

MARIE STOPES INTERNATIONAL (LIMITED BY GUARANTEE)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996

COMPANY NUMBER 1102208



Marie Stopes International (Limited by Guarantee)

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Board of Trustees

Edgar W Stanford, Chairman
Philip D Harvey
Baroness Seear
Baroness Robson
Sir Charles Pereira
David W Logan
Baroness Flather
Baroness Gould

Auditors

Somers Baker Prince Kurz
45 Ealing Road
Wembley
Middlesex HA0 4BA

Secretary

Dr TRL Black

Principal Bankers

Clydesdale Bank plc
35 Regent Street
London SW1Y 4ND

Registered Office

Marie Stopes House
108 Whitfield Street
London W1P 6BE

Solicitors

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

Company Number

1102208 (registered in England and Wales)

Charity Number

265543 (registered in England)

Marie Stopes International (Limited by Guarantee)

Trustees' Annual Report

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 1996.

Objects and Organisation of the Charity

The principal activity of the charity has continued to be the worldwide provision of reproductive healthcare services.

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 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 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 family planning and reproductive health services, through comprehensive information, advice and delivery mechanisms that are tailored to local needs.

Marie Stopes International operates by way of two divisions. The UK clinic division is responsible for establishing and managing family planning clinics, nursing homes and referral centres in the UK. The overseas programmes division is responsible for establishing, monitoring and providing technical assistance to overseas programmes. There have been no material changes in policy in the past 12 months.

Family planning and reproductive health projects overseas are implemented by an independent non-governmental organisation 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. A full list of the organisations which receive funding from Marie Stopes International is available from the charity's registered office.

The key to the Marie Stopes International partnership is collaboration at all levels, including the programme development phases, advocacy, resource development, and shaping overall policy development. Marie Stopes International is an official executing agency for the United Nations Population Fund (UNFPA) and works closely with a range of other international agencies such as the World Bank and the World Health Organisation, non-governmental organisations, governments in the UK and Europe and local governments in the developing world.

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. In addition, all aspects of the employment of people or the engagement of professional services will be 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 and is constituted as a company, 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 charity can operate. As a company Marie Stopes International has a general investment power.

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

Trustees and their Statutory Responsibilities

The Trustees who served in the year to 31 December 1996 are given on page 1. None of the Trustees received any reimbursement of expenses during the year (1995: nil). All of those listed are still serving as Trustees other than Baroness Seear who died on 23 April 1997. The Board would like to take this opportunity to express its deep appreciation for Baroness Seear's 17 years of service to Marie Stopes International.

Marie Stopes International (Limited by Guarantee)

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 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 will be able to continue to meet its 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.

Results and Review of the Business

The net increase in funds for the financial year was £942,000 (1995: £1,263,000). The Trustees consider that the results for the year under review are satisfactory and they are optimistic about future prospects.

Marie Stopes International measures the impact of its activities through a statistical measure, couple years of protection, the international yardstick for assessing the impact of any method of family planning. One couple year of protection will provide one couple with contraceptive cover for one year. Couple years of protection provided by Marie Stopes International's UK clinics division rose by 15% in the year to 161,000 in 1996, compared with 140,000 in 1995. Couple years of protection provided by Marie Stopes International's overseas partners rose by 9% in the year to 1,871,000 in 1996, compared with 1,709,000 in 1995.

UK Developments & Results

1996 has seen consistent growth and expansion in Marie Stopes International's UK operations, with income from the UK clinics division in year rising by 18% in 1996 to £9,413,000 from £ 7,997,000 in 1995. Significant capital investment into the organisation's five clinics enabled general improvements to buildings and interiors to be carried out and the introduction of new purpose built day care units in five existing clinic sites.

1996 has also seen the completion of a two year process of registration of Marie Stopes International's UK clinics to the international standard for quality management systems, BS EN ISO 9002 (formerly BS 5750), becoming the first family planning provider in the UK to achieve this distinction.

Marie Stopes International's UK clinics responded to increased demand across the entire range of its services, performing 19% more sterilisation procedures in 1996 than in 1995 and 14% more pregnancy terminations.

During 1996 Marie Stopes International further developed its relationships with health authorities and fund holding GP practices, who recognise the benefits of high quality care, dedicated service, appointments without delays and value for money. Nationwide, Marie Stopes International's clinics see clients referred from over twenty health authorities and regular referrals from over 2,000 GP fund holders.

Expansion of Marie Stopes International's network of pregnancy advisory bureaux and vasectomy clinics continued throughout 1996. Six new pregnancy advisory bureaux were opened during the course of the year, along with four new vasectomy centres.

In order to facilitate Irish women's access to non-directive advice, information and family planning counselling, Marie Stopes International allowed a Dublin clinic to adopt the Marie Stopes name to promote itself in the Republic of Ireland.

