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World Vision UK

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

30 September 2001



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| auditors | | |
| Binder Hamlyn | | |
| Chartered Accountants | | |
| 180 Strand | | |
| London WC2R 1BL | | |
| solicitors | | |
| Linnells | | |
| Greyfriars Court | | |
| Paradise Square | | |
| Oxford OX1 1BB | | |
| bankers | | |
| Lloyds TSB Bank plc | | |
| Lloyds Court | | |
| 28 Secklow Gate West | | |
| Milton Keynes MK9 3EH | | |
| registered office | | |
| World Vision House | | |
| 599 Avebury Boulevard | | |
| Central Milton Keynes | | |
| Buckinghamshire MK9 3PG | | |

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.

From the Chief Executive

As I look back on the last year, I see encouraging progress for World Vision in our increasing ability to help the world's poor to help themselves. It is the result of a huge combined effort from staff, Board, volunteers and supporters.

It was a source of great pleasure to me that we once again broke a record in terms of income – more than £29 million. That's a fantastic achievement on the part of all our donors, and I thank each and every one of them.

Yet the needs of the poor are still immense. That's why we must ensure that our income, and therefore the sum we can send to the field, continues to grow. We have put in place a far-reaching strategy to achieve this growth, including a new structure within our organisation, coupled with challenging goals for the next 10 years. We are devising and implementing new ways of fundraising, and seeking to engage more fully with various groups whose voices can help us in our work with the poor, including churches, Parliament and the media. Our ultimate aim is, of course, to see a day when the world no longer tolerates poverty, but I fear this will take longer than a mere decade.

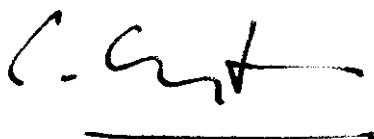
One of the biggest barriers to the achievement of that aim is the HIV/AIDS pandemic which is devastating entire communities and rolling back decades of development progress. World Vision has put in place an important new initiative, called HOPE, to address prevention, care and advocacy work around HIV/AIDS, and to bring hope to those living with AIDS, dying from AIDS-related diseases or orphaned as a result of AIDS.

Another barrier is conflict. In the aftermath of the tragic events of 11 September 2001, it has never been more clear that a violent world disadvantages the poor more than anyone – and the worst-hit are the children. That is why much of World Vision's advocacy work highlights the plight of vulnerable children and seeks accord amongst world leaders on the need to create a safer world for children.

Christ showed a special concern for children throughout his ministry. We seek to do the same through ours. We thank God for the opportunities we are given to help the poor, especially the children, and we ask for His continued help in our task.

Charles Clayton
Chief Executive

12 December 2001

A handwritten signature in black ink, appearing to read 'C. Clayton', with a horizontal line underneath it.

Financial highlights

for the year ended 30 September 2001

| | 1997 £000 | 1998 £000 | 1999 £000 | 2000 £000 | 2001 £000 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Voluntary income | 10,961 | 13,122 | 16,318 | 19,681 | 21,458 |
| Government grants | 4,232 | 4,331 | 5,411 | 5,408 | 6,570 |
| Donated goods and services | 769 | 192 | 293 | 1,147 | 1,021 |
| Other income | 221 | 233 | 211 | 280 | 248 |
| Total income | 16,183 | 17,878 | 22,233 | 26,516 | 29,297 |
| Costs of generating funds | 3,352 | 3,360 | 3,699 | 4,268 | 4,758 |
| Direct charitable activities | 11,746 | 13,209 | 16,923 | 19,828 | 23,460 |
| Management and administration | 460 | 455 | 519 | 485 | 541 |
| Total expenditure | 15,558 | 17,024 | 21,141 | 24,581 | 28,759 |
| Net incoming resources | 625 | 854 | 1,092 | 1,935 | 538 |
| Total reserves | 2,391 | 3,257 | 4,395 | 6,382 | 6,685 |

Ratios – Percentage of total income:

| | | | | | |
|-------------------------------|-----|-----|-----|-----|-----|
| Direct charitable activities | 73% | 74% | 76% | 75% | 80% |
| Fundraising | 21% | 18% | 17% | 16% | 16% |
| Management and administration | 3% | 3% | 2% | 2% | 2% |
| Transferred to reserves | 3% | 5% | 5% | 7% | 2% |

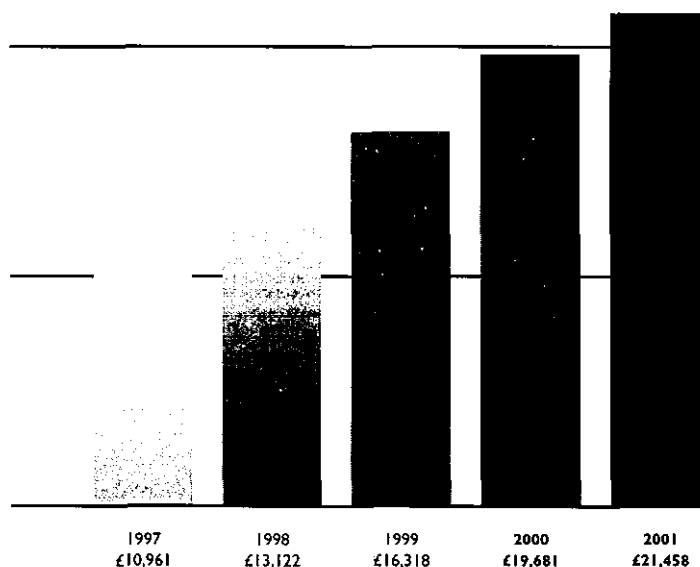
Number of days' cash expenditure:

| | | | | | |
|---------------------------------|---------|---------|---------|---------|---------|
| Available reserves ¹ | 44 days | 60 days | 65 days | 85 days | 83 days |
|---------------------------------|---------|---------|---------|---------|---------|

¹Available reserves are total reserves less restricted funds and the tangible fixed assets fund.

voluntary income
up 9 per cent to
£21.4 million

Voluntary income (£000)



Directors' report

World Vision is committed to working towards a day when the world no longer tolerates poverty. 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 marginalized. As a humanitarian relief 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.

Work which encompasses the world

Through its commitment to long-term development work, World Vision UK supports some 154 programmes in four continents. The majority of the programmes are community-based Area Development Programmes (ADPs), funded by the contributions of private donors, most of whom support World Vision's work through child sponsorship. Other programmes are funded through grants from the Department for International Development (DFID) or the European Union or by donations from trusts. The following are just some examples of work funded by World Vision UK.

