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# **World Vision UK**

## **Annual Report and Accounts For the year ended**

**30 September 2003**



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World Vision UK (WVUK) was incorporated on 4 November 1982 when it took over the charitable activities in the United Kingdom started by World Vision of Europe. It is a company limited by guarantee, registered number 1675552, with the members being the current Board of Directors whose liability is limited to £1 each. It is registered in England as a charity, number 285908. The Directors of the company are the trustees for charitable purposes.

**Board of directors**  
**Anne Williams** – Chairman  
**Adrian Bagg**  
**Alan Bell** (appointed 25 April 2003)  
**Leonard Beighton CB**  
**Dean Hirsch**  
**Dorothea Hodge** (appointed 17 January 2003)  
**Humphrey Norrington OBE**  
**Stephen Phelps FCA**  
**Ian Wallace**  
**Bishop John Went**  
**Tim Amies** (resigned 1 November 2002)

**Secretary**  
**Jonathan Cox ACA** (appointed 17 January 2003)  
**Charles Clayton** (resigned 17 January 2003)

**Principal officers**  
**Charles Badenoch** – Chief Executive (appointed 1 October 2003)  
**Justin Byworth** – International Programmes (appointed 1 July 2003)  
**Jonathan Cox** – Finance (appointed 3 December 2002)  
**Jenifer York** – Human Resources and Support (Acting Chief Executive 30 April to 30 September 2003)  
**Charles Clayton** – Chief Executive (resigned 29 April 2003)  
**Edward Fox** – Marketing (resigned 19 September 2003)  
**Bwalya Melu** – International Programmes (resigned 26 February 2003)

**Auditors**  
**Deloitte & Touche LLP**  
 Chartered Accountants  
 Hill House  
 1 Little New Street  
 London EC4A 3TR

**Solicitors**  
**Blake Laphorn Linnell**  
 Greyfriars Court  
 Paradise Square  
 Oxford OX1 1BB

**Bankers**  
**Lloyds TSB Bank plc**  
 Lloyds Court  
 28 Secklow Gate West  
 Milton Keynes MK9 3EH

**Allied Irish Bank**  
 Cavendish House  
 39 Waterloo Street  
 Birmingham B2 5PP

**Registered office**  
**World Vision House**  
 Opal Drive  
 Fox Milne  
 Milton Keynes  
 Buckinghamshire MK15 0ZR

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## From the Chief Executive

**What a year it was!** More supporters, more income and more children, families and communities helped than ever before. In 2003, World Vision drew closer to its supporters, strengthened relationships with a whole range of other partners – from governments to churches and the media – and laid down important foundations for our future.

More than 80,000 children are now sponsored by people in the UK. We are delighted that supporters keep joining us in ever-increasing numbers, so we can bring fullness of life to some of the world's most vulnerable children.

As part of the network of organisations working to bring hope and justice to the developing world, we recognise the benefits of working alongside others. This was demonstrated in a spectacular way during the desperate famine that hit Southern Africa. A partnership with the World Food Programme meant that the £650,000 raised in the UK resulted in a remarkable £10 million worth of food aid being distributed.

But even this tragedy was overshadowed by the relentless advance of HIV/AIDS and its impact on the work of all those trying to bring new hope to the developing world. The effects on Africa are well-documented, but we're now seeing AIDS spread to Asia and Eastern Europe at an alarming rate. The world still hasn't really woken up to what is happening, yet the consequences of HIV/AIDS will be with us for generations to come.

In countries across the world, we have worked hand-in-hand with local communities, because they must play the major part in drawing up plans for their future. We also encourage them to get used to standing up for their rights, so they can play a full part in building a thriving society.

Giving people opportunities is just as important. By supporting many people in creating their own small business, we give them a chance to win back their self-respect and to play a full part in transforming their own lives. We also created a new focus on working with the disabled – the poorest of the poor – many of whom are totally overlooked, even by their own communities.

This is my first report and I can do little more after two months with World Vision UK than to give my first impressions. Let me say that I believe we have a strong, intelligent, professional and compassionate organisation, driven by supporters who share the same values. It's a recipe for continuing success.

I would like to place on record my sincere thanks to everyone who has contributed to World Vision during the year – including Charles Clayton, the previous Executive Director – and especially to our very generous supporters. They are making a big difference to the lives of so many.

Even so, we never forget that we are still only scratching the surface of the huge task that faces us. With the help of God in all we do, we dedicate ourselves to bringing peace, hope and justice to the world's poorest and most vulnerable children, their families and communities.

**Charles Badenoch**

*Chief Executive*

15 December 2003



## Five year record

for the year ended 30 September 2003

	1999 £000	2000 £000	2001 £000	2002 £000	2003 £000
Voluntary income	16,318	19,681	21,458	22,488	23,941
Government grants	5,411	5,408	6,570	9,374	7,518
Donated goods and services	293	1,147	1,021	901	10,572
Other income	195	268	248	148	192
<b>Total income</b>	<b>22,217</b>	<b>26,504</b>	<b>29,297</b>	<b>32,911</b>	<b>42,223</b>
Costs of generating funds	3,689	4,255	4,758	5,777	5,648
Direct charitable activities	16,923	19,828	23,460	25,191	35,944
Management and administration	519	485	541	553	1,046
<b>Total expenditure</b>	<b>21,131</b>	<b>24,568</b>	<b>28,759</b>	<b>31,521</b>	<b>42,638</b>
<b>Net (outgoing)/incoming resources before investment gains/(losses)</b>	<b>1,086</b>	<b>1,936</b>	<b>538</b>	<b>1,390</b>	<b>(415)</b>
<b>Total reserves</b>	<b>4,385</b>	<b>6,372</b>	<b>6,675</b>	<b>7,597</b>	<b>7,481</b>
<b>Ratios –</b>					
<b>Percentage of Total Income:</b>					
Direct charitable activities	76%	75%	80%	76%	85%
Fundraising	17%	16%	16%	17%	14%
Management and administration	2%	2%	2%	2%	2%
Transferred to/(from) reserves	5%	7%	2%	5%	(1%)
<b>Available Reserves<sup>1</sup></b>					
Number of days expenditure <sup>2</sup>	38 days	47 days	46 days	49 days	60 days

<sup>1</sup> **Available Reserves** comprise the General fund. In prior years Available Reserves also included certain designated funds; the five year record has been adjusted to reflect the new definition.

<sup>2</sup> **Number of days' expenditure** excludes donated goods and services

## **Vision, Determination and Faith**

World Vision seeks life in all its fullness for every child. As a Christian organisation, we are motivated by the desire to follow Christ's teaching by working with the poor, the powerless, the afflicted, the oppressed and the marginalised. As a humanitarian aid and development agency, World Vision helps people of all faiths or none, according to their need.

### **Principal activity**

The principal objective of World Vision UK, as set out in the Memorandum of Association, is to relieve poverty among the sick, the aged, the homeless and the needy in any part of the world and, as ancillary thereto, to educate people all over the world, and in particular in the United Kingdom, about the underlying causes of poverty.

The principal activity of World Vision UK is that of a Christian international humanitarian aid and development agency. A member of the global World Vision partnership, the vast majority of its programmes are concerned with community development. Its activities include promoting understanding of issues that affect poor people and advocating effective solutions by working alongside communities.

## Bringing new life to poor people

Help people to help themselves. It's the best way to transform the lives of poor people and their children. And it's the children who are hit hardest. The facts speak for themselves – 30,000 innocent youngsters die needlessly from poverty every day. By working with children and the communities they live in, World Vision aims to bring fullness of life to every child.

So how does World Vision make a difference? The vehicle for change is an Area Development Programme (ADP). Over many years, ADPs have proved to be a very effective way of helping children and their communities to help themselves out of poverty. It's essential that people themselves make the big decisions. World Vision works alongside them to devise plans for improved health, better education, greater financial prosperity and also spiritual development. And everyone moves forward on the basis that the improvements made must be sustained for the long term.