Marie Stopes International (Limited by Guarantee)

Overseas Developments & Results

1996 has been a year of investment in the overseas programmes division, with necessary outlays on people, systems, research and development in order to enable the division to sustain its rapid growth. This has resulted in an increase in disbursements for overseas programmes of 28% from £5,002,000 in 1995 to £6,426,000 in 1996. Grants receivable in the same period rose by 14% from £6,145,000 in 1995 to £7,021,000 in 1996. To support this growth and to prepare for continued expansion, overseas programme support costs have increased by 11% in the year from £847,000 to £939,000.

A new programme was established in Honduras during the year, co-funded with the European Union, and a number of significant projects were undertaken in existing programmes. Projects to expand clinic services got underway in several country programmes including South Africa, Nepal, Vietnam and Peru, whilst bilaterally funded expansion projects in Malawi and Bangladesh continued. The charity made a loan to its partner in Kenya, Population and Health Services Limited, to enable it to expand service provision facilities. Contraceptive social marketing projects were also undertaken in Uganda and Nigeria.

The focus of the charity's work with many of our overseas partners has been in assisting them to strengthen and expand their programmes using local skills and resources, enabling them to develop business skills and access donor funds directly. To this end a number of programmes, including Tanzania, Sierra Leone, Zimbabwe, the Philippines and Nicaragua have been undertaking institutional strengthening projects, funded by the British Overseas Development Administration and the European Union.

Competition for donor funds, particularly to finance the running costs of the charity, has become increasingly strong. This is reflected in a 67% drop in discretionary income received in 1996 compared with 1995, falling from £347,000 to £113,000. Reductions in grants available from other sources have also increased our reliance on our two major donors. Income from the European Union and British Overseas Development Organisation in 1996 formed 74% of total grants receivable, compared with 68% of the total in 1995.

Significant investment was put into fundraising in the UK and overseas, particularly in the latter half of 1996, and the benefits of this are expected to arise in 1997. This investment has resulted in fundraising and publicity expenditure rising by 22% in the year from £721,000 in 1995 to £878,000 in 1996.

The reduction in discretionary income is partly counter-balanced by an increase in contributions to overheads from project funds, which rose by 55% to £767,000 in 1996, compared with £496,000 in 1995. This is mainly due to the charity's move into larger scale projects, for which donors tend to be more realistic in the amounts they will give for running costs. Marie Stopes International makes very occasional use of volunteers and gifts in kind but the value of these is not material in relation to the charity's total expenditure.

Subsidiaries

Options Consultancy Services Limited continued to grow during 1996, seeing turnover increase by 20% and gross profit increase by 34%. Significant investment has been made in human resources to enable the organisation to further diversify its client base and move into the management of long term projects. This has resulted in a drop in net profits in the short term, from £31,000 in 1995 to £13,000 in 1996. The net profit after tax for 1996 has been retained in the subsidiary in order to facilitate future growth.

Brown Street Nurses Limited showed an increase in turnover of 57% during 1996 and an increase in gross profit of 16%. Whilst Brown Street Nurses Limited continues to contribute significantly towards achievement of Marie Stopes International's charitable objective, the company continues to make small losses, with the loss after tax for the year being £1,000 in both 1996 and 1995. The Trustees have decided to wind up Brown Street Nurses Limited and transfer the company's activities to Marie Stopes International from 30 June 1997. This will allow Marie Stopes International to maintain its level of services, whilst taking advantage of the synergies to be gained by combining the management and administration of Brown Street Nurses Limited with Marie Stopes International. To reflect this decision the value of Marie Stopes International's investment in Brown Street Nurses Limited has been fully provided against in these financial statements.

Future Developments

The charity will continue to use all available resources to pursue its mission of ensuring an individual's fundamental right to have children by choice not chance in developed and developing countries.

Marie Stopes International (Limited by Guarantee)

Marie Stopes International's UK clinics will continue to pursue an ongoing process of quality improvement and service excellence. The establishment of a formal clinical audit process will augment the existing quality management system to analyse and improve all areas of service delivery and client satisfaction. During 1997, further capital investment in existing clinics will expand provision of day surgery facilities.

The continued expansion of services throughout the UK to provide local access to services for clients will continue with a further eight pregnancy advisory bureaux and six vasectomy clinics planned.

As well as continuing to develop existing programmes, the overseas division is expecting to expand into a number of new countries and different types of projects during 1997 in order to achieve its mission. A technical assistance project is planned for Cambodia and a social marketing project in Albania as well as clinic and outreach projects in Myanmar, Haiti, Mozambique, and Guinea.