Africa

During the last financial year, the Sanzukwi Area Development Programme (ADP) in Southern Zimbabwe completed its Sashe Irrigation Scheme. This will benefit over 50 farmers and has the capacity to produce more than 200 tonnes of maize per season. Agricultural training was provided and will link local farmers with international research institutions. World Vision has also continued to work within the wider ADP providing clean drinking water through the construction of bore-holes and dams, improving food security through farming, irrigation and livestock projects and expanding educational opportunities for children through the construction of classrooms and training of teachers.

In Rwanda, Byumba Agricultural Rehabilitation Programme has brought about significant improvements in crop production and food security. Successful seed multiplication and improvements to the soil through the use of fertiliser and manure mean farmers are now able to grow a variety of crops such as beans, cabbages and potatoes. Increased production has enabled farmers to buy surplus goods to cover basic household needs and the availability of vegetables has had a positive impact on child nutrition.

A peace-building project, partly funded by DFID, has involved local MPs, elders, women's groups, lead warriors and church leaders in promoting peace and co-operation among four different communities on the borders

of Kenya and Uganda. A regular reporting system has been set up for monitoring incidents and peace rallies celebrated the return of animals to their owners after raids and the limiting of revenge in the aftermath of isolated raids. Peace clubs within schools have given children a voice through music, drama and poetry competitions and these will be used as a basis for advocacy work to highlight among policy makers the need for alternatives to cattle-rustling in impoverished pastoral communities.

A £9,000 programme, funded by DFID and operating within the Tera ADP in Niger during the last year, is promoting awareness within the community of the rights granted to girls and women by the national constitution. The programme works with over 3,000 children to encourage social transformation through the translation and sharing of education materials, the establishment of peer clubs for girls and the collection of positive messages for girls in traditional wisdom such as proverbs and riddles. A series of open days allowed girls to share their learnings with around 1,500 residents, government officials and local leaders through the presentation of sketches and essays reflecting the social injustice experienced by girls and women as a result of particular traditions. A survey on domestic violence is also planned and will contribute to later activities within the wider ADP, which includes components such as agriculture, health and adult literacy.

Asia

A five year health and development programme in the Bakulia slum of Chittagong, Bangladesh, reached its conclusion in September of this year. The improvement of mother and child health has been a major achievement of the programme and maternal and infant mortality rates in the slum are now lower than the national average. The programme has also been successful in mobilising local volunteers such as traditional birth attendants, non-formal primary teachers and school children, all of whom have become powerful advocates for a variety of health and development messages within the community. A garbage disposal programme initiated by the project has further improved the quality of life in these slums.

Latin America

World Vision continues to work with the scattered rural communities of Honduras, a country ranked 113 out of 174 in the human development index. The percentage of households below the poverty line in this country increased from 72 per cent to 80 per cent, following the widespread devastation caused by Hurricane Mitch in October 1998. Agriculture, the economic backbone of the country, was severely damaged with huge losses incurred in the banana, sugar cane, shrimp and cattle industries. In Yoro and Morazan ADP, World Vision is working to ensure food security and to restore the agricultural capacity of nearly 6,000 families affected by floods and landslides in the aftermath of Hurricane Mitch. Agricultural inputs include seeds, fertilisers, pesticides and technical assistance in soil and water conservation. In Ocotepeque ADP, World Vision works with 19 communities, again to promote food security, environmental issues, health and nutrition. Honduras was one of the first countries to establish more integrated Area Development Programmes and has achieved a high level of community participation in the planning and managing of the development process. Good relationships have been developed with a variety of institutions and networks for sustainability and self-sufficiency built up.

Eastern Europe

Closer to home, in Eastern Europe, an encouraging part of World Vision's work has been the movement away from emergency aid and into longer term development. This began with housing reconstruction programmes such as the European Agency for Reconstruction project in Kosovo. Between March and November 2001, work was carried out in the Suhareka and Podujevo regions of Kosovo, both badly damaged in the war, and 600 houses were rebuilt. This, together with other projects such as economic regeneration, peace-building and reconciliation and the reconstruction of schools, including Kosovo's first multi-ethnic school, give real hope that Kosovo's future may be better than its past.

Emergency relief

Sadly, though, disasters and conflict continue to call on World Vision's emergency relief capabilities. In the closing months of 2000, the Mekong Delta of Vietnam was hit by the worst flooding in the region for more than 40 years. Inevitably, the poorest families were worst affected.

World Vision worked with the local Red Cross and other aid agencies to respond, providing needy families with kits to build flood-resistant houses. For those who still had homes but little cultivatable land, nets and fishing boats were provided. For those with land, seed and fertiliser enabled the recovery of agricultural production. Many of the victims of the flooding were young children left alone on roof-tops while their parents sought food, and the project included an awareness-raising campaign to ensure that this did not continue.

The new year, 2001, started badly for the people of the Indian state of Gujarat, as an earthquake measuring 7.9 on the Richter scale devastated Kutch District. World Vision was one of the first agencies to respond and was working in the affected areas within six hours of the disaster. A relief response was designed to stabilise the situation in target villages over a 90 day period, through the provision of essential relief supplies. The provision of tents for 381 needy families identified by the local government and community representatives was one way in which voluntary funding from World Vision supporters was put to good use. One villager from Bhachau commented, "You came and distributed the materials to us with such care and compassion. You spoke to us and empathised with our sorrow. You have given us dignity."

Funding from the wider UK public, raised through a joint appeal by the group of aid agencies which form the Disasters Emergency Committee (DEC), provided rehabilitation tool kits for 15,000 families, enabling them to clear rubble, erect temporary shelters and engage in agricultural and labouring activities as opportunities arose.

Following the initial relief phase, longer term rehabilitation work has focused on restoring the capacity of farmers in 20 villages to produce food and on providing access to safe drinking water and sanitation. This includes the provision of seeds, tools, training, livestock and reconstruction of water supplies.

HIV/AIDS – bringing hope

The enormity of the HIV/AIDS epidemic in the developing world, and its detrimental effect on our work, cannot be over-emphasised. World-wide, some 37 million people are affected by AIDS. Poverty and HIV/AIDS are inextricably linked.

World Vision is committed to reducing the impact of HIV/AIDS on the communities where it works, through its HOPE initiative, launched in December 2000. The initiative requires the enhancement and expansion of programmes focused on HIV/AIDS prevention, care and advocacy.

In addition, World Vision UK intends that all ADPs funded from the UK will incorporate work specifically relating to HIV/AIDS prevention and care. The first step has been taken with the initiation of a survey of all HIV/AIDS work in UK-funded programmes.

