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Auditors

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

Principal bankers

Clydesdale Bank PLC
10 Fleet Place
London EC4M 7RB

Solicitor

Andrew Lutley
Springfield
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Ashtead
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Board of Trustees

Mr Timothy Rutter, Chairman
Philip D Harvey
Edgar W Stanford
David W Logan
Baroness Flather
Catherine Stopes

Secretary

Dr TRL Black

Registered office

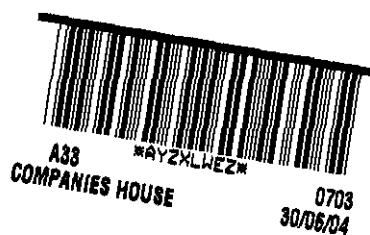
153-157 Cleveland Street
London W1T 6QW

Company number

1102208 (registered in England and Wales)

Charity number

265543 (registered in England)



Report of the Board of Trustees

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 2003.

Objects and organisation of the charity

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

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

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

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

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

Marie Stopes International's success depends, to a large extent, on the optimum involvement of people at all levels and specific policies are followed to this end. All aspects of the employment of people or the

engagement of professional services are undertaken regardless of any individual's colour, ethnic or national origins, religion, sex, marital status, sexual orientation, age or disability.

Constitution of the charity

Marie Stopes International is a registered charity, constituted as a company and limited by guarantee. Its objects and powers and other constitutional matters are set out in its Memorandum and Articles of Association. The Memorandum and Articles of Association do not contain any onerous restrictions concerning the way in which the company can operate. As a company, Marie Stopes International has general investment power.

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

Trustees and their statutory responsibilities

The Trustees serving at 31 December 2003 and up to the date of signing this report are noted on page 1.

Company and charity law requires the Board, as Directors and Trustees, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the surplus or deficit for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity and the group will be able to continue to meet their objectives.

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

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

Results and review of activities

The net decrease in funds of the group for the financial year was £89,000 (2002: £2,991,000 increase). The Trustees are satisfied with the results for the year under review and anticipate further growth in service delivery and improvements in cost recovery in the future.

UK developments and results

Service income in the UK increased last year by 11% to £22,018,000. The relocation of Marie Stopes One Call in 2002 helped us to offer services to 7% more clients in 2003 – 108,000 in total.

In 2003 our clinical and operational protocols were reviewed in light of changes to regulations introduced when the National Care Standards Commission took over as our regulatory body. As a result, our UK clients now benefit from more consistent and improved standards across each of our nine centres.

Marie Stopes International continues its commitment to conscious sedation as an anaesthetic option for women attending all our centres. Last year we made this option available to more clients than ever before.

Our research programme produced vital new studies. An independent survey commissioned into the views of UK opinion leaders revealed their attitudes to, and knowledge of, sexual and reproductive health and rights in the developing world.

The independent survey that we commissioned into sexual health among 11-15 year olds revealed disturbing levels of ignorance about sexual health. As part of the national effort to reduce soaring sexually transmitted infection rates and high rates of teenage pregnancy, Marie Stopes International went into partnership with the UK's leading teenage magazine, *Sugar*, to offer their readers the opportunity to visit our innovative teenage sex education website www.likeitis.org and send for a card which contained information about sexual health and a condom. This initiative polarised opinion and promoted a national debate in the media, but among the 20,000 young people who responded to the campaign, the feedback was almost unanimously positive.

Overseas developments and results

Marie Stopes International secured a seven million dollar loan from The David and Lucille Packard Foundation, distribution of which began in 2003. The loan is strategically important to the organisation as it has facilitated the purchase of service delivery and support office premises for several of our Partner programmes.

Helping Partner programmes to build a solid asset base is instrumental in securing the sustainability of our Partners and their ability to provide much needed services over the long term. Early recipients of the loan include our Partners in the Philippines,

Mongolia, China and South Africa. In addition, the loan helped support further development of our network in Australia with the purchase of two new centres.

Discretionary funds, raised from private donors and supplemented with surplus funds generated by our UK centres, enabled us to further our commitment to HIV/AIDS prevention through innovative contraceptive social marketing programmes launched by our Partners in Malawi, Kenya and Pakistan. The addition of these new programmes helped sales of contraceptives increase by 66% on the previous year to a remarkable 80 million in 2003.

These discretionary funds also enabled Marie Stopes International to support several Partners including those in Tanzania and the Philippines build the capacity of their voluntary surgical contraception services. As a result, they were able to serve the huge increase in clients seeking a permanent method of family planning.

As one measure of the impact of our activities, Marie Stopes International uses an internationally recognised indicator of family planning performance: Couple Years of Protection (CYP), where one CYP is the equivalent of one year of contraceptive cover for one couple. Operational improvements and focused use of discretionary funds compensated for a difficult funding environment in 2003 with the Partnership achieving over 4 million CYPs, an increase of 33% on the previous year. For the second consecutive year we achieved a 13% increase in clients, taking the number of clients seen by the Partnership to 4.1 million.