A key issue for the charity in 1997 will be to diversify its donor base and hence reduce reliance on individual donors. The charity is also focusing on cost control and methods by which we can ensure that maximum impact is achieved through the limited funds available.

Financial Position & Reserves

At 31 December 1996 Marie Stopes International's total funds amounted to £10,244,000. Funds restricted for overseas projects were £2,088,000, represented by cash at bank and in hand on the balance sheet. A designated fund of £703,000 has been set aside to cover Marie Stopes International's future contributions due to existing co-financed projects. The revaluation reserve had a balance of £3,271,000 at the year end, representing the difference between the written down value of freehold properties and the most recent professional valuations of such properties. The remaining funds of £4,182,000 at the 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 unrestricted funds will become sufficient to finance up to six months unfunded expenditure and loan repayments in order to protect Marie Stopes International's continuing operations.

Fixed Assets

Marie Stopes International disposed of two properties during the year. One of the UK clinics was sold for £200,000, giving rise to a gain on disposal of £160,000, of which £140,000 had been taken as a movement on the revaluation reserve in earlier years. One of the buildings formerly used as part of the head office was sold for £370,000 realising a loss of £264,000 against losses previously taken to the revaluation reserve of £358,000.

Marie Stopes International also carried out improvements to freehold properties during the year amounting to £418,000. Details of movements in fixed assets during the year are given in note 8 to the financial statements.

Trustees' and Officers' Liability Insurance

During the year the charity purchased and maintained liability insurance for its Trustees and officers as permitted by Section 310(3) of the Companies Act 1985. The cost of this insurance for 1996 was £2,000 (1995: £2,000).

By order of the Board



Dr TRL Black
Secretary

Date: 3 July 1997

Marie Stopes International (Limited by Guarantee)

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Fixed Assets

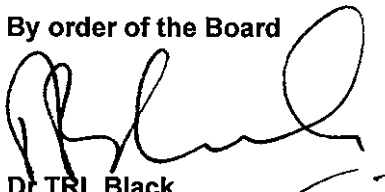
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By order of the Board



Dr TRL Black
Secretary

Date: 3 July 1997

Marie Stopes International (Limited by Guarantee)

Auditors Report to the Trustees of Marie Stopes International

Marie Stopes International is the parent undertaking of Marie Stopes International Group.

On 3 July 1997 we reported as auditors of Marie Stopes International Group, to the members on the financial statements prepared under section 226 of the Companies Act for the year ended 31 December 1996 and our audit report was as follows:

We have audited the financial statements set out on pages 7 to 28 which have been prepared under the historical cost convention as modified by the revaluation of freehold properties and the accounting policies set out on pages 12 to 14.

Respective responsibilities of Trustees and auditors

As described on page 3 the charity's Trustees (who also act as directors of Marie Stopes International for the purposes of company law) are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report to you.

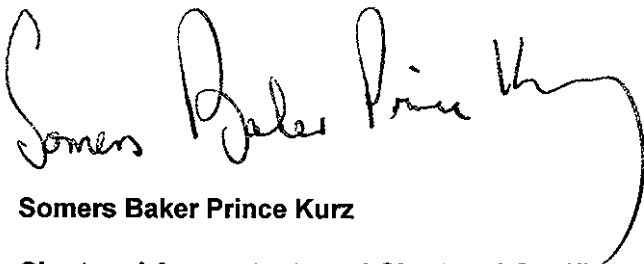
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practises 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 charity'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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and its subsidiaries as at 31 December 1996 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Somers Baker Prince Kurz

**Chartered Accountants and Chartered Certified Accountants
and Registered Auditors**

Premier House
45 Ealing Road
Wembley
Middlesex HA0 4BA

4 July 1997

Marie Stopes International (Limited by Guarantee)

**Income and Expenditure Account and Statement of Financial Activities
for the year ended 31 December 1996**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 1996 £'000	Total 1995 £'000
Incoming Resources					
Donations, legacies and gifts	2a	113	-	113	347
Grants receivable	2b	-	7,021	7,021	6,145
Investment income	2c	156	-	156	112
Income from trade in the furtherance of the objects of the charity	2d	9,413	-	9,413	7,997
Total Incoming Resources		9,682	7,021	16,703	14,601
Resources Expended					
Direct charitable expenditure:					
Disbursements for overseas programmes	3a	177	6,249	6,426	5,002
Overseas programmes support costs	3b	939	-	939	847
UK programme costs	3c	6,745	-	6,745	6,062
		7,861	6,249	14,110	11,911
Other expenditure:					
Fundraising and publicity	4a	878	-	878	721
Management and administration of the charity	4b	738	-	738	704
		1,616	-	1,616	1,425
Total Resources Expended		9,477	6,249	15,726	13,336
Net Incoming Resources Before Transfers		205	772	977	1,265
Transfers between funds	15	767	(767)	-	-
Net Incoming Resources for the year		972	5	977	1,265
Other Recognised Gains and Losses					
Unrealised loss on investment assets		(35)	-	(35)	(2)
Net Movement in Funds		937	5	942	1,263
at 1 January 1996	15	7219	2,083	9,302	8,039
Fund Balances carried forward at 31 December 1996	15	8,156	2,088	10,244	9,302

The notes on pages 11 to 24 form part of these financial statements.