Equally important in the drive to arrest the spread of AIDS is advocacy and communications, to bring the issue to the attention of decision makers who can take action. World Vision produced written evidence to the All-Party Select Committee on HIV/AIDS and its recommendations were highlighted in the Select Committee Report.

Changing hearts & minds to help the poor

World Vision is committed to changing the hearts and minds of the UK public – and especially decision makers – to prompt them into action which will truly help the poor. An example of such action is the child poverty initiative spearheaded by Chancellor of the Exchequer Gordon Brown and International Development Secretary Claire Short. This initiative brings together government, business leaders, faith groups and NGOs in a concerted effort to bring about the eradication of child poverty. Following an international conference in February 2001 to draw attention to the issue, World Vision, together with other like-minded NGOs, was instrumental in drawing up a six-point plan of action for all players from large corporations to individuals. World Vision is now on the steering committee of International Action Against Child Poverty, a coalition formed to take the initiative forward.

The General Election in June 2001 gave the opportunity to bring the concerns of poor communities to the attention of current and future politicians. World Vision formed part of Global View 2001, an initiative by a coalition of more than 20 development and human rights agencies. Posters and prompt cards were used to remind voters of the issues which touch the lives of disadvantaged communities, and which they could readily raise with politicians during the campaign. World Vision's specific focus was on an increase in overseas development aid, improved trade and debt relief. We believe our information pack and web-site feature were instrumental in raising awareness with supporters and with the general public as well as helping to convince the Chancellor of the Exchequer to increase UK aid to developing countries.

Addressing the Christian community

Last year saw the launch of a new initiative to work more closely with the churches in the UK. A Church Action team was established, and has begun an intensive programme of communications to the churches and to existing World Vision supporters who are active church-goers.

Phase one included the placing of advertisements in a number of key Christian publications, mailings sent to church leaders and Christian opinion formers and the launch of a new fortnightly newsletter. For the first time resources were produced to help churches with their harvest celebrations. "Because", a mini magazine which focuses on the Christian 'heart' of World Vision was developed and is now sent each quarter to over 10,000 supporters along with a Prayer Guide.

In July, Student Challenge – World Vision's short-term summer programme – enabled almost 20 Christian young people to experience the response to poverty first hand, as two groups visited World Vision programmes in Ghana and Zambia and immersed themselves for five weeks in working directly with communities in the field.

In November, Christian authors Adrian and Bridget Plass toured England with a special presentation based on their new book, *Colours of Survival*. The book tells of the Plass's experience visiting their sponsored child in Bangladesh.

New-look youth fund-raising

In February 2001, the inaugural Orangeapeel was launched to the UK public. This was the new-look youth fundraising campaign, previously well-known as the 24 Hour Famine.

Orange-a-peel moved the Famine right up to date. For the first time in UK charity history, a national youth fundraising event was advertised on cable television through a partnership with MTV. Mobile phone technology was harnessed as the appeal was advertised via text messages to UK teenagers, thanks to a partnership with online sports news service *giveusthescore.com*. A website and educational resources were developed to support the event. And by encouraging supporters to contact their local press, World Vision achieved extensive press coverage for the event up and down the country.

Schools, churches, secular youth groups and individuals across the UK held sponsored events of all kinds. As a result, Orangeapeel raised funds for projects in Senegal, Nicaragua, Bangladesh and Mozambique.

...and an innovative gift catalogue

Shortly before Christmas, World Vision launched a gift catalogue with a difference. It offered supporters the chance to buy gifts for their friends and families which would benefit families in communities overseas. They could, for example, give a pig to a family in South East Asia, drill a well in Zambia or build a bathroom in Jerusalem.

Challenging goals – and an organisational structure to achieve them

The results of a far-reaching internal consultation process and strategic review, undertaken in 2000, were implemented in the last year, as World Vision adopted a flatter structure, became more outward-facing and united in working towards some challenging 10-year goals.

The average number of full time staff members was 96 against a budget of 114. The use of temporary staff decreased to eight full time equivalents during the year.

Volunteers continued to play an important role. They gave a total of 6,639 hours over the year – equivalent to 3.5 full time people. As in previous years a number of them have been able to secure full time work in World Vision and elsewhere.

A strict child protection policy is in place and continues to be developed, to ensure that children in World Vision's programmes are protected from abuse and exploitation. All World Vision staff and Board members provide a copy of their police record and are interviewed by World Vision child protection officers before travelling or working overseas, as do sponsors wishing to visit the child they sponsor.

Financial resources

One of the most satisfying achievements of the year was reaching an income of £29.3 million, an increase of more than 10 per cent over the previous year. This is an achievement for World Vision UK and has enabled larger than ever remittances to field programmes.

Once again world disasters such as the floods in Mozambique and the Gujarat earthquake brought in generous responses from donors which added to the expected income for the year. More than £6.5 million in funds came from government donors, principally the UK government and institutions of the European Union. This was a 21 per cent increase over the previous year.

As ever, World Vision's main income for the year was derived from the voluntary giving of private supporters. The vast majority of this giving is done on a long term committed basis by regular payments. This is very important in enabling World Vision to plan the funding of programmes in the field over many years on a stable basis. Voluntary income rose by 9 per cent in the year – more than had been anticipated in the plans.

At the end of the year, a further £538,000 was transferred to reserves. Income exceeded expectations and this is being fed through into increased charitable activity in a responsible and controlled way which meant that some of the additional income was still in hand at the end of the year. The year started in conditions of some uncertainty regarding the fluctuations of foreign currencies against sterling. If exchange rates move significantly this can affect World Vision's ability to send sufficient funds overseas. As the year ended the financial environment was just as volatile, particularly given the effects on the financial markets of the terrorist attack on New York on 11 September 2001. This was a further reason to be prudent and hold sufficient reserves to ensure that future cash flows overseas can be protected. Reserves at the balance sheet date stood at 83 days of expenditure, compared with 85 days in 2000.

Future developments

World Vision UK is committed to continuing to support many valuable relief and development programmes overseas and to seeking new and effective ways of working with needy communities. Advocacy and education initiatives will be carried forward on key global development issues, including child rights and HIV/AIDS. Appropriate funding will be pursued from both private and government sources.

Investments

During the year, the Board reviewed the policy on investments. Because the organisation holds some funds in reserve, it is important to ensure that they are invested wisely and in a way that is in keeping with the values of the organisation. Non-cash investments have been consolidated into a Common Investment Fund operated by CCLA Investment Management Ltd. In choosing this fund, the Board considered the strength of the historic returns, the security of the capital invested and the ethical criteria applied by the fund managers when selecting the stocks which the fund holds. For example, the fund does not invest in companies with significant interests in gambling, armaments or tobacco.