World Vision UK is currently supporting 49 programmes in 23 countries and sowing the seeds for a further six. Of these, 26 are in Africa, 20 in Asia, one each in the Middle East and Eastern Europe and seven in Latin America. It's an impressive list which continues to expand.

No two ADPs are identical. People's needs and priorities differ and each individual programme reflects this. Yet the principles of development remain the same. In an ADP the money raised through child sponsorship is used to develop the whole community.

World Vision works tirelessly with communities to drive their plans forward. And careful monitoring takes place to check the impact of the programme, while evaluating the successes and

challenges that remain. In fact a new system is being created to monitor this progress. It involves a dozen parameters which are checked systematically to give an accurate barometer of the quality of life, such as access to clean water, children's nutrition and education.

### Adapting to a changing world

The HIV/AIDS epidemic means that progress in many areas – especially in Africa – is being severely tested. It's a disaster on a scale the world has never seen before. The facts are frightening – 8,000 deaths a day caused by HIV/AIDS and 40 million orphans in the African continent alone. The World Vision partnership spent £30 million this year in the 30 worst-hit countries to try to stem what is a catastrophe spiralling out of control. And it's launching HIV/AIDS initiatives, plus a strong commitment to HIV/AIDS work in every ADP across the world.

Bright ideas help. In two of the worst-affected countries, Uganda and Zambia, World Vision is documenting the very best ways of tackling HIV/AIDS, focusing particularly on prevention and care.

As part of the initiative to fight HIV/AIDS, World Vision UK is funding a project which re-trains sex workers – a highly vulnerable group – in alternative ways of earning a living.

### Partners with Government

Some of the most important projects are financed by Governments or the European Union, many of them bringing long term benefits to a community and, in particular, to its children.

### So how was this money spent in 2003?

#### Some examples:

- A healthcare project in **Sierra Leone** includes five clinics, a drug store and training for hundreds of medical staff so that when the project closes, health services to the local population will continue.
- In **Kosovo**, farmers received machinery to help them recover from war damage.
- Innovative projects in **Angola, Kenya** and **Uganda** to build peace through community activities.
- **World Vision UK** has been one of the leaders in working on HIV/AIDS prevention (in countries like **Mozambique** and **Myanmar**).
- In **Senegal**, a project focusing on long-term development of water resources aims to make best use of the limited rainfall.
- Projects aimed at food security have been operating in countries including **Somalia** and **Angola** and to strengthen rural livelihoods in **Malawi** and other places.

### Stay flexible, learn fast

The rich variety of projects that are supported keeps World Vision on its toes. And not everything goes 100 per cent right every time. Learning lessons, therefore, makes everyone wiser when new plans are created. The strategy is to stay flexible and use those years of experience to deliver more effective support. In some programmes, community participation

might need strengthening. The number of villages involved in a project in Niger was reduced to speed up progress, for instance. And in a project in Ghana, local politics were hampering the work. The solution? Running peace and conflict workshops, which helped to resolve the problem. World Vision UK is leading the move to place greater focus on disabled children, who are among the poorest and most marginalised in every community.

In the past few years both the UK Government and the European Union have begun decentralising their decision-making on funding to the developing countries themselves. And their focus has shifted from simply funding schools and wells to helping communities to stand on their own feet. World Vision UK has adapted to this and our work in the past year has involved training national office staff to work with these donors.

Nothing is more satisfying than closing a programme that has reached its conclusion,

such as that at Mesk in Ethiopia, which has been supported by World Vision UK for 18 years.

The project goes back to the days of famine in the mid-1980s when the world's attention was drawn to the plight of millions of starving people for the first time.

"A huge amount of progress has led to this area being able to stand on its own feet after 18 years of support," says Clive Bacon of World Vision UK's programme development team. "This has included the creation of a more stable food supply, thanks to new irrigation systems and training for farmers.

"Access to education has been much improved, water supplies are more reliable and most children are receiving proper immunisation. Loans for small businesses are available to increase the prosperity of the area and it's time for us to devote our efforts to a new community."

## A fast and effective response

Disasters strike with uncomfortable frequency. They hit the headlines... and are soon forgotten. Not by World Vision, however, and the other aid agencies who join together to respond. Long after something else makes the lead item on the news, supplies are still being distributed, medical care provided and refuge found for the homeless.

During the past year World Vision worked with the consequences of a disastrous famine in Southern Africa and helped the homeless affected by the civil war in Liberia.

Disasters come in all shapes and sizes and require very different ways of addressing the problems. The Southern Africa food crisis resulted from a sequence of problems – such as a drought – that were compounded by the devastating effects of HIV/AIDS. World Vision's response included large scale food distribution programmes to deal with immediate needs while tackling long-term issues such as agricultural production and HIV education. The crisis highlighted the huge impact that HIV/AIDS has had on the generation of people who produce the food.

In stark contrast, the violence in Liberia created further problems for many ordinary people who have lived with the threat of insecurity and conflict for the past 15 years. More than 200,000 people were homeless before the emergency started – this grew to one million, with many sheltering in Monrovia's sports stadium, churches, schools, mosques and government ministries. World Vision launched a major response meeting urgent food and health needs. In the UK, a letter was targeted at churches and this raised about £20,000. However, World Vision UK is due to spend about £110,000 through funds raised by

participating in an appeal by the Disasters Emergency Committee (DEC).

With the accent always on prevention as well as cure, World Vision has been helping people prepare for the possibility of new disasters. In Africa, communities in most ADPs have been developing Initial Disaster Preparedness Plans. These plans evaluate the likelihood of disasters such as floods or earthquakes and assess their impact. They can make a huge difference if the worst happens.

Basically they set out how a community can respond in the event of a potential disaster, with firm proposals in place to help everyone cope. The end result – many communities are now much more able to handle such emergencies.



### Facing disasters together

Publicity is vital on all the big issues actioned by World Vision, because it keeps the public involved. Disasters always draw a big response from the media when the news breaks. But the challenge then is actually to keep news of the emergency in the media, to continue public awareness and response. As a member of the DEC in the UK, World Vision works alongside other major aid agencies to bring humanitarian emergencies to the urgent attention of the UK public and to raise funds.

Other emergency relief work supported by World Vision UK, most of which failed to hit the headlines – but proved essential for local communities – included:

- Flood relief in **Kenya** and **Bangladesh**
- Drought relief in **Cambodia**
- Food projects in **Ethiopia** and **Sudan**
- Drugs for children in **Ethiopia** who were ill as a result of hunger
- Helping survivors of conflict on the **Kenya/Uganda** border
- Emergency needs for seeds and tools in **Angola**
- Food, water, sanitation, health and peace projects in the **Great Lakes** region of Africa

The most serious emergency in 2003 followed a famine that threatened the lives of tens of thousands of people in Southern Africa.

World Vision's supporters had already responded generously to an emergency appeal. As a result, a sum of £650,000 from World Vision UK resulted in food worth no less than £10.2 million being distributed in the financial year.

"World Vision entered into partnership with the World Food Programme and it meant that for every £1 given to our Southern Africa Crisis Appeal, we could deliver £15 worth of food," said Justin Byworth, World Vision UK's International Programmes Director. "More than 825,000 children and adults received life-saving food."

"But we are also supporting agricultural programmes, plus helping farmers with seeds, tools, irrigation equipment and training."

## **Fighting against injustice in the world**

Dealing with the practical implications of poverty is vitally important. But World Vision also works vigorously to tackle the root causes of deprivation, by influencing Governments and international organisations. World Vision aims to be a powerful voice speaking out on the issues that matter most to those living in the developing world.