Marie Stopes International (Limited by Guarantee)

**Note of Historical Cost Profits and Losses
for the year ended 31 December 1996**

	Unrestricted Funds 1996 £'000	Unrestricted Funds 1995 £'000
Net movement in unrestricted funds for the year	937	595
Revaluation deficit crystallised on disposal of properties	(219)	-
Surplus on ordinary activities for the year	718	595
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	252	183
Historical cost surplus on ordinary activities for the year	970	778

Marie Stopes International (Limited by Guarantee)

Balance Sheet at 31 December 1996

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 1996 £'000	Total 1995 £'000
Fixed Assets					
Tangible assets	8	7,403	-	7,403	7,743
Investments	9a	-	-	-	35
		7,403	-	7,403	7,778
Current Assets					
Stocks and work in progress	10	59	-	59	53
Debtors	11	773	1,397	2,170	1,643
Short term investments	9b	3	-	3	3
Cash at bank and in hand		2,147	705	2,852	2,596
		2,982	2,102	5,084	4,295
Creditors: amounts falling due within one year	12a	988	14	1,002	1,163
Net Current Assets		1,994	2,088	4,082	3,132
Total Assets less Current Liabilities		9,397	2,088	11,485	10,910
Creditors: amounts falling due after more than one year	12b	1,241	-	1,241	1,608
Net Assets		8,156	2,088	10,244	9,302
Unrestricted Funds					
General reserves	15	4,182	-	4,182	4,162
Designated funds - contingency reserve	15	703	-	703	5
Capital fund - revaluation reserve	15	3,271	-	3,271	3,052
		8,156	-	8,156	7,219
Restricted Funds					
Specific reserves	14/15	-	2,088	2,088	2,083
		8,156	2,088	10,244	9,302

Approved by the Board of Trustees on 3 July 1997
and signed on its behalf by

RWS

Trustee

The notes on pages 11 to 24 form part of these financial statements.

Marie Stopes International (Limited by Guarantee)

Cashflow Statement for the year ended 31 December 1996

	Note	1996 £'000	1995 £'000
Net Cash Inflow from Operating Activities	16	789	1,737
Returns on Investments and Servicing of Finance			
Interest received	110	99	
Interest paid	(137)	(157)	
Rent received	6	10	
Sundry income	-	1	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(21)	(47)
Capital Expenditure			
Purchase of tangible fixed assets	(757)	(1,486)	
Proceeds from sale of tangible fixed assets	574	4	
Net Cash Outflow from Investing Activities		(183)	(1,482)
Net Cash Outflow before Financing		585	208
Financing			
Long term loan received	-	400	
Repayment of loans	(374)	(289)	
Net Cash Inflow from Financing		(374)	111
Increase in cash	17/18	211	319

The notes on pages 11 to 24 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 1996

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 by Charities and applicable Accounting Standards.

The principal accounting policies adopted are as follows:

a) Income

Income comprises the gross amounts receivable from clients for family planning services and receipts of grants and donations.

b) 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.

c) 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 the Standard Life Assurance Company.

d) 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.

e) Allocation of costs

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

Disbursements for overseas programmes - Costs relating directly to overseas programmes, eg transfers of funds, purchase of supplies.

Overseas programmes 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.

UK programme costs - Costs relating directly to service provision within the UK, eg clinic running costs and salaries.

Fundraising and publicity - Costs relating to donor and media relations and advertising, eg production of publications, visits to donors, office costs allocated on the basis of space used.

Management and administration of the charity - Costs relating to the charity's head office which cannot be directly identified as applicable to one of the other categories, eg finance costs, office costs allocated on the basis of space used.

Notes to the Financial Statements for the year ended 31 December 1996

1 Accounting Policies (continued)

f) **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 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% per annum
Medical equipment	20% per annum
Computer equipment	25% per annum
Motor vehicles	25% per annum

g) **Stocks**

Medical supplies, drugs and family planning requisites for retail sale are stated at the lower of cost and net realisable value. Medical supplies and drugs used in the course of treatment are valued at cost.

h) **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.

i) **Goodwill**

Goodwill is written off against general reserves in the year of acquisition.

j) **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 6 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.

