information.

**Contingency reserves** - The contingency reserves represent provisions made by the charity equal to the charity's outstanding commitment to co-financed projects.

**Revaluation reserves** - The revaluation reserves represent the difference between the written down value of freehold properties and professional valuations of such properties calculated at the time of the professional valuation.

**Specific reserves** - The specific reserves represent funds made available to the charity to be expended in accordance with the wishes of the donor. Transfers are made from restricted funds to unrestricted funds equal to amounts specified by donors as available from project funds to contribute towards the running costs of the charity.

Notes to the financial statements for the year ended 31 December 2002

2 Incoming resources

Unrestricted Funds £'000	Restricted Funds £'000	Total 2002 £'000	Total 2001 £'000
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a) Donations, legacies and similar incoming resources

Discretionary income raised by campaigns from:

Trusts & Foundations	117	-	117	103
Direct Mail	40	-	40	48
Covenants	18	-	18	12
Legacies and other donations	98	-	98	-
	273	-	273	163

b) Incoming resources from operating activities in furtherance of the charity's objectives

Grants receivable

Department for International Development	-	2,638	2,638	3,383
European Union	-	2,027	2,027	1,095
United Nations	-	1,520	1,520	1,587
Packard Foundation	-	2,233	2,233	1,386
Kreditanstalt fur Wiederaufbau	-	1,051	1,051	1,327
The Community Fund	-	103	103	69
UK Trusts & Foundations	-	1,113	1,113	821
Offshore Trusts & Foundations	-	3,211	3,211	2,797
Other	-	934	934	735
	-	14,830	14,830	13,200

Trade in furtherance of the objects of the charity

Reproductive healthcare services	24,018	-	24,018	21,831
Fees waived	(106)	-	(106)	(89)
	23,912	-	23,912	21,742
	23,912	14,830	38,742	34,942

c) Investment income

Bank interest receivable	268	-	268	345
Rent receivable	27	-	27	25
Sundry income	37	-	37	28
	332	-	332	398

3 Cost of generating funds

	Total 2002 £'000	Total 2001 £'000
Reproductive healthcare service programme	34	15
Fundraising	594	570
	628	585

Notes to the financial statements for the year ended 31 December 2002

4 Charitable expenditure	Unrestricted Funds £'000	Restricted Funds £'000	Total 2002 £'000	Total 2001 £'000
a) Activities in furtherance of the charity's objectives				
<b>Africa &amp; Arab World</b>				
Angola	4	81	85	116
Ethiopia	-	183	183	920
Kenya	(25)	282	257	597
Lebanon	-	23	23	75
Madagascar	3	127	130	230
Malawi	-	19	19	1,300
Mozambique	19	51	70	57
Sierra Leone	-	372	372	228
South Africa	373	4	377	225
Sudan	-	-	-	14
Tanzania	39	429	468	444
Uganda	-	1,194	1,194	1,260
Yemen	-	139	139	137
Zimbabwe	39	80	119	179
Training, research & development	1	-	1	24
<b>Pacific Asia</b>				
Cambodia	4	32	36	176
China	2	1,185	1,187	705
Indonesia	-	1	1	-
Mongolia	6	173	179	87
Myanmar	-	333	333	352
Philippines	6	505	511	961
Viet Nam	1	255	256	527
<b>South Asia</b>				
Afghanistan	-	190	190	-
Bangladesh	3	649	652	871
India	21	1,791	1,812	1,466
Nepal	3	234	237	231
Pakistan	-	782	782	743
Sri Lanka	2	1,171	1,173	359
Training, research & development	-	3	3	1
<b>Europe</b>				
Albania	4	1	5	82
Austria	1,434	-	1,434	1,371
Former Yugoslavia	-	-	-	13
Romania	74	-	74	35
United Kingdom	17,608	-	17,608	16,037
<b>Latin America</b>				
Bolivia	8	156	164	210
Guatemala	-	15	15	3
Honduras	-	249	249	363
Mexico	-	322	322	331
Nicaragua	-	88	88	7
Peru	-	-	-	7
Training, research & development	5	6	11	47
<b>Australia</b>				
Australia	892	-	892	533
<b>Cross-regional</b>				
Advocacy	-	97	97	112
Contraceptive & Medical Supplies	91	-	91	50
Refugees & Internally Displaced People	-	257	257	104
Overseas promotion of the objectives of charity	165	-	165	89
Social Marketing	2	485	487	442
Training, research & development	131	360	491	109
	20,915	12,324	33,239	32,230

Notes to the financial statements for the year ended 31 December 2002

4 Charitable expenditure (continued)	2002 £'000	2001 £'000
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Disbursements for overseas programmes include the following payments disclosed separately in accordance with the requirements of the donor.