But with the backing of its supporters, World Vision can make an even bigger impact. In 2003, that partnership came of age. Thousands of big-hearted supporters in the UK showed that their appetite for taking part in the organisation's work stretched far beyond financial contributions. It became very clear that many of them have strong opinions about the injustices of the world and in 2003 they demonstrated that they were prepared to get involved in campaigning.

Their positive reaction came in a year in which World Vision put even more emphasis on influencing the British Parliament and the European Union.

### **The tragedy continues**

The tragedy of HIV/AIDS continued relentlessly during 2003. World Vision is an active member of the UK Consortium on AIDS and International Development which runs the STOP AIDS campaign. This has been raising awareness among opinion-formers and calling for the government to commit more funds to fight HIV. In the run-up to World AIDS Day 2002, World Vision supporters were asked to send a postcard to the Prime Minister calling for more help on HIV/AIDS. Of all the members of the consortium, World Vision produced the greatest response from its supporters. The scale of the response gave World

Vision an important message about the enthusiasm and passion of supporters.

Then the STOP AIDS campaign held an event at the London Eye on World AIDS Day involving MPs, opinion-formers and celebrities, which led to national publicity on BBC radio and in newspapers.

### **Action at Westminster**

World Vision strengthened its influence in Parliament on major issues. It was represented at party conferences to lobby politicians. HIV/AIDS was a key focus of parliamentary work. This included sponsoring a fact-finding visit by Kerry Pollard MP to Zambia in April 2003. That resulted in World Vision and Mr Pollard meeting the then Under Secretary of State for International Development, Hilary Benn, and further action in Parliament. A fringe meeting at the 2002 Labour Party Conference centred on HIV/AIDS at which Sally Keeble MP, then *Parliamentary Under-Secretary for International Development*, was a speaker. Showing their appetite for campaigns once more, supporters strongly backed Eradication of Poverty Day on October 17. This event pressed the Chancellor of the Exchequer to fulfil his pledge to spend 0.7 per cent of the country's GNP on overseas aid. The whole event was part of a major drive by World Vision to force home the message that 30,000 children die every day of poverty.

### **Building a reputation**

World Vision UK's advocacy work with the European Union, through the Brussels-based European Union Liaison Office, assumed a bigger priority in 2003. The EU already holds close discussions with governments about how it spends its huge development budget. During the last year, World Vision and others have influenced the EU to listen to local aid agencies as they plan their programmes. This should increase the effectiveness of EU aid, particularly in reaching the poorest people.

It should also influence EU policy on such key issues as HIV/AIDS and orphans and vulnerable children whose lives are affected by the virus.

One of the most crucial issues tackled by World Vision was a change to the Sexual Offences Bill.

Until now, convicted sex offenders have only had to notify the authorities of plans to travel abroad if they were leaving the country for eight days or more. World Vision felt that seven days was more than enough time to allow someone to travel overseas and abuse a child. A new Sexual Offences Bill presented the opportunity to get the loophole closed.

The Government was urged to reduce the timescale to 72 hours and a World Vision team met Lord Falconer, Minister at the Home Office. Following this, the Government made a public commitment to make changes.

"Closing this loophole will be one step towards protecting thousands of children from abuse by British men, who are among the top five nationalities to sexually abuse children in Cambodia," says World Vision's Jo Trevor.

Several MPs and peers helped with the campaign, including Sandra Gidley MP, who visited Cambodia with World Vision UK and was especially moved to help as a result. Action in parliament and important national TV and newspaper coverage about the sexual exploitation of children, linked to World Vision's work in Cambodia, resulted.

Following its dialogue with World Vision, the Home Office set up a Child Sex Tourism consultation group, including World Vision and other interested parties.

## Partners in progress

Standing firmly at the heart of everything achieved by World Vision is the commitment of a steadily increasing number of donors. The act of sponsoring a child involves individual donors with the life of the child, the family and the community where he or she lives. It builds strong ties that last for years – and enables World Vision to fund long-term development programmes.

Great progress was made in recruiting new supporters. During 2003, the number of children sponsored from the UK increased to more than 80,000 and voluntary income grew by 6.5 per cent over 2002.

But 2003 was also important for the way supporters helped in non-financial ways. New initiatives, like encouraging them to introduce a friend to sponsorship and taking part in campaigning, laid some important foundations for the future pattern of supporter involvement.

### **Strengthening links with UK Churches**

World Vision, as a Christian organisation, values its relationships with UK churches immensely. In 2003, these were further strengthened. World Vision makes long-term commitments to poor communities and churches can now share in that experience through the newly launched *Churches in Partnership* programme. This offers individual UK churches a bond with development programmes, initially in Cambodia and Zimbabwe. Direct links between church congregations in the UK and poor communities overseas gives churches a relationship that mirrors, to some extent, the benefits received by child sponsors.

Equally strategic is the new Power to the Church initiative, which is equipping leaders of rural churches to bring lasting change to their communities. These church leaders – in Cambodia, Ethiopia,

Tanzania and Armenia – are receiving vital training in development skills, mainly funded by a grant of £114,000 from Spring Harvest, the annual UK Christian festival.

It was also another successful year for World Vision's long-running 24-hour Famine. The Famine, which involves a sponsored day without food by youngsters in the UK, is now run through Scouts, church groups and other organisations and the result in 2003 was the best for four years. In taking part, the youngsters learn more about hunger.

### **Tell a friend...**

Two new initiatives took place as part of a campaign to further boost the number of child sponsors. In the first, supporters were urged to tell their friends about sponsorship and in the other, sponsors were asked to support a second child. Both campaigns added to the platform of World's Vision's initiatives.

The Alternative Gift Catalogue, where people can buy a gift for someone in the developing world, has become a very useful new way of involving supporters. It was refined and improved during the year and saw a 200 per cent rise in catalogue sales on the web.

### Natasha's day

World Vision supporters are creative – and generous – with both time and money. Many of them showed their enthusiasm for helping World Vision by holding their own local events in ever-increasing numbers. These ranged from sponsored walks and bike rides to action by a Bedfordshire school which devotes a whole day to fund-raising each year. It's in memory of a pupil, *Natasha Watson, who died tragically aged just 17*. Natasha sponsored a child in Kenya and the money goes to help the local community there.

It's also important that World Vision really understands its supporters.

Questionnaires helped to improve communications, leading to the launch in September of a redesigned magazine and more professional, carefully targeted marketing material.

In today's world, celebrities really count when it comes to media coverage. World Vision cemented a strong partnership with Jenny Richards, winner of Channel 4's Model Behaviour programme. Sharing the ambitions of World Vision, Jenny devoted a great deal of time to helping with fund-raising and went on a highly-publicised visit to Mozambique.

Among other media stories, journalist Natalie Walker travelled to Zambia and wrote a compelling personal story in *She* magazine about the child she sponsors.

In 1985, World Vision supporter Barbara Besant-Hutchins came up with the simplest of fund-raising ideas.

Yet it has gone on to raise an amazing £52,000, most of which has gone to World Vision projects supporting poor communities around the world.

She formed an organisation whose members commit just 5p a week – or more if they wish – to help less privileged people.

It began by involving a small local group in Worthing, but over the years, 600 people from all corners of the British Isles have joined.

Barbara is committed to a number of other charitable activities and even opens her home to people looking for short retreats away from difficult family situations.

Fellow community organisation member Ian Richards, says: "Most of us would find just one of these projects demanding. Barbara's health has not been good for some time and she has spent much of her life as a widow, while raising three children. I think most would agree that she is a very special person."

## World Vision – local yet global

World Vision UK is a major organisation in its own right. Yet its international success stems from being part of one of the world's leading development agencies, serving children and their communities in almost 100 countries.

Within the UK, World Vision has a £42 million turnover; this is multiplied world wide so that internationally World Vision is a billion euro agency with great strengths arising from its global structure. World Vision functions as a network of interdependent organisations operating in many countries. Each is tailored to suit local conditions, but is also part of a global partnership with a shared mission and shared Christian values.