Investment performance

Stock markets around the world suffered severe falls around the year end date and as a result investment funds were showing an unrealised

loss against their purchase price earlier in the year. This situation has begun to recover in the new financial year.

Risk management

The Board has introduced a formal system to analyse and manage the risks which the organisation runs in the course of its activity. All significant areas of risk are being identified along with mitigation measures and appropriate action points.

Internal controls

The organisation has documented systems of internal controls. These systems 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.

Corporate governance

Corporate governance is as relevant to the voluntary sector as it is to the commercial world. All public bodies should have high standards of accountability, as well as the proper ethical performance of the Directors. World Vision UK is committed to best practice in corporate governance, for example by following the principles in the Hampel Report published in January 1998.

Organisation

World Vision UK is a company limited by guarantee and a registered charity. Its governing instrument is the Memorandum and Articles of Association adopted by special resolutions passed on 30 January 1998.

The current Board of Directors is as shown on page 1. 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, subject to re-election every three years. The Board is assisted by committees, the membership of which is set out on page 33.

- **the Finance Committee, which approves the annual budget, monitors financial performance and sets financial policies. A medium term financial strategy and detailed annual budgets are prepared by the principal officers and discussed in 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 recommends to the Board the remuneration package of the Chief Executive and advises him on the remuneration 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 Nominations Committee considers all 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 organisation.

Subsequently, all new Directors undergo orientation training, including a visit to an overseas programme, to familiarise them with World Vision's work.

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 group, and of the income and expenditure of the group 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 a 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

A resolution to re-appoint Binder Hamlyn as company auditors will be put to the Members at the Annual General Meeting.

By order of the Board

C W Pearson

Company Secretary

12 December 2001



Accounting policies

These financial statements are prepared in accordance with Statement of Recommended Practice (SORP) Accounting and Reporting by Charities issued in October 2000, and applicable Accounting Standards. The principal accounting policies adopted are as follows:

a Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of investments.

In order to give a true and fair view, the exemption in Section 230 of the Companies Act 1985 has been applied to the consolidated statement of financial activities, which also comprises an income and expenditure account.

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.

Trading subsidiary

World Vision UK has a wholly owned trading subsidiary, World Vision Trading Limited, which is incorporated in Great Britain and registered in England and Wales. Gross income and expenditure for the year have been shown in the consolidated statement of financial activities, and further detail in the Notes to the accounts.

Donated goods and services

Gifts-in-kind, and the donated element of transportation services provided to the charity at a reduced fee, have been included in income at the insured market value.

c Resources expended

Remittances to overseas programmes are accounted for on the basis of cash paid in the period to cover specific project commitments.

Other expenditure is accounted for on an accruals basis. However, the investment in fundraising is charged to the consolidated statement of financial activities in the year in which it is incurred, without reference to the years over which income may be derived from it, other than expenditure relating to specific events which commence after the balance sheet date.

Expenditure is allocated between support costs for programmes, advocacy education and research, fundraising and management and administration of the charity. Where it relates to more than one category, it is apportioned over relevant headings. The bases of apportionment reflect time and resources expended directly on various activities or in support of those activities.

Support costs for programmes

Expenditure covers assisting programmes overseas, including their technical development, staffing, training, management and financial control.

Advocacy, education and research

Costs incurred in educating and informing governments, institutions and members of the public on the issues being addressed by the charity including:

- support for agencies involved in research;
- public policy and research work;
- church relations activities;
- educational and news publications, videos and materials.

Fundraising

Investment in fundraising relates to activities which are intended to generate income for development and child sponsorship programmes or relief and rehabilitation projects and includes:

- promotion of long-term committed giving schemes, including primarily child sponsorship promotional activity;
- soliciting one-off donations from current or new supporters;
- direct mail appeals;
- advertising;
- the costs of servicing supporters.

Management and administration of the charity

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 Pensions

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

e Foreign exchange

Transactions denominated in foreign currency are translated into sterling and 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 consolidated statement of financial activities.

f 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:

| | |
|-------------------------------------|-----------------------|
| Leasehold improvements | over 10 years |
| Furniture, fixtures and fittings | over 10 years |
| Equipment, including computers | over 3 or 5 years |
| Motor vehicles | |
| – subject to finance lease contract | over life of contract |

g 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 consolidated statement of financial activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

h Investments

Investments are valued at mid-market value at the balance sheet date.

i Fund accounting

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.

The General fund comprises accumulated surpluses and deficits after transfers to designated funds. It allows World Vision UK to budget for anticipated commitments in the short and medium term, to meet short-term emergency needs and to provide adequate working capital.

Consolidated statement of financial activities

for the year ended 30 September 2001

| Income and expenditure | Notes | Restricted funds £000 | Unrestricted funds £000 | 2001 £000 | 2000 £000 |
|--|-------|--------------------------|----------------------------|---------------|---------------|
| Incoming resources | | | | | |
| Voluntary income | 1 | 16,045 | 5,413 | 21,458 | 19,681 |
| Government grants | 2 | 6,570 | — | 6,570 | 5,408 |
| Donated goods and services | 3 | 1,021 | — | 1,021 | 1,147 |
| Income of trading subsidiary | 4 | — | — | — | 12 |
| Interest receivable and investment income | 5 | — | 248 | 248 | 268 |
| Total incoming resources | | 23,636 | 5,661 | 29,297 | 26,516 |
| Resources expended | | | | | |
| <i>Costs of generating funds</i> | | | | | |
| Fundraising and publicity costs | 7 | 3,606 | 1,152 | 4,758 | 4,255 |
| Cost of trading subsidiary activities | 4 | — | — | — | 13 |
| | | 3,606 | 1,152 | 4,758 | 4,268 |
| <i>Charitable expenditure:</i> | | | | | |
| Remittances to overseas programmes | 6 | 18,505 | 3,263 | 21,768 | 18,387 |
| Support costs for programmes | 7 | 474 | 152 | 626 | 629 |
| Advocacy, education and research | 7 | 808 | 258 | 1,066 | 812 |
| Management and administration of the charity | 7 | 410 | 131 | 541 | 485 |
| | | 20,197 | 3,804 | 24,001 | 20,313 |
| Total resources expended | | 23,803 | 4,956 | 28,759 | 24,581 |
| Net incoming resources before gains/(losses) on investments | 8 | (167) | 705 | 538 | 1,935 |
| Net investment (losses)/gains | 12 | — | (235) | (235) | 52 |
| Net movement in funds | | (167) | 470 | 303 | 1,987 |
| Funds at 1 October | | 242 | 6,140 | 6,382 | 4,395 |
| Funds at 30 September | 15 | 75 | 6,610 | 6,685 | 6,382 |