**Funded by Department for International Development**

Angola Clinics	-	92
Albania Refugees	-	73
Madagascar Institutional Strengthening	-	3
Malawi Clinics Expansion	-	1,298
Malawi Management Support	19	2
Mozambique Reproductive Health for Refugees	6	47
Sierra Leone Emergency Reproductive Health	233	192
Uganda Slum Clinics	106	121
Zimbabwe Slum Clinic & Outreach	-	43
Bangladesh Reproductive Healthcare	501	782
India Reproductive Health in Orissa	755	301
Pakistan Sindh Reproductive Health	136	3
Sri Lanka Mannar Reproductive Health	55	78
Sri Lanka Refugees	194	72
Viet Nam Ho Chi Minh Clinic	2	134
Bolivia Sucre & Cochabamba	65	99
Honduras 3 Clinics	110	138
Nicaragua Adolescent Franchise	-	(4)

<b>2,182</b>	<b>3,474</b>
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**Funded by The Community Fund**

Viet Nam	<b>82</b>	<b>61</b>
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Notes to the financial statements for the year ended 31 December 2002

4 Charitable expenditure (continued)	2002 £'000	2001 £'000
<b>Funded by United Nations</b>		
State of the World Population Report 2000	2	1
State of the World Population Report 2001	2	-
Advocacy - European Policy Makers	4	12
Refugee Initiatives	15	18
Lebanon Technical Assistance	23	72
Bangladesh Reproductive Health Initiative	3	(16)
China Technical Assistance	1,130	716
Mongolia Clinic	50	87
Mongolia Social Marketing	44	-
Nepal Outreach Clinic	34	71
Pakistan Reproductive Health - Punjab	137	99
Honduras Social Licensing	(6)	37
Cambodia Reproductive Health	-	1
Cambodia Ministry of Women's Affairs	-	118
Viet Nam Reproductive Health Initiative	157	290
	<b>1,595</b>	<b>1,506</b>

b) Support costs

Technical assistance & monitoring costs	1,442	1,458
Amortisation of goodwill on acquisition	296	247
Tax on profit of subsidiary undertaking	133	111
Exchange losses / (gains)	106	(99)
Consultancy	33	67
Literature	5	21
Office costs	344	220
	<b>2,359</b>	<b>2,025</b>

c) Management and administration of the charity

Salaries & office costs	71	64
Audit fee	60	59
	<b>131</b>	<b>123</b>

Notes to the financial statements for the year ended 31 December 2002

5 Total resources expended	Disbursements to overseas programmes £'000	Staff costs £'000	Depreciation & amortisation £'000	Other costs £'000	Total 2002 £'000	Total 2001 £'000
Activities in furtherance of the charity's objectives	13,139	10,979	1,632	7,489	33,239	32,230
Support costs	-	1,296	347	716	2,359	2,025
Cost of generating funds	-	422	21	185	628	585
Management & administration	-	26	12	93	131	123
	<u>13,139</u>	<u>12,723</u>	<u>2,012</u>	<u>8,483</u>	<u>36,357</u>	<u>34,963</u>

Staff costs:

Wages and salaries	8,407	7,823
Social security costs	753	635
Employer's pension contributions	136	123
	<u>9,296</u>	<u>8,581</u>

Sessional fees and agency costs

3,427 2,293

12,723 10,874

The average number of staff analysed by function was:

Operating activities in furtherance of the charity's objects	320	284
Support	37	38
Generating funds	18	18
Management & administration	1	1
	<u>375</u>	<u>347</u>