By signing the Covenant of Partnership, each partner agrees to abide by common policies and standards. Partners hold each other accountable through the ongoing system of peer review.

This gives World Vision a vast amount of experience and a strong and consistent voice in the developing world about the best way to achieve success. It also ensures that decisions about programming and relief work are locally led. The international dimension ensures that World Vision speaks with a global voice on topics of advocacy and is listened to by the major organisations of the world, including the World Bank, United Nations, International Monetary Fund and other world institutions. When humanitarian emergencies strike, World Vision is usually already present in countries facing disasters and is well placed to act speedily and with great local knowledge.

### Size matters

With 20,000 employees worldwide, of whom 97 per cent are nationals of their own countries, the voice of the less developed countries is strong.

Sometimes the global structure results in fascinating, unusual and unexpected events. World Vision Swaziland, for instance, this year sent 4,100 surgical masks to Taiwan to help to protect children from the SARS virus. It was in return for food donations made in the past by World Vision Taiwan to the African state. Not the norm, but a touching reminder of the hands that stretch across the world.

### Efficiency & effectiveness

World Vision UK continued to expand throughout 2003. It was a year of strong progress in fulfilling World Vision UK's commitment to staff development and training.

In October 2003, Charles Badenoch joined as the new Chief Executive. The Directors, Principal Officers and staff of World Vision UK all paid tribute to the outgoing Executive Director, Charles Clayton who gave 12 years of excellent and committed service to World Vision. There were also changes in the organisation's senior management team and World Vision UK moves forward with a renewed sense of enthusiasm and vision.

Truly international:  
World Vision works in  
almost 100 countries  
throughout the world

### Africa

Angola  
Burundi  
Chad  
Congo  
Ethiopia  
Ghana  
Kenya  
Lesotho  
Liberia  
Malawi  
Mali  
Mauritania  
Mozambique  
Niger  
Rwanda  
Senegal  
Sierra Leone  
Somalia  
South Africa  
Sudan  
Swaziland  
Tanzania  
Uganda  
Zambia  
Zimbabwe

### Asia

Afghanistan  
Bangladesh  
Cambodia  
China  
East Timor  
India  
Indonesia  
Iran  
Iraq  
Japan  
Laos  
Malaysia  
Mongolia  
Myanmar  
Nepal  
North Korea  
Philippines  
Singapore  
South Korea  
Sri Lanka  
Taiwan  
Thailand  
Uzbekistan  
Vietnam

### Europe

Albania  
Armenia

### Austria

Azerbaijan  
Bosnia – Herzegovina  
Denmark  
Finland  
France  
Georgia  
Germany  
Ireland  
Kosovo  
Macedonia  
Netherlands  
Romania  
Russia  
Serbia  
Montenegro  
Spain  
Switzerland  
United Kingdom  
Yugoslavia

### Latin America

Bolivia  
Brazil  
Chile  
Colombia  
Costa Rica  
Dominican Rep.  
Ecuador  
El Salvador  
Guatemala  
Haiti  
Honduras  
Mexico  
Nicaragua  
Peru  
Venezuela

### Middle East

Cyprus  
Jerusalem/  
West Bank/Gaza  
Jordan  
Lebanon  
Syria  
United Arab Emirates

### North America

Canada  
United States

### Oceania

Australia  
New Zealand  
Papua New Guinea  
Solomon Islands  
Vanuatu

## Directors' report

### Financial review

#### Charitable expenditure

This has been another record year: charitable expenditure grew by 43 per cent to £37 million. Major components of this expenditure to help the poor and to challenge injustice were funds sent overseas of £33.4 million and advocacy, education and research costs of £1.6 million. These have increased by 45 per cent and 18 per cent respectively over the 2002 financial year. The net outflow of funds (before investment gains) of £415,000 principally arose because income of £1.3 million received in the prior year and included in Restricted Funds brought forward was distributed during the current financial year.

#### Income

Once again, the commitment and generosity of supporters has meant that voluntary income (excluding emergency appeals) has risen by 15 per cent to £23.3 million. This income is mainly from regular giving and is vital in enabling World Vision UK to plan the funding of overseas programmes over many years on a stable basis.

Government grant income has fallen this financial year as a number of large reconstruction projects in the Balkans have finished, although there have been some encouraging new grants. However, income from donated goods has increased massively because World Vision UK has partnered with the World Food Programme in delivering £10.2 million of food aid to alleviate the effects of the continuing crisis in southern Africa due to drought.

#### Other expenditure

Management and administration costs were carefully controlled and amounted to 2.5 per cent of total income including relocation costs of £474,000. Fundraising

costs have also been carefully managed being 2.2 per cent lower than the previous year, yet still producing 15 per cent voluntary income growth as noted above and record numbers of new sponsors and other supporters.

#### Premises

World Vision UK moved to new edge-of-town offices during the year in order to provide space for its continued growth. The charity took the opportunity to acquire the freehold of these premises as research indicated that this would be more cost effective than rental and excess space to accommodate future growth has been rented out. The acquisition was funded in full by a bank loan in order to ensure that the acquisition would not negatively affect charitable expenditure.

#### Investments

Positive growth in the UK and overseas stock markets delivered gains of £299,000 on the charity's investment in a common investment fund, a 15 per cent increase.

Investments are classified into two groups: short term funds representing every day working capital, and longer term funds for development and non-routine working capital. The investment objective for short term funds is to maximise interest returns whilst maintaining maximum security and a high degree of liquidity: accordingly these funds are held in bank term deposits. The objective for longer term funds is to maximise the overall return on a combined income and capital basis subject to the need for rapid realisation and a conservative degree of risk. These funds are held in a combination of bank term deposits and a common investment fund for charities operated by CCLA Investment Management Limited, which provides exposure to equities,

bonds and property. The common investment fund applies ethical criteria to its investments: for example, it does not invest in companies with significant interests in armaments, gambling or tobacco and each year it discusses social responsibility policies with some of the companies in which it invests.

#### Funds and reserves

The charity's policy is to maintain available reserves within the range of 45 to 60 days of applicable expenditure (that is, total expenditure less donated goods and services which do not involve a cash outflow) in order to provide working capital and to enable the charity to develop over the longer term: this is equivalent to a range of £4.0 million to £5.3 million. At the balance sheet date, available reserves, which comprise the general fund, amounted to £5.3 million which represents 60 days of applicable expenditure

The charity has a number of designated funds:

- The tangible fixed asset fund represents the net book value of tangible fixed assets less related financing and is therefore not distributable.
- The emergency relief fund is for the support of programmes in emergency situations.
- The development fund is to enable specific new initiatives to develop the charity's operations.

The acquisition of new premises had minimal effect on the Tangible fixed asset fund because it was fully financed by a loan. There were no significant transfers to or from the other designated funds during the financial year.

Restricted funds are subject to conditions imposed by donors or implied by the nature of an appeal. The balance remaining in restricted funds fell during the financial year from £1.3 million to less than £0.1 million due to the distribution of income received in the prior year.

### **Organisation and Governance**

World Vision UK is a company limited by guarantee and a registered charity, governed by its Memorandum and Articles of Association.

The current Board of Directors is as shown on page 36. The Board, which meets quarterly, is responsible for ultimate strategic decisions, having regard to advice from the Chief Executive and senior management. All Directors normally serve for a maximum of nine years and are subject to re-election every three years. The Board is assisted by standing and ad hoc committees. The membership of the former is set out on page 36.