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1996

2 Incoming resources	Unrestricted Funds £'000	Restricted Funds £'000	Total 1996 £'000	Total 1995 £'000
a) Donations, legacies and gifts				
Discretionary income raised by campaigns from:				
Trusts and foundations	58	-	58	280
Direct Mail	33	-	33	29
Covenants	12	-	12	16
Other	8	-	8	20
	<u>111</u>	<u>-</u>	<u>111</u>	<u>345</u>
Donations received at UK clinics	2	-	2	2
	<u>113</u>	<u>-</u>	<u>113</u>	<u>347</u>
b) Grants receivable				
British Overseas Development Administration	-	3,050	3,050	2,574
European Union	-	2,142	2,142	1,596
United Nations	-	146	146	181
Kreditanstalt fur Wiederaufbau	-	96	96	97
UK trusts and foundations	-	691	691	443
Offshore trusts and foundations	-	882	882	1,217
Other	-	14	14	37
	<u>-</u>	<u>7,021</u>	<u>7,021</u>	<u>6,145</u>
c) Investment income				
Bank interest receivable	105	-	105	91
Interest receivable from subsidiary	5	-	5	8
Rent receivable	6	-	6	10
Exchange gains	40	-	40	2
Sundry income	-	-	-	1
	<u>156</u>	<u>-</u>	<u>156</u>	<u>112</u>
d) Trade in furtherance of the objects of the charity				
Provision of family planning services in the UK:				
Clinics	1,540	-	1,540	1,385
Nursing homes	8,014	-	8,014	6,696
Fees waived	(141)	-	(141)	(84)
	<u>9,413</u>	<u>-</u>	<u>9,413</u>	<u>7,997</u>

Notes to the Financial Statements for the year ended 31 December 1996

3	Direct charitable expenditure	Unrestricted Funds £'000	Restricted Funds £'000	Total 1996 £'000	Total 1995 £'000
a)	Disbursements for overseas programmes				
	Africa & Arab World				
	Egypt	-	-	-	7
	Ethiopia	-	56	56	37
	Kenya	4	375	379	274
	Madagascar	-	46	46	46
	Malawi	-	883	883	710
	Sierra Leone	-	257	257	106
	South Africa	27	55	82	42
	Tanzania	-	301	301	258
	Uganda	13	204	217	102
	West Bank	-	34	34	21
	Zimbabwe	1	116	117	52
	Training, research and development	24	14	38	44
	Asia				
	Bangladesh	-	452	452	301
	India	14	424	438	430
	Indonesia	-	123	123	174
	Nepal	-	178	178	85
	Pakistan	-	200	200	183
	Philippines	-	259	259	153
	Sri Lanka	-	313	313	157
	Vietnam	-	69	69	78
	Training, research and development	11	12	23	3
	Europe				
	Former Yugoslavia	53	939	992	1,126
	Romania	-	6	6	13
	Latin America				
	Bolivia	1	149	150	117
	Haiti	-	2	2	110
	Honduras	1	66	67	-
	Nicaragua	-	269	269	200
	Peru	-	124	124	28
	Training, research and development	2	4	6	20
	Cross-regional				
	Advocacy	23	64	87	78
	Refugees & Internally Displaced People	-	33	33	34
	Social Marketing	3	211	214	4
	Training, research and development	-	11	11	9
		177	6,249	6,426	5,002

Notes to the Financial Statements for the year ended 31 December 1996

3 Direct charitable expenditure (continued)	1996 £'000	1995 £'000
Disbursements for overseas programmes include the following payments made on projects funded by the British Overseas Development Administration, disclosed separately in accordance with the requirements of the donor.		
Ethiopia Addis Ababa Clinic	-	2
Kenya - National Youth Service	-	29
Kenya - National Youth Service Extension	-	101
Malawi 4 clinics	-	2
Malawi Refugees	-	52
Malawi Clinics Expansion	963	722
Sierra Leone Male Awareness	42	46
Sierra Leone Refugees	3	16
Sierra Leone Maternal and Child Health	27	3
Sierra Leone Institutional Strengthening	58	-
Tanzania Institutional Strengthening	45	-
Zimbabwe Institutional Strengthening	79	22
Bosnia Reproductive Healthcare	4	72
Bosnia Counselling - Phase 1	-	64
Bosnia Counselling - Phase 2	16	69
Bosnia Counselling - Phase 3	1	67
Bosnia Tusla Workshop	-	18
Bosnia Kupljensko Reproductive Healthcare	16	-
Bangladesh Reproductive Healthcare	489	197
Bangladesh Employment Based Family Planning	-	35
Bangladesh Refugees	7	4
India Family Life Education	-	62
India Reproductive Health Education	97	53
India Contraceptive Social Marketing Extension	-	95
India Condoms	103	-
Nepal Family Planning Clinic	56	71
Pakistan Baluchistan Research	25	-
Pakistan Community Based Distribution	103	110
Philippines Mobile Outreach	174	16
Sri Lanka Mahaweli Clinic	69	93
Sri Lanka Refugees	215	62
Vietnam Clinic	-	25
Vietnam Disaster Fund	9	-
Nicaragua Community Based Family Planning	89	102
Nicaragua Institutional Strengthening	30	5
Peru Clinic	139	32
Franchising Blueprint	15	11
Ghana Social Marketing	4	-
Kenya Social Marketing	7	-
Uganda Social Marketing	22	-
Albania Feasability Study	4	-
	2,911	2,258