The numbers of employees whose emoluments were more than £50,000 were:

£50,001 - £60,000	6	2
£60,001 - £70,000	3	1
£70,001 - £80,000	3	1
£80,001 - £90,001	2	-
£90,001 - £100,000	1	-
£100,001 - £110,000	2	-
£110,001 - £120,000	-	2
£120,001 - £130,000	2	1
£130,001 - £140,000	2	-
	<u>2</u>	<u>-</u>

6 Directors' emoluments

None of the directors, who are also Trustees of the charity, received any emoluments during the year (2001: none)

7 Interest payable and similar charges

2002 2001  
£'000 £'000

Other loans & overdrafts

10 36

Interest payable on the 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 incurred by the Packard Foundation at the date of repayment by MSI.



Notes to the financial statements for the year ended 31 December 2002

8 Intangible fixed assets

	Group £'000	Charity £'000
Cost:		
At 1 January 2002	1,212	110
Additions	484	484
Exchange movements on consolidation	(1)	(1)
At 31 December 2002	1,695	593
Amortisation:		
At 1 January 2002	641	35
Provided during the year	296	76
At 31 December 2002	937	111
Net book value:		
At 31 December 2002	758	482
At 31 December 2001	571	75

9 Tangible fixed assets

The latest revaluation of freehold properties was at 1 December 1994 by Nelson Bakewell, Chartered Surveyors, on the basis of the open market value for existing use. Properties purchased since the date of the latest valuation are included at cost.

Group assets

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>							
At 1 January 2002	10,599	1,390	917	830	3,298	35	17,069
Additions	1,177	217	114	207	77	-	1,792
Disposals	-	(12)	-	-	-	-	(12)
Exchange movements on consolidation	(1)	-	3	2	1	-	5
At 31 December 2002	11,775	1,595	1,034	1,039	3,376	35	18,854
<b>Depreciation</b>							
At 1 January 2002	3,357	443	779	593	2,578	33	7,783
Charge for the year	677	174	68	125	670	2	1,716
Disposals	-	(8)	-	-	-	-	(8)
Exchange movements on consolidation	-	-	2	1	-	-	3
At 31 December 2002	4,034	609	849	719	3,248	35	9,494
<b>Net book value</b>							
At 31 December 2002	7,741	986	185	320	128	-	9,360
At 31 December 2001	7,242	947	138	237	720	2	9,286

Notes to the financial statements for the year ended 31 December 2002

9 Tangible fixed assets (continued)

Charity assets

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>							
At 1 January 2002	10,599	1,389	859	789	3,242	35	16,913
Additions	1,178	217	114	207	77	-	1,793
Disposals	-	(12)	-	-	-	-	(12)
Exchange movements on consolidation	-	-	-	(1)	-	-	(1)
At 31 December 2002	11,777	1,594	973	995	3,319	35	18,693
<b>Depreciation</b>							
At 1 January 2002	3,357	443	735	558	2,534	33	7,660
Charge for the year	677	174	66	122	665	2	1,706
Disposals	-	(8)	-	-	-	-	(8)
Exchange movements on consolidation	-	-	-	-	-	-	-
At 31 December 2002	4,034	609	801	680	3,199	35	9,358
<b>Net book value</b>							
At 31 December 2002	7,743	985	172	315	120	-	9,335
At 31 December 2001	7,242	946	124	231	708	2	9,253

The historical cost of the freehold properties included at valuation is as follows:

	Group and charity	
	2002 £'000	2001 £'000
Cost	9,209	8,032
Accumulated depreciation	(3,996)	(3,628)
Net book value	5,213	4,404

Notes to the financial statements for the year ended 31 December 2002

10 Investments

a) Fixed asset investments

Charity  
£'000

Investment in subsidiary undertakings at cost:

At 1 January 2002 and 31 December 2002

1,162

The Charity holds 100% of the nominal value of the ordinary share capital of the following principal trading subsidiaries, the results of which have been consolidated.