- The *Finance Committee* approves the annual budget, monitors financial performance and sets financial policies. A rolling five-year financial strategy and detailed annual budgets are prepared by the Principal Officers and discussed by the committee. Any significant changes to those plans are subject to specific approval. Actual results are compared to approved budgets on a monthly basis and reported to the Board. Revised annual forecasts are also prepared and reported monthly. The auditor is invited to attend a meeting once a year to report formally on the audit results.
- The *Remuneration Committee* approves the remuneration packages of all principal officers. Salaries and benefits are determined with

reference to the market place and annual charity salary reviews. As charity trustees, the Directors receive no remuneration for their services, neither have they any interest in the company's contracts nor any interest in the company's funds.

- The *Board Development Committee* considers possible candidates for the Board, and brings recommendations to the Board for consideration. Candidates are selected on the basis of their different experiences and skills. Prior to accepting the invitation to join the Board, all Directors are provided with a detailed description of their responsibilities and the expectations of the company. Subsequently, all new Directors undergo orientation training, including a visit to an overseas programme, to familiarise them with World Vision's work.

### **Risk management**

The Board has introduced a formal system to analyse and manage the risks which the charity is exposed to in the course of its activities. All significant risks are identified together with mitigation measures.

### **Internal Controls**

The organisation has documented systems of internal financial controls. These provide reasonable, but not absolute, assurance against errors or loss. These controls cover areas such as financial and accounting procedures and the ways in which the Directors have delegated financial authority within defined limits.

### **Directors' responsibilities in respect of the financial statements**

Company law requires the Directors to prepare financial statements for each

financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure for that period. In preparing those financial statements, the Directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

On 1 August 2003 the auditors, Deloitte & Touche, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000 and consent has been given to extend the appointment to Deloitte & Touche LLP.

By order of the Board

Jonathan Cox  
Company Secretary  
15 December 2003





# Statement of financial activities

for the year ended 30 September 2003

	Notes	Restricted £000	Unrestricted £000	2003 £000	2002 £000
<b>Incoming resources</b>					
Voluntary income	2	16,881	7,060	23,941	22,488
Government grants	3	7,518	—	7,518	9,374
Donated goods and services	4	10,572	—	10,572	901
Other income	5	—	192	192	148
<b>Total incoming resources</b>		<b>34,971</b>	<b>7,252</b>	<b>42,223</b>	<b>32,911</b>
<b>Resources expended</b>					
<i>Costs of generating funds</i>					
Fundraising and publicity costs	7	3,314	2,334	5,648	5,777
<i>Charitable expenditure:</i>					
Remittances to overseas programmes	6	30,865	2,532	33,397	23,007
Support costs for programmes	7	542	412	954	831
Advocacy, education and research	7	904	689	1,593	1,353
Management and administration	7	594	452	1,046	553
		32,905	4,085	36,990	25,744
<b>Total resources expended</b>		<b>36,219</b>	<b>6,419</b>	<b>42,638</b>	<b>31,521</b>
<b>Net (outgoing)/incoming resources before</b>					
<b>gains/(losses) on investments</b>	8	(1,248)	833	(415)	1,390
<i>Net investment gains/(losses)</i>	12	—	299	299	(468)
<b>Net movement in funds</b>		(1,248)	1,132	(116)	922
Funds at 1 October		1,314	6,283	7,597	6,675
<b>Funds at 30 September</b>	16	<b>66</b>	<b>7,415</b>	<b>7,481</b>	<b>7,597</b>

All activities are from continuing activities and there are no other gains or losses other than those shown above.  
The statement of financial activities incorporates the income and expenditure account.

# Balance sheet

at 30 September 2003

	Notes	2003 £000	2002 £000
<b>Fixed assets</b>			
Tangible assets	11	7,172	508
Investments	12	2,272	1,973
		<u>9,444</u>	<u>2,481</u>
<b>Current assets</b>			
Investments	12	2,593	2,991
Debtors	13	3,116	2,302
Cash at bank		480	934
		<u>6,189</u>	<u>6,227</u>
<b>Current liabilities</b>			
Amounts falling due within one year	14	(1,586)	(1,111)
<b>Net current assets</b>		<u>4,603</u>	<u>5,116</u>
<b>Total assets less current liabilities</b>		<u>14,047</u>	<u>7,597</u>
<b>Long term liabilities</b>	15	(6,566)	—
<b>Net assets</b>		<u>7,481</u>	<u>7,597</u>
<b>Reserves</b>			
Restricted funds	16	66	1,314
Unrestricted funds:			
Tangible fixed assets fund	16	455	508
Emergency relief fund	16	500	500
Development fund	16	1,200	1,200
General fund	16	5,260	4,075
		<u>7,481</u>	<u>7,597</u>

Approved by the Board on 15 December 2003

Leonard Beighton } Directors  
Humphrey Norrington }

*Handwritten signature of Leonard Beighton*  
*Handwritten signature of Humphrey Norrington*

# Statement of cash flows

for the year ended 30 September 2003

	Notes	2003 £000	2002 £000
<b>Operating activities</b>			
Cash received from donors		31,570	29,486
Cash payments to suppliers		(6,411)	(3,156)
Cash paid to and on behalf of employees		(2,784)	(2,557)
Cash remitted to overseas projects		(23,049)	(22,334)
<b>Cash (outflow)/inflow from operating activities</b>	17	<b>(674)</b>	<b>1,439</b>
<b>Returns on investments and servicing of loans</b>			
Interest received	5	153	148
Mortgage loan interest paid	17	(46)	—
<b>Cash inflow from returns on investments and servicing of loans</b>		<b>107</b>	<b>148</b>
<b>Capital expenditure and investing activities</b>			
Payments to acquire land and buildings	11	(6,717)	—
Payments to acquire other tangible fixed assets	11	(170)	(184)
Payments to acquire investments	12	—	(1,000)
<b>Cash outflow from capital expenditure and investing activities</b>		<b>(6,887)</b>	<b>(1,184)</b>
<b>Net cash (outflow)/inflow before financing</b>		<b>(7,454)</b>	<b>403</b>
<b>Financing</b>			
Mortgage loan	14/15	7,000	—
<b>Net cash inflow from financing</b>		<b>7,000</b>	<b>—</b>
<b>Net (decrease)/increase in cash in the year</b>		<b>(454)</b>	<b>403</b>
<b>Reconciliation of net cashflow to movement in net funds</b>			
(Decrease)/increase in cash in the year		(454)	403
Cash at bank at 1 October		934	531
<b>Cash at bank at 30 September</b>		<b>480</b>	<b>934</b>

## Notes to the accounts

at 30 September 2003

### **I Accounting policies**

#### **a Basis of preparation**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", and applicable accounting standards.

The charity has availed itself of paragraph 3(3) of Schedule 4 to the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The charity has adopted the exemption available under section 229 of the Companies Act 1985 and accordingly has not prepared consolidated accounts on the basis that the results of its subsidiary undertaking, World Vision Trading Limited, are not material.

#### **b Incoming resources**

**Income** is accounted for on a receivable basis when it becomes an entitlement, is capable of measurement and there is *reasonable certainty of receipt*.

**Donated goods and services**, including the donated element of transportation services provided to the charity at a reduced fee, have been included in income at market value.

#### **c Resources expended**

**Remittances to overseas programmes** are accounted for when resources (cash and donated goods and services) are transferred overseas.

Other expenditure is accounted for on an accruals basis and is classified over the

four activity headings shown below.

Where expenditure cannot be directly attributed to particular headings it is allocated on a basis consistent with the use of the relevant resources measured by reference to time used and space occupied as appropriate.

#### **Support costs for programmes**

represents the costs incurred by UK based staff in assisting programmes overseas, including their technical development, staffing, training, management and financial control.

#### **Advocacy, education and research**

represents the costs incurred in educating and informing governments, institutions and members of the public on the issues being addressed by the charity and includes public policy and research work, church relations activities and educational and news publications.

**Fundraising** relates to activities which are intended to generate income including servicing supporters who donate under committed-giving schemes such as child sponsorship. The cost of fundraising initiatives is expensed in the year in which it is incurred although income derived from the initiatives may arise in future years.