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1996

3 Direct charitable expenditure (continued)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 1996 £'000	Total 1995 £'000
b) Overseas programmes support costs				
Technical assistance & monitoring costs	749	-	749	676
Consultancy	11	-	11	16
Literature	7	-	7	6
Office costs	172	-	172	149
	<u>939</u>	<u>-</u>	<u>939</u>	<u>847</u>

c) UK programme costs

Provision of family planning services:				
Clinics	1,491	-	1,491	1,342
Nursing homes	5,254	-	5,254	4,720
	<u>6,745</u>	<u>-</u>	<u>6,745</u>	<u>6,062</u>

4 Other expenditure

a) Fundraising and publicity

UK Marketing & advertising	526	-	526	444
Fundraising	342	-	342	265
Overseas programmes press & publicity	10	-	10	12
	<u>878</u>	<u>-</u>	<u>878</u>	<u>721</u>

b) Management and administration of the charity

Salaries & office costs	707	-	707	676
Audit fee	26	-	26	23
Auditors' remuneration for other services	5	-	5	5
	<u>738</u>	<u>-</u>	<u>738</u>	<u>704</u>

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1996

5 Total resources expended

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total 1996 £'000	Total 1995 £'000
Disbursements for overseas programmes	-	-	6,426	6,426	5,002
Overseas programme support costs	645	46	248	939	847
UK programme costs	2,523	494	3,728	6,745	6,062
Fundraising & publicity	227	23	628	878	721
Management & administration	364	67	307	738	704
	3,759	630	11,337	15,726	13,336

Staff costs:

Wages and salaries	3,405	3,004
Social security costs	325	303
Employer's pension contributions	29	28
	3,759	3,335

Other costs:

Disbursements for overseas programmes	6,426	4,981
Medical costs	2,658	2,336
Premises costs	680	628
Equipment rental	4	4
Marketing, fundraising & publicity	603	495
Bank & loan charges & interest	210	233
Legal & professional fees	168	55
Audit fees	31	28
Office costs	664	570
Gain on disposal of fixed assets	(107)	-
	11,337	9,330

The average number of employees analysed by function was:

Trustees	8	6
UK services	176	167
Overseas programmes support	29	24
Fundraising & publicity	8	9
Management & administration	8	8
	229	214

The numbers of employees whose emoluments were more than £40,000 were:

£40,001 - £50,000	1	1
£100,001 - £110,000	1	-

The employee whose emoluments are between £ 100,001 and £ 110,000 is a surgeon employed within the UK services team.

6 Directors' emoluments

None of the directors received any emoluments during the year (1995: nil).

Notes to the Financial Statements for the year ended 31 December 1996

7	Interest payable and similar charges	1996 £'000	1995 £'000
	Bank loans and overdrafts	94	108
	Other loans wholly repayable within five years	8	10
	Other loans not wholly repayable within five years	35	39
		<u>137</u>	<u>157</u>

8 Tangible fixed assets

Freehold properties are revalued as deemed necessary by the Trustees. The latest revaluation was at 1 December 1994 by Nelson Bakewell, Chartered Surveyors, on the basis of the open market value for existing use.

The freehold property at Manstone Road was subsequently revalued on 6 June 1995 by Nelson Bakewell, Chartered Surveyors, on the basis of the open market value for disposal of the property (market value at 6 June 1995 £195,000). The property was disposed of on 16 February 1996 for £200,000.

The freehold property at Grafton Way was disposed of on 5 September 1996 for £370,000.