Name of company	Country of incorporation	Nature of business
Options Consultancy Services Limited	England	Provision of consultancy services in the field of reproductive health
Ambulatorium am Fleischmarkt Betriebs GmbH	Austria	Operation of clinic based reproductive healthcare services

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

The charity also considers the following organisations, all providers of services in the field of reproductive health, to be subsidiary undertakings. They have been excluded from consolidation for the reasons noted below:

Name of organisation	Country of incorporation	Reason for excluding from consolidation
1 Hondurena Mujer Y Familia (1986)	Honduras	Not material
2 Marie Stopes Albania	Albania	Not material
3 Marie Stopes Madagascar	Madagascar	Not material
4 Marie Stopes Mexico A.C.	Mexico	Severe restrictions
5 Marie Stopes Nicaragua S.A.	Nicaragua	Severe restrictions
6 Banja La M'Tsogolo	Malawi	Severe restrictions
7 Marie Stopes Society	Sierra Leone	Severe restrictions

1 to 3 above have no effect on consolidation due to their immaterial nature. 4 to 7 have been excluded because of the presence of severe restrictions. They are treated as fixed asset investments. However their values have been reviewed and as a result of the severe restrictions that apply full provision has been made against the investment in all cases.

Notes to the financial statements for the year ended 31 December 2002

10 b) Short term investments

	Group 2002 £'000	2001 £'000	Charity 2002 £'000	2001 £'000
<b>Listed investments</b>				
Market value at 1 January 2002	37	39	-	-
Exchange movements on consolidation	2	(1)	-	-
Realised gains / (losses) on disposals arising during year	1	(1)	-	-
Market value at 31 December 2002	<u>40</u>	<u>37</u>	<u>-</u>	<u>-</u>
Historical cost at 31 December 2002	<u>39</u>	<u>39</u>	<u>-</u>	<u>-</u>

11 Debtors

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2002 £'000	Total 2001 £'000
<b>Group debtors</b>				
Trade debtors	1,476	1,140	2,616	1,713
Loans to overseas programmes	52	-	52	98
Other debtors	229	-	229	124
Prepayments & accrued income	370	-	370	306
	<u>2,127</u>	<u>1,140</u>	<u>3,267</u>	<u>2,241</u>
<b>Charity debtors</b>				
Trade debtors	1,056	1,140	2,196	1,455
Loans to overseas programmes	52	-	52	98
Amounts owed by subsidiary undertakings	115	-	115	112
Other debtors	204	-	204	51
Prepayments & accrued income	270	-	270	276
	<u>1,697</u>	<u>1,140</u>	<u>2,837</u>	<u>1,992</u>

Amounts repayable after more than one year are £22,924 (2001: £50,000) included in loans to overseas programmes and £50,000 (2001: £50,000) included in amounts owed by subsidiary undertakings.

Notes to the financial statements for the year ended 31 December 2002

12 Creditors	Unrestricted Funds £'000	Restricted Funds £'000	Total 2002 £'000	Total 2001 £'000
<i>a) Amounts falling due within one year</i>				
<b>Group creditors</b>				
Other loans	1	-	1	-
Bank overdrafts	24	-	24	-
Trade creditors	982	-	982	872
Other taxes & social security	253	-	253	321
Accruals	707	-	707	541
	<b>1,967</b>	<b>-</b>	<b>1,967</b>	<b>1,734</b>

**Charity creditors**

Other loans	1	-	1	-
Trade creditors	715	-	715	764
Other taxes & social security	209	-	209	201
Accruals & deferred income	427	-	427	336
Amounts owed to subsidiary undertakings	-	-	-	25
	<b>1,352</b>	<b>-</b>	<b>1,352</b>	<b>1,326</b>

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

	<b>Group</b> <b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>	<b>Charity</b> <b>2002</b> <b>£'000</b>	<b>2001</b> <b>£'000</b>
Other loans	26	-	26	-
Deferred liabilities	97	62	19	62
Amounts owed to subsidiary undertakings	-	-	10	10
	<b>123</b>	<b>62</b>	<b>55</b>	<b>72</b>

Other loans include an unsecured loan from John D Charters PTY Limited, a company incorporated in Australia.  
The deferred liabilities include rent deposits and Employee Funds.