#### **Management and administration**

represents costs incurred in connection with the management of the charity's assets, organisational (as opposed to project) administration and compliance with constitutional and statutory requirements.

#### **d Foreign exchange**

Transactions denominated in foreign currency are translated into sterling and

## Notes to the accounts

at 30 September 2003

recorded at the rates ruling at the date of the transactions. Balances denominated in a foreign currency are translated into sterling at the exchange rates at the balance sheet date. Any translation differences are dealt with in the statement of financial activities.

### e Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its estimated useful life as follows:

Freehold land	Nil
Building	50 years
Furniture and fittings	10 years
Equipment	3 or 5 years
Motor vehicles	3 years

### f Investments

Investments are valued at mid-market value at the balance sheet date except as stated in note 12.

### g Funds

**Restricted funds** are subject to conditions imposed by donors or implied by the nature of the appeal.

**Designated funds** are amounts which have been put aside at the discretion of the Directors as follows:

The **tangible fixed asset fund** represents the net book value of fixed assets less related borrowings, and is not therefore available for distribution.

The **emergency relief fund** is for the support of programmes in emergency situations.

The **development fund** is a fund set

aside for the promotion of research and the implementation of new initiatives, both within the UK and overseas, with the objective of improving the quality and effectiveness of operations.

The **general fund** comprises accumulated surpluses less deficits after transfers to designated funds. It allows the charity to budget for anticipated commitments in the short and medium term, and to provide adequate working capital.

### h Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

### i Leasing commitments

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable are charged to income as incurred.

# Notes to the accounts

at 30 September 2003

	Restricted £000	Unrestricted £000	2003 £000	2002 £000
<b>2 Voluntary income</b>				
Committed giving schemes, including child sponsorship	14,351	1,380	15,731	13,832
Other donations	1,870	1,812	3,682	2,679
Tax recovered	—	3,868	3,868	3,703
	<u>16,221</u>	<u>7,060</u>	<u>23,281</u>	<u>20,214</u>
Emergency appeals	48	—	48	1,065
Disasters Emergency Committee receipts	612	—	612	1,209
	<u>16,881</u>	<u>7,060</u>	<u>23,941</u>	<u>22,488</u>

At 30 September 2003 the number of children in the child sponsorship scheme was approximately 80,000 (2002: 72,000), an increase of 11%.

<b>3 Government grants</b>		
Development grants	2,732	3,424
Reconstruction grants	2,223	5,284
Relief grants	2,563	666
<b>Total Government grants</b>	<u>7,518</u>	<u>9,374</u>

Included in Government grants is £160,000 (2002: £70,000) received as a contribution towards UK programme administration.

## Grants receivable from:

European Union	2,881	5,430
UK Government	2,680	2,935
States of Jersey	261	105
States of Guernsey	—	43
Netherlands Government	800	629
World Food Programme	702	—
United Nations	194	232
<b>Total Government grants</b>	<u>7,518</u>	<u>9,374</u>

# Notes to the accounts

at 30 September 2003

## 3 Government grants (continued)

Grants received from Government sources in the financial year include:

### European Union

#### European Commission's Humanitarian Aid Office (ECHO)

Afghanistan	Food Security – Jawand District	€350,000
Mozambique	Floods Phase 4	€47,006
Zimbabwe	Emergency Agricultural Project	€335,000

#### Other European Union

Afghanistan	Euronaid Relief	€33,752
	Euronaid Relief	US\$34,882
	Rural Livelihood	€993,159
Angola	Emergency Seeds and Tools	€5,559
	Food Aid Distribution Costs in Huambo	€22,172
	Food Aid Distribution Costs in Huambo	US\$3,770
Bosnia	Reconstruction project CARDS 01	€1,363,020
Ethiopia	Euronaid Project Monitoring and Costs	€6,927
Malawi	Food Security	€451,492
Mozambique	Nampula Food Security	€623,698
	Milange Food Security	€335,062
Somalia	Middle Juba Rural Household Food	€515,625

### UK Government

Angola	Luanda Peacebuilding Project	£37,724
Armenia	Syunik Civic Initiative	£96,387
Bosnia	Enterprise Fund	£17,000
Ethiopia	Abote Targeted Supplementary Feeding	£200,903
Indonesia	Maluku Peace and Reconciliation	£61,127
Kenya	Pokatusa Peace Building	£40,556
Laos	Savannakhet Integrated Rural Development Project	£36,731
Mozambique	Zambezia Agricultural Development Programme II	£744,932
	Corridor of Hope	£35,626
Myanmar	Street and Working Children	£71,289
	Community Action for HIV/AIDS	£89,916
	Trafficking along the Thai Border (Looking before Leaping)	£72,353
Sierra Leone	Bonthe Health Programme Phase 4	£374,896
Somalia	Primary Health Care 2002- Burhakaba	£4,158
	Primary Health Care 2003- Burhakaba	£104,255
	Primary Health Care 2003- Middle Juba	£75,638
Sudan	Shiluk Kingdom Primary Health Care	£10,201
	Tonj Supplementary Feeding	£351,927
	Waat Primary Health Care	£15,592
Tanzania	Female Genital Mutilation	£50,895
Uganda	Pokatusa Peace Building	£40,195

### States of Jersey

Cambodia	Drought Relief	£23,670
Ethiopia	Epidemic Response	£25,000
Kenya	Nyatike Food Security	£31,011
	Flooding FY03	£25,000
Kosovo	Machinery Association	£45,255

# Notes to the accounts

at 30 September 2003

## 3 Government grants (continued)

Grants received from Government sources in the financial year include:

### States of Jersey (continued)

Malawi	Mphemerbe Maternity ward	£30,000
Senegal	Water Retention Dykes	£34,300
Uganda	Sabiny Emergency Response	£24,003
Zambia	Nyamphande Relief	£23,000

### Netherlands Government

Kosovo	Shtime Special Institute	€ 922,219
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### World Food Programme

Malawi	Emergency Response 2002	US\$198,747
Zimbabwe	Expanded Relief Programme	US\$955,360

### United Nations

#### United Nations Administration in Kosovo (UNMIK)

Kosovo	Shtime Special Institute	€ 255,646
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#### United Nations Children's Fund (UNICEF)

Kosovo	Mitrovica Hospital	€14,346
Kosovo	Child Friendly Schools	€45,107

2003  
£000

2002  
£000

## 4 Donated goods and services

Received from:

### Private sources

— 28

### European Union

Afghanistan	Food and tools	223	—
Angola	Food and tools	66	591
Ethiopia	Seeds and tools	—	282

### World Food Programme

Malawi	Food Aid	1,535	—
Zimbabwe	Food Aid	8,662	—

### United Nations (UNICEF)

Somalia	Medical Supplies	86	—
		10,572	901

## 5 Other income

Bank interest	153	148
Rental income from property	30	—
Income from World Vision Trading Limited	9	—
	192	148



# Notes to the accounts

at 30 September 2003

	Restricted £000	Unrestricted £000	2003 £000	2002 £000
<b>6 Remittances to overseas programmes</b>				
Afghanistan	1,536	55	1,591	431
Albania	80	8	88	71
Angola	146	158	304	909
Armenia	208	82	290	153
Bangladesh	752	—	752	691
Bolivia	340	—	340	217
Bosnia	1,402	362	1,764	4,324
Brazil	246	1	247	273
Cambodia	648	66	714	662
Chile	62	—	62	71
China	60	7	67	—
Democratic Republic of Congo	192	18	210	241
El Salvador	52	—	52	103
Ethiopia	1,043	12	1,055	1,096
Georgia	—	—	—	5
Ghana	263	—	263	220
Guatemala	—	—	—	1
Honduras	257	12	269	305
India	836	7	843	1,553
Indonesia	57	75	132	165
Jerusalem West Bank	99	3	102	162
Kenya	670	48	718	917
Kosovo	1,398	299	1,697	1,387
Laos	17	90	107	152
Malawi	2,836	51	2,887	575
Mauritania	5	—	5	—
Mongolia	—	—	—	1
Montenegro	2	—	2	42
Mozambique	1,700	375	2,075	3,147
Myanmar	713	150	863	566
Niger	358	1	359	257
Papua New Guinea	7	—	7	—
Romania	1	4	5	12
Rwanda	61	1	62	61
Senegal	221	1	222	221