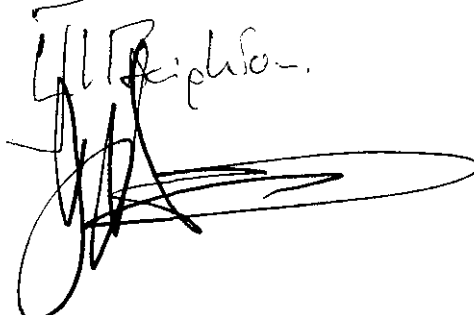
Balance sheets

at 30 September 2001

| | Notes | Group | | Charity | |
|--|-------|--------------|--------------|--------------|--------------|
| | | 2001 £000 | 2000 £000 | 2001 £000 | 2000 £000 |
| Fixed assets | | | | | |
| Tangible assets | 11 | 593 | 607 | 593 | 607 |
| Investments | 12 | 1,441 | 1,176 | 1,441 | 1,176 |
| | | 2,034 | 1,783 | 2,034 | 1,783 |
| Current assets | | | | | |
| Investments | 12 | 3,525 | 2,503 | 3,525 | 2,503 |
| Debtors | 13 | 1,134 | 1,580 | 1,134 | 1,580 |
| Cash at bank | | 541 | 982 | 531 | 971 |
| | | 5,200 | 5,065 | 5,190 | 5,054 |
| Creditors | | | | | |
| Amounts falling due within one year | 14 | 549 | 466 | 549 | 465 |
| Net current assets | | 4,651 | 4,599 | 4,641 | 4,589 |
| Total assets less current liabilities | | 6,685 | 6,382 | 6,675 | 6,372 |
| Reserves | | | | | |
| Restricted funds | 15 | 75 | 242 | 75 | 242 |
| Unrestricted funds : | | | | | |
| Tangible fixed assets fund | 15 | 593 | 607 | 593 | 607 |
| Emergency relief fund | 15 | 500 | 500 | 500 | 500 |
| Development fund | 15 | 2,000 | 2,000 | 2,000 | 2,000 |
| General fund | 15 | 3,517 | 3,033 | 3,507 | 3,023 |
| | | 6,685 | 6,382 | 6,675 | 6,372 |

Approved by the Board on 12 December 2001

Leonard Beighton }
Tim Amies } Directors



Consolidated statement of cash flows

for the year ended 30 September 2001

| | Notes | 2001 £000 | 2000 £000 |
|--|-------|--------------|--------------|
| Operating activities | | | |
| Cash received from donors | | 28,333 | 24,253 |
| Cash payments to suppliers | | (4,680) | (5,854) |
| Cash paid to and on behalf of employees | | (2,094) | (1,877) |
| Cash remitted to overseas projects | | (21,545) | (17,491) |
| Cash inflow /(outflow) from operating activities | 16 | 14 | (969) |
| Returns on investments | | | |
| Interest received | 5 | 248 | 268 |
| Cash inflow from returns on investment | | 248 | 268 |
| Capital expenditure | | | |
| Payments to acquire tangible fixed assets | 11 | (203) | (221) |
| Receipts from sales of tangible fixed assets | | – | 9 |
| Receipts from sale of investments | 12 | 1,188 | – |
| Payments to acquire investments | 12 | (1,688) | – |
| Cash (outflow) from investing activities | | (703) | (212) |
| (Decrease) in cash in the year | | (441) | (913) |
| Reconciliation of net cashflow to movement in net funds | | | |
| (Decrease) in cash in the year | | (441) | (913) |
| Cash at bank at 1 October | | 982 | 1,895 |
| Cash at bank at 30 September | | 541 | 982 |

Notes to the accounts

at 30 September 2001

| | Restricted £000 | Unrestricted £000 | 2001 £000 | 2000 £000 |
|---|--------------------|----------------------|--------------|--------------|
| 1. Voluntary income | | | | |
| Committed giving schemes, including child sponsorship | 11,693 | 453 | 12,146 | 11,107 |
| Tax recovered | – | 3,112 | 3,112 | 3,004 |
| Orangeapeel | – | 450 | 450 | 833 |
| Legacies | 8 | 107 | 115 | 120 |
| Other donations | 674 | 1,291 | 1,965 | 1,520 |
| | 12,375 | 5,413 | 17,788 | 16,584 |
| Emergency appeals | 930 | – | 930 | 1,201 |
| Disasters Emergency Committee receipts | 2,740 | – | 2,740 | 1,896 |
| | 16,045 | 5,413 | 21,458 | 19,681 |

At 30 September 2001 the number of children in the child sponsorship scheme was approximately 68,000 (2000: 64,000).

2. Government grants

| | | |
|--------------------------------|--------------|--------------|
| Development grants | 3,415 | 2,742 |
| Reconstruction grants | 1,657 | 912 |
| Relief grants | 1,498 | 1,754 |
| Total government grants | 6,570 | 5,408 |

Included in government grants is £68,000 (2000: £56,000) received as a contribution towards UK programme administration.

Grants receivable from:

| | | |
|--------------------------------|--------------|--------------|
| UK Government | 3,732 | 3,184 |
| European Union | 2,653 | 1,985 |
| States of Jersey | 161 | 183 |
| States of Guernsey | 2 | 47 |
| Isle of Man | 0 | 5 |
| UNICEF | 22 | 4 |
| Total government grants | 6,570 | 5,408 |

Notes to the accounts

at 30 September 2001

2. Government grants (continued)

Grants received from Government sources in the financial year include:

UK Government

| | | |
|--------------|--|------------|
| Angola | Agricultural Assistance-Kwanza Norte, Malange & Luanda | £27,483 |
| Armenia | Syunik Civic Initiative | £26,241 |
| Azerbaijan | Horadiz CD | £15,275 |
| Bangladesh | Bakulia Health Development | £49,997 |
| Bosnia | Enterprise Fund | £24,900 |
| Kenya | Pokatusa Peace Building | £23,183 |
| Laos | Savannakhet IRDP | £30,559 |
| Mozambique | Zambezia Agricultural Development Programme II | £2,473,390 |
| Myanmar | Street and Working Children, CEDC | £93,496 |
| | Community Based Rehabilitation | £14,385 |
| | Community Based Disability | £13,105 |
| | Community Action for HIV/AIDS | £20,854 |
| | Trafficking along the Thai-Burma Border | £21,428 |
| Niger | Tera Girls Rights | £5,376 |
| Rwanda | Accelerated Agricultural Recovery | £71,137 |
| Senegal | Kaolack Potable Water Development | £97,949 |
| Sierra Leone | Bonthe Health Programme Phase 3 | £31,235 |
| | Bonthe Health Programme Phase 4 | £262,160 |
| Somalia | Primary Health Care II – Middle Juba | £49,405 |
| | Primary Health Care II – Bay | £130,233 |
| | Agricultural Recovery Programme | £63,629 |
| | Primary Health Care 2002 – Middle Juba | £35,494 |
| | Primary Health Care 2002 – Bay | £52,234 |
| Sudan | Waat Emergency Nutrition | £493,251 |
| Tanzania | FGM | £13,052 |
| Thailand | Trafficking along the Thai-Burma Border | £7,627 |
| Uganda | Pokatusa Peace Building | £33,661 |
| Vietnam | Phu Loc/Huong Thuy Development Phase II | £31,540 |
| | Flood Relief | £287,028 |