**13 Loans**

Marie Stopes International agreed terms with The David and Lucille Packard Foundation for a \$7m loan 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 Lucille Packard Foundation.

The long term loan, group and charity, is unsecured, repayable in over five years and bears interest at 1% per annum.

Notes to the financial statements for the year ended 31 December 2002

14 Restricted funds	At 1 Jan 2002 £'000	Net movement £'000	At 31 Dec 2002 £'000
<b>Africa &amp; Arab World</b>			
Angola	50	(40)	10
Ethiopia	297	846	1,143
Kenya	54	(39)	15
Lebanon	2	6	8
Madagascar	9	49	58
Malawi	88	158	246
Mozambique	38	(35)	3
Sierra Leone	1	39	40
Syria	1	-	1
Tanzania	68	(68)	-
Uganda	245	(222)	23
Yemen	17	100	117
Zimbabwe	-	1	1
Training, research & development	2	30	32
<b>Pacific Asia</b>			
Cambodia	14	8	22
China	36	(35)	1
Indonesia	1	(1)	-
Mongolia	77	(75)	2
Myanmar	10	8	18
Philippines	16	(10)	6
Viet Nam	38	1	39
<b>Asia</b>			
Afghanistan	-	366	366
Bangladesh	14	83	97
India	310	148	458
Nepal	133	58	191
Pakistan	725	(399)	326
Sri Lanka	75	269	344
Training, research & development	3	(1)	2
<b>Europe</b>			
Albania	3	(1)	2
<b>Latin America</b>			
Bolivia	98	(81)	17
Guatemala	34	(11)	23
Honduras	74	(52)	22
Mexico	129	147	276
Nicaragua	41	(37)	4
Peru	1	(1)	-
Training, research & development	21	10	31
<b>Cross-regional</b>			
Advocacy	147	(69)	78
Refugees & Internally Displaced People	308	(133)	175
Social Marketing	67	72	139
Training, research & development	1,495	(617)	878
	<b>4,742</b>	<b>701</b>	<b>5,443</b>

Notes to the financial statements for the year ended 31 December 2002

15 Accumulated funds

	General reserves £'000	Contingency reserves £'000	Revaluation reserves £'000	Restricted reserves £'000
<b>Group funds</b>				
At 1 January 2002	10,296	509	3,271	4,742
Net incoming resources before transfers	484	-	-	-
Transfers:				
Movement in contingency provision	81	(81)	-	-
Contributions to support costs	1,805	-	-	(1,805)
Realised gains on investment assets	1	-	-	-
Exchange movements on consolidation	(3)	-	-	-
Specific donations:				
Received	-	-	-	14,830
Disbursements for overseas programmes	-	-	-	(12,324)
<b>At 31 December 2002</b>	<b>12,664</b>	<b>428</b>	<b>3,271</b>	<b>5,443</b>
<b>Charity funds</b>				
At 1 January 2002	10,561	509	3,271	4,742
Net incoming resources before transfers	634	-	-	-
Transfers:				
Movement in contingency provision	81	(81)	-	-
Contributions to support costs	1,805	-	-	(1,805)
Exchange movements on consolidation	(2)	-	-	-
Specific donations:				
Received	-	-	-	14,830
Disbursements for overseas programmes	-	-	-	(12,324)
<b>At 31 December 2002</b>	<b>13,079</b>	<b>428</b>	<b>3,271</b>	<b>5,443</b>

Notes to the financial statements for the year ended 31 December 2002

16	Reconciliation of net incoming resources to net cash inflow from operating activities	2002 £'000	2001 £'000
	Net incoming resources for the year	2,990	540
	Investment income	(332)	(398)
	Interest payable	10	36
	Depreciation and amortisation	2,015	1,799
	Tax payable	133	111
	(Gain)/loss on disposal of tangible fixed assets	4	-
	Decrease/(increase) in work in progress	(56)	(29)
	Decrease/(increase) in debtors	(1,029)	(235)
	Increase/(decrease) in creditors	233	124
	Exchange movements on consolidation	(5)	10
	Net cash inflow from operating activities	<u>3,963</u>	<u>1,958</u>