## Notes to the accounts

at 30 September 2003

	Restricted £000	Unrestricted £000	2003 £000	2002 £000
<b>6 Remittances to overseas programmes (continued)</b>				
Sierra Leone	408	17	425	235
Somalia	578	100	678	360
South Africa	221	45	266	140
Sri Lanka	219	20	239	161
Sudan	521	84	605	199
Tanzania	110	40	150	107
Thailand	124	—	124	83
Uganda	715	74	789	741
Vietnam	247	—	247	242
Zambia	772	33	805	709
Zimbabwe	10,682	92	10,774	884
	30,865	2,391	33,256	22,852
Partnership costs	—	141	141	155
	30,865	2,532	33,397	23,007
Number of countries supported			43	43

### Partnership costs

All payments are made through World Vision International to World Vision partner entities for the development and relief programmes in the countries listed. Partnership costs represent World Vision UK's share of the costs of World Vision International that relate to organisational (as opposed to programme) administration.

### Overseas programmes

The budget for the year ending 30 September 2004, which was approved by the Directors on 19 July 2003, assumes that donated food under the World Food Programme will be significantly less than for the current year. The budget indicates an intention to make remittances to overseas programmes totalling £27.4 million (2002: £22.6 million)

	2003 £000	2002 £000
<b>7 Costs incurred in the United Kingdom</b>		
Salaries	2,784	2,557
Employment benefits	123	89
Temporary staff	154	95
Training	78	56
Recruitment	130	86
Travel and subsistence	255	240
Marketing costs	3,750	3,776
Research and consultancy fees	428	674
Equipment maintenance and rental	129	150
Depreciation and loss on disposal of fixed assets	223	269
Occupancy and supplies	546	450
Relocation expenses	474	—
Legal and professional	85	19
Finance and bank charges	82	53
	9,241	8,514

## Notes to the accounts

at 30 September 2003

	Salaries £000	Promotional Expenditure £000	Other costs £000	2003 £000	2002 £000
<b>7 Costs incurred in the United Kingdom (continued)</b>					
These costs have been apportioned as follows, on the basis described in Accounting Policies paragraph (c):					
Support costs for programmes	516	—	438	954	831
Advocacy, education and research	657	436	500	1,593	1,353
Fundraising and publicity	1,301	3,405	942	5,648	5,777
Management and administration of the charity	310	—	736	1,046	553
	<u>2,784</u>	<u>3,841</u>	<u>2,616</u>	<u>9,241</u>	<u>8,514</u>

## 8 Net (outgoing)/incoming resources for the year

This is stated after charging:

Depreciation of owned assets	203	251
Depreciation of assets held under finance leases	17	18
Operating lease rentals	175	175
Interest payable on mortgage loan	46	—
Auditors' remuneration — audit fees	20	20
— other	11	—

## 9 Staff costs

Aggregate payroll costs were as follows:

Wages and salaries	2,403	2,208
Social security costs	232	207
Other pension costs	149	142
	<u>2,784</u>	<u>2,557</u>

The number of employees whose annualised emoluments (including benefits-in-kind but excluding pension contributions) fell in the following bands is:

	Number	Number
£50,001 — £60,000	5	4
£60,001 — £70,000	1	1

The divisional breakdown of average monthly permanent staff and full-time trainee numbers is:

Chief Executive's office	3	3
International Programmes	23	24
Marketing, communications and supporter relations	56	52
Finance and Information Technology	26	23
Human Resources	11	11
	<u>119</u>	<u>113</u>

In addition, to handle peak workloads and to cover for the shortage of permanent staff, temporary staff equivalent to 8.7

permanent staff (2002: 10.5) were used. In addition, volunteers gave 3,848 working hours (2002: 6,245), equivalent to 2.03 full-time staff (2002: 3.3).

# Notes to the accounts

at 30 September 2003

## 10 Directors' remuneration

As charity trustees, the Directors received no remuneration for their services. Directly incurred expenses are reimbursed, if claimed, and in 2003 totalled £3,999 (2002: £3,429) which was claimed by six Directors (2002: six Directors). There were no overseas trips for the charity paid for directly by the Charity (2002: £1,766 on behalf of two directors).

Indemnity insurance is provided for Directors and Principal Officers of the Charity. Premiums paid in 2003 totalled £5,901 (2002: £7,953).

	Freehold land & buildings £000	Furniture & fittings £000	Computer and office equipment £000	Other fixed assets £000	Total £000
<b>11 Tangible fixed assets</b>					
Cost:					
At 1 October 2002	—	217	1,516	238	1,971
Additions	6,717	37	102	31	6,887
Disposals	—	—	(599)	(222)	(821)
At 30 September 2003	6,717	254	1,019	47	8,037
Depreciation:					
At 1 October 2002	—	74	1,173	216	1,463
Charge for the year	—	23	180	17	220
Disposals	—	—	(599)	(219)	(818)
At 30 September 2003	—	97	754	14	865
Net book value:					
At 30 September 2003	6,717	157	265	33	7,172
At 30 September 2002	—	143	343	22	508

The cost of freehold land amounting to £670,000 (2002: £nil) is not depreciated.

The net book value of charity assets held under finance leases at 30 September was:

	2003 £000	2002 £000
Motor vehicles	33	22

## Notes to the accounts

at 30 September 2003

	2003 £000	2002 £000
<b>12 Investments</b>		
<b>Fixed Assets</b>		
Common investment funds held by the charity:		
Market value at 1 October	1,973	1,441
Disposals	—	—
Acquisitions	—	1,000
Net investment gains/(losses)	299	(468)
<b>Market value at 30 September</b>	<b>2,272</b>	<b>1,973</b>
Historical cost at 30 September	2,688	2,688
<b>Current Assets</b>		
Deposit accounts	2,588	2,991
Donated shares	5	—
	<b>2,593</b>	<b>2,991</b>
<p>The donated shares are shown at nominal value. The companies in which these shares are held are quoted on the Alternative Investment Market (AIM) of the London Stock Exchange but as the majority of shares in each company, including those held by World Vision UK, are subject to a lock-in deed there has not been sufficient trading to justify revaluation of the charity's holding.</p> <p>The charity continues to hold the entire issued share capital of two £1 shares in World Vision Trading Limited. The turnover of World Vision Trading Limited was £669 for the period (2002: £450) and, as in 2002, the net operating profit was transferred to the charity under Gift Aid. Therefore there were no retained profits for the period in World Vision Trading Limited.</p>		
<b>13 Debtors</b>		
Government grants receivable	1,682	1,675
Amounts owed by other World Vision entities	316	92
Income tax recoverable	641	376
Value Added Tax recoverable	264	—
Other debtors	213	159
	<b>3,116</b>	<b>2,302</b>
<b>14 Creditors: amounts falling due within one year</b>		
Mortgage loan	434	—
Amounts owed to other World Vision entities	14	5
Accruals	1,004	996
Other creditors	134	110
	<b>1,586</b>	<b>1,111</b>

# Notes to the accounts

at 30 September 2003

	2003 £000	2002 £000
<b>15 Long term liabilities: amounts falling due after more than one year</b>		
Mortgage loan		
Repayable in 2-5 years	675	–
Repayable in more than 5 years	5,891	–
	<b>6,566</b>	<b>–</b>