European Union

| | | |
|------------|-----------------------------|----------|
| Angola | PMS Costs | €42,351 |
| Bosnia | IRP01 | €475,180 |
| | IRP03 | €653,028 |
| | Banja Luka Community Return | €479,728 |
| | Begov Han | €163,669 |
| Ethiopia | PMS Costs | €31,288 |
| Honduras | Food Security – Yoro | €209,008 |
| India | Orissa Cyclone Relief | €130,365 |
| Kosovo | TAFKO Project | €307,866 |
| | EAR Project | €120,000 |
| Montenegro | Bereane Social Centre | €88,379 |
| Mozambique | Nampula Food Security | €409,994 |
| | Milange Food Security | €484,451 |
| | Flood Relief | €250,000 |

Notes to the accounts

at 30 September 2001

2. Government grants (continued)

Grants received from Government sources in the financial year include:

States of Jersey

| | | |
|------------|---------------------------------|---------|
| Bolivia | Flood Relief | £12,886 |
| India | Gujarat Earthquake Relief | £39,977 |
| Kenya | Flood Relief | £40,000 |
| Mongolia | Schoolchildren's Garden Project | £9,373 |
| Mozambique | Flood Relief | £10,000 |
| Zambia | Water Project | £49,168 |

States of Guernsey

| | | |
|------|-----------------------|---------|
| Mali | Mothers' Club Support | £20,690 |
|------|-----------------------|---------|

UNICEF

| | | |
|---------|------------------------|--------------|
| Somalia | GIK Distribution Costs | US \$ 31,894 |
|---------|------------------------|--------------|

| | |
|------|------|
| 2001 | 2000 |
| £000 | £000 |

3. Donated goods and services

Received from

European union

| | | |
|----------|-----|-----|
| Angola | 348 | — |
| Ethiopia | 660 | 215 |
| Kosovo | — | 891 |

UNICEF

| | | |
|---------|--------------|--------------|
| Somalia | 13 | 41 |
| | <u>1,021</u> | <u>1,147</u> |

| | |
|------|------|
| 2001 | 2000 |
| £ | £ |

4. Trading subsidiary

World Vision Trading Limited is a wholly owned subsidiary of World Vision UK.

The full operational results of the company are:

| | | |
|--|-------|----------|
| Turnover | 313 | 11,740 |
| Cost of sales | — | — |
| Gross profit | 313 | 11,740 |
| Expenses | (73) | (12,592) |
| Operating profit/(loss) | 240 | (852) |
| Transfer to World Vision UK under Gift Aid | (240) | — |
| Taxation | — | 172 |
| Retained profit/(loss) for the period | 0 | (680) |

Notes to the accounts

at 30 September 2001

| | 2001 £000 | 2000 £000 |
|---|--------------|--------------|
| 5. Interest receivable and investment income | | |
| Bank interest | 232 | 214 |
| Investment income | 16 | 54 |
| | 248 | 268 |

| | Restricted £000 | Unrestricted £000 | 2001 £000 | 2000 £000 |
|--|--------------------|----------------------|--------------|--------------|
| 6. Remittances to overseas programmes | | | | |
| Albania | 2 | 3 | 5 | — |
| Angola | 401 | 0 | 401 | 183 |
| Armenia | 41 | 22 | 63 | 24 |
| Azerbaijan | 16 | 1 | 17 | — |
| Bangladesh | 787 | 35 | 822 | 625 |
| Bolivia | 263 | 5 | 268 | 118 |
| Bosnia | 1,635 | 81 | 1,716 | 1,127 |
| Brazil | 210 | 8 | 218 | 202 |
| Cambodia | 424 | 4 | 428 | 419 |
| Chechnya | — | — | — | 2 |
| Chile | 50 | 1 | 51 | 55 |
| Colombia | — | — | — | 21 |
| East Timor | — | — | — | 25 |
| El Salvador | 93 | 1 | 94 | 99 |
| Ethiopia | 1,818 | — | 1,818 | 1,357 |
| Georgia | — | — | — | 13 |
| Ghana | 323 | — | 323 | 303 |
| Guatemala | — | — | — | 42 |
| Haiti | — | — | — | 26 |
| Honduras | 399 | 23 | 422 | 294 |
| India | 1,629 | 1,430 | 3,059 | 1,652 |
| Jerusalem West Bank | 21 | 4 | 25 | 49 |
| Kenya | 664 | 95 | 759 | 458 |
| Kosovo | 275 | 3 | 278 | 1,615 |
| Laos | 86 | 50 | 136 | 145 |

Notes to the accounts

at 30 September 2001

| | Restricted £000 | Unrestricted £000 | 2001 £000 | 2000 £000 |
|--|--------------------|----------------------|--------------|--------------|
| 6. Remittances to overseas programmes (continued) | | | | |
| Malawi | 524 | 28 | 552 | 341 |
| Mali | 21 | — | 21 | — |
| Mongolia | 9 | — | 9 | — |
| Montenegro | 290 | 133 | 423 | 798 |
| Mozambique | 3,100 | 744 | 3,844 | 3,519 |
| Myanmar | 520 | 76 | 596 | 559 |
| North Korea | — | — | — | 222 |
| Niger | 328 | 1 | 329 | 236 |
| Philippines | (5) | — | (5) | 52 |
| Romania | — | — | — | 10 |
| Rwanda | 84 | 72 | 156 | 185 |
| Senegal | 336 | 82 | 418 | 375 |
| Sierra Leone | 296 | 11 | 307 | 361 |
| Somalia | 357 | 40 | 397 | 352 |
| South Africa | 91 | 32 | 123 | 106 |
| Sri Lanka | 218 | — | 218 | 150 |
| Sudan | 486 | 27 | 513 | 48 |
| Taiwan | — | — | — | 33 |
| Tanzania | 19 | 8 | 27 | — |
| Thailand | 132 | — | 132 | 204 |
| Turkey | (3) | (5) | (8) | 7 |
| Uganda | 735 | 34 | 769 | 731 |
| Vietnam | 414 | 18 | 432 | 217 |
| Zambia | 429 | 16 | 445 | 264 |
| Zimbabwe | 987 | 28 | 1,015 | 662 |
| | 18,505 | 3,111 | 21,616 | 18,286 |
| Partnership costs ² | — | 152 | 152 | 101 |
| | 18,505 | 3,263 | 21,768 | 18,387 |
| Number of countries supported | | | 41 | 45 |

All of the above grants were made to World Vision partner entities for programme work in the countries listed.