17	Reconciliation of net cash flow to movement in net funds	2002 £'000	2001 £'000
	Increase in cash in the period	6,371	(161)
	Repayment of loans	-	932
		<u>6,371</u>	<u>771</u>
	Net funds at 1 January 2002	8,408	7,637
	Net funds at 31 December 2002	<u>14,779</u>	<u>8,408</u>

18	Analysis of changes in net funds as shown in balance sheet	At 1 Jan 2002 £'000	Cash flows £'000	At 31 Dec 2002 £'000
	Cash at bank & in hand	8,408	6,371	14,779
	Bank overdrafts	-	(24)	(24)
		<u>8,408</u>	<u>6,347</u>	<u>14,755</u>
	Debt due within one year	-	(1)	(1)
	Debt due after more than one year	-	(26)	(26)
		<u>8,408</u>	<u>6,320</u>	<u>14,728</u>

19 Taxation

Marie Stopes International has no liability to UK corporation tax as the company is a charity registered in England 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 subsidiary undertakings in the United Kingdom and Austria.



**Notes to the financial statements for the year ended 31 December 2002**

**20 Financial commitments**

a) Capital commitments

Capital commitments as at 31 December 2002 amounted to £Nil (2001: £109,000)  
The Group acquired two further centres in Australia on 7th February 2003 for AUD\$1,300,000

b) Operating lease commitments

As at 31 December 2002 commitments for the following year under operating leases for land and buildings were as follows:

	Group £'000	Charity £'000
Leases expiring in five years or more	359	359

**21 Contingent liabilities**

At 31 December 2002 the liability of the charity to co-financed projects was £428,000 (2001: £509,000). The charity has also given advance payment guarantees of £43,000 to the Indian Government for projects in India; and DM200,000 (2001:DM200,000) to Kreditanstalt fur Wiederaufbau for projects in Albania.

At 31 December 2002, Options Consultancy Services Limited had provided Bank International Guarantees in respect of projects to the value of £380,000 which are subject to renewal in October 2003.

**22 Transactions involving Trustees and Company Secretary**

The charity received a donation of US\$530,000 from DKT International, a company incorporated in the USA in which Mr PD Harvey (Trustee) and Dr TRL Black (Secretary) are directors.

During the year the charity reimbursed out-of- pocket expenses of £2,723 for travel to partner programmes and to the Partnership Conference by Mr. T. Rutter (Trustee). The Charity also paid £623 for Mr E. Stanford's (Trustee) travel to the Partnership Conference. Mr Rutter visited Madagascar in order to evaluate and report on the service delivery standards of the programme.

During the year the charity paid £125,230 (2001: £111,160) to Dr TRL Black (Chief Executive Officer) for the provision of consultancy and surgical services. The charity also paid £14,135 (2001: £14,000) to Mrs J Black, wife of Dr TRL Black (Chief Executive Officer) for the provision of secretarial and administrative services

Notes to the financial statements for the year ended 31 December 2002

**23 Partner organisations**

As referred to in the Trustees' report, Marie Stopes International works in partnership with other independent non-government organisations throughout the world. The organisations are based in the following countries and have the common objective of providing family planning and reproductive healthcare services. A full list is provided below:

1. Albania
2. Ireland
3. Romania
4. Bolivia
5. Peru
6. Australia
7. Cambodia
8. China
9. Mongolia
10. Myanmar
11. Philippines
12. Viet Nam
13. Afghanistan
14. Bangladesh
15. India
16. Nepal
17. Pakistan
18. Sri Lanka
19. Angola
20. Ethiopia
21. Kenya
22. Lebanon
23. Mozambique
24. Namibia
25. Nigeria
26. South Africa
27. Tanzania
28. Uganda
29. Yemen
30. Zimbabwe

The Trustees regularly review the relationship between Marie Stopes International and the above partner organisations to ensure that no obligation exists between Marie Stopes International and its global partners. No relationship other than pursuance of common goals and objectives is implied.

Whilst Marie Stopes International provides assistance to the organisations on technical matters, coordinates between them, and acts as a conduit for forwarding grants and funds to them, the organisations listed above are not controlled by Marie Stopes International and are correctly excluded from consolidation.