The charity has obtained a mortgage loan which is secured on the freehold property. This is repayable over 25 years and interest is charged at LIBOR (London inter-bank borrowing rate) plus MLA (Mandatory liquid assets) plus 0.7%

	Restricted funds		Unrestricted funds			Total
		Tangible fixed assets fund	Emergency relief fund	Development fund	General fund	
	£000	£000	£000	£000	£000	£000
<b>16 Reserves</b>						
Balance at 1 October 2002	1,314	508	500	1,200	4,075	7,597
Net (outgoing)/incoming resources	(1,248)	–	–	–	833	(415)
Transfers between funds	–	(53)	–	–	53	–
Net investment gains	–	–	–	–	299	299
<b>Balance at 30 September 2003</b>	<b>66</b>	<b>455</b>	<b>500</b>	<b>1,200</b>	<b>5,260</b>	<b>7,481</b>

Represented by:

Tangible fixed assets	–	7,172	–	–	–	7,172
Investments	–	–	500	1,200	3,165	4,865
Debtors	–	–	–	–	3,116	3,116
Cash at bank	66	–	–	–	414	480
Current liabilities	–	(151)	–	–	(1,435)	(1,586)
Long term liabilities	–	(6,566)	–	–	–	(6,566)
<b>Balance at 30 September 2003</b>	<b>66</b>	<b>455</b>	<b>500</b>	<b>1,200</b>	<b>5,260</b>	<b>7,481</b>

The General fund at 30 September 2003 includes net unrealised losses on investments of £416,000 (2002: unrealised loss of £715,000) – see Note 12

	2003 £000	2002 £000
<b>Restricted funds</b>		
Southern Africa	–	512
Kosovo	–	504
Afghanistan	–	206
Other	66	92
	<b>66</b>	<b>1,314</b>

## Notes to the accounts

at 30 September 2003

	2003 £000	2002 £000
<b>17 Reconciliation of net (outgoing)/incoming resources to cash (outflow)/inflow from operating activities</b>		
<b>Net (outgoing)/incoming resources for the year</b>	<b>(415)</b>	<b>1,390</b>
Depreciation of tangible fixed assets	220	269
Loss on disposal of tangible fixed assets	3	—
Decrease in current asset investments	398	534
(Increase) in operating debtors and prepayments	(814)	(1,168)
Increase in operating creditors and accruals	475	562
Adjustment for mortgage liability	(434)	—
Interest receivable and investment income	(153)	(148)
Mortgage loan interest paid	46	—
<b>Cash (outflow)/inflow from operating activities</b>	<b>(674)</b>	<b>1,439</b>

## **18 Commitments and contingent liabilities**

### **a Operating lease commitments**

Annual commitments under non-cancellable operating leases

in respect of land and buildings at 30 September – expiring within one year

15 175

### **b Pension commitments**

The charity operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the charity in a group personal pension scheme, for which the charity has no responsibility other than regular contributions on behalf of employees. There were no contributions outstanding at either financial year-end.

### **c Contingent liability**

The charity has reclaimed Value Added Tax on the purchase of new offices in proportion to the floor area leased to a tenant. If the leasing ceases within 10 years of acquisition the charity is obliged to repay a percentage (which reduces as time elapses) of the Value Added Tax.

Total Value Added Tax reclaimed

274 —

Maximum repayment liability as at 30 September 2003

274 —

## **19 Taxation**

As a registered charity the company is exempt from taxation on its income and gains to the extent that they are applied for its charitable purposes.

## Independent auditors' report

### To the members of World Vision UK

We have audited the financial statements of World Vision UK for the year ended 30 September 2003 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes numbered 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

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

#### Respective responsibilities of Directors and auditors

Directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 Directors' Report, the Chief Executive's Report and the Highlights of 2003 are not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report, Chief

Executive's Report and the Highlights of 2003 and consider the implications for our report if we become aware of any apparent misstatements.

#### Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 charity as at 30 September 2003 and of the incoming resources and application of resources of the charity, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*  
**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

19 December 2003



## Biographies of directors

### **Anne Williams** (Chairman) (B) (R)

Appointed a Justice of the Peace in 1968 and served as Deputy Chairman of the Bench for nine years, Chairman of a combined Juvenile Panel for three years and Deputy Chairman of a combined Domestic Panel for three years. Was a member of the Diocesan Synod in Oxford for four years, Lay Chairman of Deanery Synod for four years. Joined the Board of World Vision UK in 1996, appointed Deputy Chairman in 1997 and took over as Chairman in 2001.

### **Adrian Bagg**

Worked for various major companies on information systems and management. Currently Executive Vice President of Information Management for a global healthcare company and a member of their Business Executive. Joined the Board of World Vision UK in 2002.

### **Leonard Beighton** (Vice Chair) (F) (R) (B)

Worked for 37 years in the Inland Revenue, ending as Deputy Chairman, work consisting mainly of tax policy formulation and running the tax system. Now retired, other activities include member of the Council of the Shaftesbury Society and Treasurer of Christians Aware. Joined the Board of World Vision UK in 1997, appointed Vice Chair 2001. Chairman of the Finance Committee.

### **Alan Bell**

After a career with Rowe, Swann and Co. Stockbrokers and then Laurence Prust and Laurence Keen, became a main board director of Rathbones plc. Stepped down in 1998 to work as part-time investment director. Involved with various charitable and grant-making trusts with strong overseas development interests. Was on PCC at Holy Trinity, Brompton and is co-founder of Warham Trust. Joined the Board of World Vision UK in 2003.

### **Dean Hirsch**

After working in various roles in the World Vision partnership for over 20 years, appointed President of World Vision International in 1996 and as a result was invited to join the Board of World Vision UK.

### **Dorothea Hodge**

A former associate lecturer at the University of Wales, Cardiff, Dorothea is now part of the media team of the Labour Party. Prior to joining the Labour Party, she worked as a Public Affairs consultant to the technology sector. Dorothea is a Board member of Community Services Volunteers and has a strong interest in national and international politics, especially in the Caribbean. Joined the Board of World Vision UK in 2003.

### **Humphrey Norrington OBE** (F) (B)

Joined Barclays Bank in 1960, rising to become the Executive Director responsible for Overseas Operations in 1987 and retiring in 1993 as a Vice Chairman. On the council of the Royal College of Music and is Chairman of Mildmay Mission Hospital and of Premier Christian Media Trust. Joined the Board of World Vision UK in 1991 and was Chairman from 1996 till 2001. Treasurer of World Vision International since 1998.

### **Stephen Phelps** (F)

A chartered accountant. Worked for 21 years for KPMG including 10 years as an audit partner in their Hong Kong office, leaving in 1995. Currently a trustee of the George Muller Homes for Children and of Freeways Trust (homes for people with learning difficulties). Joined the Board of World Vision UK in 2002.

### **Ian Wallace**

Worked for 18 years as a lecturer in the Department of International and Rural Development at the University of Reading. Previously spent five years with Tearfund, three years with Ministry of Agriculture and Fisheries in Fiji and 20 years in agricultural and rural development in Kenya and Uganda. Has also worked as a consultant in about 20 countries. Currently working as a volunteer with the Institute for Development Research at Oxford Centre for Mission Studies, and as a Trustee of REAP (Rural Extension with Africa's Poor). Joined the Board of World Vision UK in 1997.

### **Bishop John Went**

Appointed Bishop of Tewkesbury (diocese of Gloucester) in 1996 and before worked as Archdeacon of Surrey; Vice-Principal Wycliffe Hall, Oxford; Vicar of Holy Trinity, Margate and Curate of Emmanuel Northwood, Diocese of London. Joined the Board of World Vision UK in 1997.

(F) Member of the Finance Committee

(R) Member of the Remuneration Committee

(B) Member of the Board Development Committee



## World Vision

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Registered office as above.