²Partnership costs are World Vision UK's portion of costs incurred by the World Vision partnership for planning and co-ordination of the world-wide programmes.

Notes to the accounts

at 30 September 2001

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| 7. Costs incurred in the United Kingdom | | |
| Salaries | 2,094 | 1,877 |
| Employment benefits | 71 | 48 |
| Temporary staff | 82 | 111 |
| Training | 189 | 33 |
| Recruitment | 84 | 74 |
| Travel and subsistence | 168 | 151 |
| Marketing costs | 2,906 | 2,939 |
| Research and consultancy fees | 695 | 235 |
| Equipment maintenance and rental | 110 | 112 |
| Depreciation | 218 | 213 |
| Occupancy and supplies | 376 | 415 |
| Legal and professional | 19 | 22 |
| Finance and bank charges | 57 | 24 |
| Reimbursements from the World Vision Partnership for services rendered | (78) | (73) |
| | 6,991 | 6,181 |

These costs have been apportioned as follows, on the basis described in Accounting Policies paragraph (c):

| | Salaries | Other costs | 2001 Total | 2000 Total |
|--|--------------|----------------|---------------|---------------|
| Support costs for programmes | 349 | 277 | 626 | 629 |
| Advocacy, education and research | 449 | 617 | 1,066 | 812 |
| Fundraising: voluntary income | 1,010 | 3,661 | 4,671 | 4,175 |
| government grants | 19 | 68 | 87 | 80 |
| Management and administration of the charity | 267 | 274 | 541 | 485 |
| | 2,094 | 4,897 | 6,991 | 6,181 |

8. Net incoming resources for the year

This is stated after charging:

| | | |
|--|-----|-----|
| Depreciation of owned assets | 201 | 199 |
| Depreciation of assets held under finance leases | 16 | 14 |
| Auditors' remuneration – audit fees | 20 | 16 |

Notes to the accounts

at 30 September 2001

| | |
|------|------|
| 2001 | 2000 |
| £000 | £000 |

9. Staff costs

Aggregate payroll costs were as follows:

| | | |
|-----------------------|--------------|--------------|
| Wages and salaries | 1,802 | 1,607 |
| Social security costs | 173 | 153 |
| Other pension costs | 119 | 117 |
| | 2,094 | 1,877 |

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

| | Number | Number |
|-------------------|--------|--------|
| £40,001 – £50,000 | 4 | 4 |
| £50,001 – £60,000 | – | 1 |
| £60,001 – £70,000 | 1 | 1 |

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

| | | |
|------------------------------------|-----------|-----------|
| International Programmes | 17 | 16 |
| Marketing | 44 | 32 |
| Chief Executive | 3 | 3 |
| Finance and Information Technology | 21 | 21 |
| Human Resources | 11 | 10 |
| | 96 | 82 |

In addition, to handle peak workloads and to cover for the shortage of permanent staff, temporary staff equivalent to eight permanent staff (2000: nine) were used. The use of volunteers reduced slightly this year and totalled 6,639 working hours (2000: 7,195 hours).

10. Directors' remuneration

As charity trustees, the Directors received no remuneration for their services. Directly incurred expenses are reimbursed, if claimed, and in 2001 totalled £2,459 (2000: £2,349) which was claimed by five Directors (2000: six Directors). In addition, business trips overseas were paid for directly by the charity costing £2,872 (2000: £2,087) on behalf of two Directors (2000: two).

Indemnity insurance is provided for Directors and Principal Officers of the charity. Premiums paid in 2001 totalled £3,650 (2000: £3,765)

Notes to the accounts

at 30 September 2001

| | Leasehold improvements | Furniture and fittings | Computer and office equipment | Motor vehicles | Total |
|----------------------------------|---------------------------|---------------------------|-------------------------------------|-------------------|------------|
| | £000 | £000 | £000 | £000 | £000 |
| 11. Tangible fixed assets | | | | | |
| Group and charity: | | | | | |
| <i>Cost:</i> | | | | | |
| At 1 October 2000 | 194 | 185 | 1,189 | 42 | 1,610 |
| Additions | – | 14 | 177 | 12 | 203 |
| Disposals | – | – | – | – | – |
| At 30 September 2001 | 194 | 199 | 1,366 | 54 | 1,813 |
| <i>Depreciation:</i> | | | | | |
| At 1 October 2000 | 110 | 33 | 846 | 14 | 1,003 |
| Charge for the year | 19 | 20 | 162 | 16 | 217 |
| Disposals | – | – | – | – | – |
| At 30 September 2001 | 129 | 53 | 1,008 | 30 | 1,220 |
| <i>Net book value:</i> | | | | | |
| At 30 September 2001 | 65 | 146 | 358 | 24 | 593 |
| At 30 September 2000 | 84 | 152 | 343 | 28 | 607 |

The net book value of charity assets held under contract purchase agreements at 30 September were:

| | 2001 £000 | 2000 £000 |
|----------------|--------------|--------------|
| Motor vehicles | 24 | 28 |

12. Investments

Fixed assets

Common investment funds held by the charity:

| | | |
|---------------------------------------|--------------|--------------|
| Market value at 1 October | 1,176 | 1,124 |
| Disposals | (1,188) | – |
| Acquisitions | 1,688 | – |
| Net unrealised investment (loss)/gain | (235) | 52 |
| Market value at 30 September | 1,441 | 1,176 |
| Historical cost at 30 September | 1,688 | 1,000 |

Current assets

| | | |
|------------------|-------|-------|
| Deposit accounts | 3,525 | 2,503 |
|------------------|-------|-------|

Deposit accounts comprise money that is deemed not available for day-to-day use but to meet emergency needs as and when they arise, and to meet long-term programme commitments.