	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 1.1.96	7,805	11	566	229	366	31	9,008
Additions	418	89	50	137	53	10	757
Disposals	(485)	-	(25)	-	-	(14)	(524)
At 31.12.96	<u>7,738</u>	<u>100</u>	<u>591</u>	<u>366</u>	<u>419</u>	<u>27</u>	<u>9,241</u>
Depreciation							
At 1.1.96	408	3	419	168	248	19	1,265
Charge for the year	404	17	69	56	77	7	630
Eliminated on disposals	(32)	-	(11)	-	-	(14)	(57)
At 31.12.96	<u>780</u>	<u>20</u>	<u>477</u>	<u>224</u>	<u>325</u>	<u>12</u>	<u>1,838</u>
Net book value							
At 31.12.96	<u>6,958</u>	<u>80</u>	<u>114</u>	<u>142</u>	<u>94</u>	<u>15</u>	<u>7,403</u>
At 31.12.95	<u>7,397</u>	<u>8</u>	<u>147</u>	<u>61</u>	<u>118</u>	<u>12</u>	<u>7,743</u>

Notes to the Financial Statements for the year ended 31 December 1996

8 Tangible fixed assets (continued)

The net book value at 31 December 1996 represents fixed assets used for:

	£'000
Direct charitable purposes	
UK programme	6,053
Overseas programme support office	525
	<u>6,578</u>
Other purposes	
Fundraising & publicity	262
Management & administration of the charity	563
	<u>7,403</u>

The financial statements do not differentiate between the value of land and the value of freehold properties because, in the opinion of the Trustees, the difference is not material.

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

	1996 £'000	1995 £'000
Cost	5,094	5,621
Accumulated depreciation	(1,370)	(1,332)
Net book value	<u>3,724</u>	<u>4,289</u>

9 Investments

a) Fixed asset investments	1996 £'000	1995 £'000
Investment in subsidiary companies at cost:		
99 ordinary shares - Brown Street Nurses Limited	-	35.0
100 ordinary shares - Options Consultancy Services Limited	0.1	0.1
	<u>0.1</u>	<u>35.1</u>

Further information on the activities of the subsidiaries is given in the Trustees' Report.

Under the equity method of valuation, the investment of the charity in the shares of the subsidiary undertakings is as follows:

Brown Street Nurses Limited	<u>2</u>	<u>4</u>
Options Consultancy Services Limited	<u>27</u>	<u>14</u>

Notes to the Financial Statements for the year ended 31 December 1996

9 Investments (continued)

The aggregate amounts of capital and reserves and profit/(loss) for the subsidiaries are as follows:

	1996		1995	
	Capital & reserves £'000	Profit/(loss) for the year £'000	Capital & reserves £'000	Profit/(loss) for the year £'000
Brown Street Nurses Limited	2	(2)	4	(1)
Options Consultancy Services Limited	27	13	14	31

b) Current asset investments	1996 £'000	1995 £'000
Listed investments at cost/valuation at 1.1.96 and 31.12.96	3	3

The market value of investments listed on the Stock Exchange at the year end was £4,000. (1995: £3,000)

10 Stocks and work in progress

Medical supplies, drugs and family planning requisites

59	53
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11 Debtors	Unrestricted Funds £'000	Restricted Funds £'000	Total 1996 £'000	Total 1995 £'000
Trade debtors	597	1,397	1,994	1,388
Loan to overseas programme	49	-	49	-
Amounts owed by Brown Street Nurses Limited	-	-	-	12
Amounts owed by Options Consultancy Services Limited	-	-	-	117
Other debtors	16	-	16	4
Prepayments and accrued income	111	-	111	122
	773	1,397	2,170	1,643

The loan to overseas programme is for the purchase of a nursing home in Kenya and includes £39,166 which is repayable after more than one year (1995: nil).

12 Creditors	Unrestricted Funds £'000	Restricted Funds £'000	Total 1996 £'000	Total 1995 £'000
a) Amounts falling due within one year				
Bank and other loans	279	-	279	326
Bank overdrafts	120	-	120	75
Trade creditors	248	14	262	459
Other taxes and social security	98	-	98	96
Accruals and deferred income	243	-	243	207
	988	14	1,002	1,163

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1996

12	Creditors	1996	1995
		£'000	£'000
	b) Amounts falling due after more than one year		
	Bank and other loans	<u>1,241</u>	<u>1,608</u>
 13	 Loans		
	Bank loans	1,137	1,439
	Other loans	383	495
		<u>1,520</u>	<u>1,934</u>
	Amounts repayable:		
	In one year or less or on demand	279	326
	Between one and two years	287	313
	Between two and five years	698	785
		<u>1,264</u>	<u>1,424</u>
	In five years or more	256	510
		<u>1,520</u>	<u>1,934</u>
	Amounts repayable by instalments any of which fall for payment after five years:		
	Instalments payable within five years	733	690
	Instalments payable after five years	256	510
		<u>989</u>	<u>1,200</u>
	Interest rates applicable to loans outstanding at the year end are as follows:		
	Bank loans:		
	1.5% above bank base rate	495	672
	1.75% above bank base rate	302	387
	1.25% above bank base rate, with 2% reduction in bank base rate for the first year	340	380
		<u>1,137</u>	<u>1,439</u>
	Other loans:		
	Fixed rate at 9.0% per annum	58	87
	Fixed rate at 9.5% per annum	325	408
		<u>383</u>	<u>495</u>

The bank loans are secured on the charity's freehold properties and by way of a floating charge over the assets of the charity. The other loans are unsecured loans from DKT International, a company incorporated in the USA, of which Mr PD Harvey and Dr TRL Black are directors.