Notes to the accounts

at 30 September 2001

| | Group | | Charity | |
|--|--------------|--------------|--------------|--------------|
| | 2001 £000 | 2000 £000 | 2001 £000 | 2000 £000 |
| 13. Debtors | | | | |
| Government grants receivable | 449 | 1,000 | 449 | 1,000 |
| Amounts owed by other World Vision offices | 18 | 158 | 18 | 158 |
| Income tax recoverable | 369 | 263 | 369 | 263 |
| Accrued income | 53 | 73 | 53 | 73 |
| Sundry debtors | 6 | 6 | 6 | 6 |
| Prepayments | 239 | 80 | 239 | 80 |
| | 1,134 | 1,580 | 1,134 | 1,580 |

14. Creditors: amounts falling due within one year

| | | | | |
|--|------------|------------|------------|------------|
| Amounts owed to other World Vision offices | 108 | 25 | 108 | 25 |
| Income in advance | – | 2 | – | 2 |
| Accruals | 389 | 438 | 389 | 438 |
| Other creditors | 52 | 1 | 52 | – |
| | 549 | 466 | 549 | 465 |

Notes to the accounts

at 30 September 2001

| | Restricted funds | Unrestricted funds | | | | Total |
|-------------------------------------|------------------|------------------------------|--------------------------|---------------------|-----------------|--------------|
| | | Tangible fixed asset fund | Emergency relief fund | Development fund | General fund | |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| 15. Funds | | | | | | |
| Group: | | | | | | |
| Balance at 1 October 2000 | 242 | 607 | 500 | 2,000 | 3,033 | 6,382 |
| Net incoming resources | (167) | – | – | – | 705 | 538 |
| Transfers between funds | – | (14) | – | – | 14 | – |
| Net investment loss | – | – | – | – | (235) | (235) |
| Balance at 30 September 2001 | 75 | 593 | 500 | 2,000 | 3,517 | 6,685 |
| <i>Represented by:</i> | | | | | | |
| Tangible assets | – | 593 | – | – | – | 593 |
| Investments | – | – | 500 | 2,000 | 2,466 | 4,966 |
| Debtors | – | – | – | – | 1,134 | 1,134 |
| Cash at bank and on deposit | 75 | – | – | – | 466 | 541 |
| Current liabilities | – | – | – | – | (549) | (549) |
| Balance at 30 September 2001 | 75 | 593 | 500 | 2,000 | 3,517 | 6,685 |

The general fund at 30 September 2001 includes unrealised losses on investments of £247,000 (2000: unrealised profit of £176,000) – see Note 12

| | 2001 £000 | 2000 £000 |
|-------------------------|--------------|--------------|
| Restricted Funds | | |
| Bangladesh | 4 | – |
| Bosnia | – | 167 |
| Chile | – | 2 |
| El Salvador | 4 | – |
| India | 5 | – |
| Kenya | – | 19 |
| Myanmar | 41 | 54 |
| Tanzania | 21 | – |
| | 75 | 242 |

The **Tangible fixed assets fund** is a designated fund representing the value of fixed assets, and is not therefore available for distribution.

The **Emergency relief fund** is a designated fund set aside for humanitarian emergencies.

The **Development fund** is a designated 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 our ministry.

Notes to the accounts

at 30 September 2001

| | 2001 £000 | 2000 £000 |
|--|--------------|--------------|
| 16. Reconciliation of net incoming resources to cash inflow from operating activities | | |
| Net incoming resources for the year | 538 | 1,935 |
| Depreciation of tangible fixed assets | 217 | 213 |
| Increase in current asset investments | (1,022) | (1,492) |
| Decrease/(increase) in operating debtors and prepayments | 446 | (1,098) |
| Increase/(decrease) in operating creditors and accruals | 83 | (259) |
| Interest receivable and investment income | (248) | (268) |
| Cash inflow/(outflow) from operating activities | 14 | (969) |

| | Group | | Charity | |
|--|--------------|--------------|--------------|--------------|
| | 2001 £000 | 2000 £000 | 2001 £000 | 2000 £000 |

17. Commitments

a Operating leases

There were the following land and buildings annual commitments under non-cancellable operating leases:

| | | | | |
|--------------------------------|-----|-----|-----|-----|
| Lease expiring in over 5 years | 175 | 175 | 175 | 175 |
|--------------------------------|-----|-----|-----|-----|

b Overseas commitments

The budget for the year ending 30 September 2002 was approved by the Directors on 20 July 2001. It includes a commitment at 30 September 2001 to remit monies to overseas programmes totalling £20.3m (2000: £18.6m).

c Pension commitments

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

d Contingent liabilities

The company has given bank guarantees to certain Government donors totalling £ 886,000 (2000: £886,000).

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 2001 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated statement of cash-flows and the related Notes numbered 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report, including the Financial Highlights, is 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, including the Financial Highlights, and consider the implications for our report if we become aware of any apparent misstatements therein.

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 group and the company as at 30 September 2001 and of the incoming resources and application of resources of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn

Chartered Accountants and Registered Auditors

12 December 2001

Biographies of Directors

Anne Williams (Chairman) (R) (N)

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 and appointed Deputy Chairman in 1997 and took over as Chairman in 2001.

Tim Amies FCA (F) (R)

A Chartered Accountant, worked for five years for Morgan Grenfell & Co, 18 years as a Partner with Laurie Milbank & Co. Director of Chase Investment Bank Ltd for five years and currently a director of Amies International Ltd. Non-Executive Director of Mercury Grosvenor Trust plc. Joined the Board of World Vision UK in 1996, and was appointed chairman of the Finance Committee in 1998.

Leonard Beighton (Vice Chairman) (F) (N)

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 a Trustee of the Shaftesbury Society and a Director of Shared Interest Society. Joined the Board of World Vision UK in 1997.

Joss Carruthers

Joined the Board of World Vision UK in 2001. Has worked as an editor with Phaidon Press; as a newsreader, reporter, researcher and assistant producer with broadcast radio and television; and as a producer of videos for the marketing and training industry. Most recently involved with radio and television training on behalf of Oasis Media, the writing of corporate brochures and training manuals for the RAC and of features for publications such as The Sunday Express, Alpha News and Focus newspaper.

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.

Humphrey Norrington OBE (F) (R) (N)

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 councils of the Royal Society for the Protection of Birds, Opportunity International UK and the Royal College of Music, and is Vice Chairman of Mildmay Mission Hospital. Joined the Board of World Vision UK in 1991 and was Chairman from 1996 till 2001.

Ian Wallace

Deputy Head of the Agricultural Extension and Rural Development Department of Reading University. Other employment includes five years with Tear Fund, three years with Ministry of Agriculture and Fisheries in Fiji and 20 years in agricultural development in Kenya and Uganda. Worked as a consultant in rural development in about 20 other countries, and has numerous publications. 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

(N) Member of the Nominations Committee

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