Notes to the Financial Statements for the year ended 31 December 1996

14 Restricted funds	At 1 Jan 1996 £'000	Net movement £'000	At 31 Dec 1996 £'000
Africa & Arab World			
Egypt	141	8	149
Ethiopia	110	57	167
Kenya	16	(15)	1
Madagascar	4	7	11
Malawi	2	506	508
Sierra Leone	92	(89)	3
South Africa	29	65	94
Tanzania	-	3	3
Uganda	81	(25)	56
West Bank	258	(34)	224
Zimbabwe	14	39	53
Training, research and development	-	24	24
Asia			
Bangladesh	272	(140)	132
India	42	(20)	22
Indonesia	4	12	16
Nepal	2	17	19
Pakistan	5	11	16
Philippines	42	30	72
Sri Lanka	128	(8)	120
Vietnam	4	9	13
Training, research and development	21	(18)	3
Europe			
Former Yugoslavia	284	(273)	11
Romania	8	(6)	2
Latin America			
Bolivia	59	12	71
Haiti	1	(1)	-
Honduras	-	31	31
Nicaragua	34	7	41
Peru	49	(43)	6
Training, research and development	-	-	-
Cross-regional			
Advocacy	64	38	102
Refugees & Internally Displaced People	138	(67)	71
Social Marketing	88	(88)	-
Training, research and development	91	(44)	47
	2,083	5	2,088

Notes to the Financial Statements for the year ended 31 December 1996

15 Accumulated funds

	General reserves £'000	Contingency reserves £'000	Revaluation reserves £'000	Restricted reserves £'000
At 1 January 1996	4,162	5	3,052	2,083
Net incoming resources before transfers	170			
Transfers:				
Movement in contingency provision	(698)	698		
Revaluation deficit crystallised on disposal of properties	(219)		219	
Contributions to overheads	767			(767)
Specific donations:				
Received				7,021
Disbursements for overseas programmes				(6,249)
At 31 December 1996	4,182	703	3,271	2,088

16 Reconciliation of net incoming resources to net cash inflow from operating activities

	1996 £'000	1995 £'000
Net incoming resources for the year	977	1,265
Investment income	(156)	(112)
Interest payable	137	157
Depreciation	630	654
(Gain)/loss on disposal of tangible fixed assets	(107)	(1)
Decrease/(increase) in stocks	(6)	(4)
Decrease/(increase) in debtors	(527)	(381)
Increase/(decrease) in creditors	(159)	159
Net cash inflow from operating activities	789	1737

17 Reconciliation of net cash flow to movement in net debt

	1996 £'000	1995 £'000
Increase in cash in the period	211	319
Exchange gain	40	2
New loan received	-	(400)
Repayment of loans	374	289
	625	210
Net funds at 1 January 1996	587	377
Net funds at 31 December 1996	1212	587

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1996

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

	At 1 Jan 1996 £'000	Cash flows £'000	Other changes £'000	At 31 Dec 1996 £'000
Cash at bank and in hand	2596	256	-	2,852
Bank overdrafts	(75)	(45)	-	(120)
	<u>2,521</u>	<u>211</u>	<u>-</u>	<u>2,732</u>
Debt due within one year	(326)	374	(327)	(279)
Debt due after more than one year	(1,608)	-	367	(1,241)
	<u>587</u>	<u>585</u>	<u>40</u>	<u>1,212</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.

20 Capital commitments

Capital commitments as at 31 December 1996 amounted to £76,000 (1995: nil)

21 Contingent liabilities

At 31 December 1996 the charity had given advance payment guarantees of £256,000 (1995: £256,000) to the Overseas Development Agency in respect of projects in Malawi and US\$350,000 (1995: US\$150,000) to the Ministry of Health (Uganda) in respect of projects in Uganda.

22 Transactions involving Trustees and Company Secretary

The charity receives an annual donation of US\$600,000 from DKT International, a company incorporated in the USA in which Mr PD Harvey (Trustee) and Dr TRL Black (Secretary) are directors.

The charity also received loans from DKT International as detailed in note 13 to the financial statements.

During the year the charity paid £70,000 (1995: £58,000) to Dr TRL Black (Secretary) for the provision of consultancy and surgical services. The company also paid £10,000 (1995: £10,000) to Mrs J Black, wife of Dr TRL Black (Secretary) for the provision of company secretarial and administration services.