Subsidiary undertakings

Options Consultancy Services' turnover in 2003 increased from £1,764,162 to £1,908,166, a modest growth. Profit before tax was £15,864, representing an increase of 76% compared to 2002.

Options secured several large contracts late in 2003, including a £9 million, four year award from Department For International Development (DFID) to fund projects in Pakistan, approximately £1 million of which will contribute to turnover in 2004. Several large awards, secured in late 2002, will also begin to produce a financial return in 2004. Options diversified its clients and secured work with two new and significant donors in 2003. Several partnerships were initiated, most notably with two US organisations on specific contracts. The company has also added several new technical team members who are capable of generating substantial consulting work and attracting new business. As a result of these changes and contracts, 2004 should see a substantial increase in turnover.

The Options Board of Directors approved an office move. A new office was identified at the end of 2003,

Marie Stopes International

Ambulatorium am Fleischmarkt, Marie Stopes International's centre in Vienna, continued to provide sexual and reproductive healthcare services to more than 6,000 women and men during the year. The centre maintained turnover in excess of £1,800,000 despite a slight decrease in total client visits in 2003.

Financial position and reserves

At 31 December 2003 Marie Stopes International's total funds amounted to £21,553,000 including funds restricted for overseas projects of £3,502,000.

Unrestricted funds of £500,000 have been set aside to cover Marie Stopes International's future contributions to existing co-financed projects.

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

The remaining funds of £14,280,000 at year-end are unrestricted general funds. These are available to cover any deficit on the restricted funds for any particular project.

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

Auditors

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

By order of the Board



Dr TRL Black
Secretary
9 June 2004

Independent auditors' report to the members of Marie Stopes International

We have audited the financial statements of Marie Stopes International for the year ended 31 December 2003 which comprise the Consolidated Statement of Financial Activities, Group Balance Sheet, Company Balance Sheet, Consolidated Cashflow Statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

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

Respective responsibilities of trustees and auditors

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

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 Report of the Board of Trustees is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

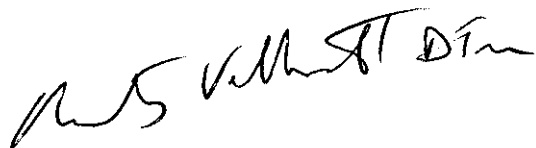
Basis of audit opinion

We conducted our audit in accordance with the United Kingdom Auditing Standards issued by the Auditing Practices Board of the Financial Reporting Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the charitable company and the group as at 31 December 2003 and of their incoming resources, and application of resources, including their income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chantrey Vellacott DFK
Chartered Accountants
Russell Square House
10-12 Russell Square
London WC1B 5LF
09 June 2004

**Consolidated statement of financial activities incorporating the income and expenditure account
for the year ended 31 December 2003**

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2003 £'000	Total 2002 £'000
Incoming resources					
Donations, legacies and similar incoming resources	2a	655	-	655	273
Operating activities in furtherance of the charity's objectives	2b	28,021	9,656	37,677	38,742
Investment income	2c	392	-	392	332
Total incoming resources		29,068	9,656	38,724	39,347
Resources expended					
Cost of generating funds	3	497	-	497	628
Charitable expenditure					
Activities in furtherance of the charity's objectives	4a	25,541	10,140	35,681	33,239
Support costs	4b	3,058	-	3,058	2,359
Management and administration of the charity	4c	166	-	166	131
Total charitable expenditure		28,765	10,140	38,905	35,729
Total resources expended	5	29,262	10,140	39,402	36,357
Net incoming / (outgoing) resources before transfers		(194)	(484)	(678)	2,990
Contribution to support costs	15	1,457	(1,457)	-	-
Realised gains on disposals of investments	10b	2	-	2	1
Net incoming / (outgoing) resources		1,265	(1,941)	(676)	2,991
Unrealised exchange gains	2d	587	-	587	-
Net movement in funds		1,852	(1,941)	(89)	2,991
Total funds brought forward at 1 January 2003	15	16,363	5,443	21,806	18,818
Exchange movement on consolidation	15	(164)	-	(164)	(3)
Total funds carried forward at 31 December 2003	15	18,051	3,502	21,553	21,806

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

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

Marie Stopes International

Group balance sheet at 31 December 2003

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2003 £'000	Total 2002 £'000
Fixed assets					
Intangible assets	8	792	-	792	758
Tangible assets	9	10,251	-	10,251	9,360
		11,043	-	11,043	10,118
Current assets					
Work in progress		250	-	250	127
Debtors	11	2,551	961	3,512	3,267
Investments	10b	578	-	578	40
Cash at bank and in hand		5,988	6,976	12,964	14,779
		9,367	7,937	17,304	18,213
Creditors: amounts falling due within one year	12a	2,220	-	2,220	1,967
Net current assets		7,147	7,937	15,084	16,246
Total assets less current liabilities		18,190	7,937	26,127	26,364
Creditors: amounts falling due after more than one year	12b	139	-	139	123
Loans: amounts falling due after more than one year	13	-	4,435	4,435	4,435
Net assets		18,051	3,502	21,553	21,806
Unrestricted funds					
General reserves	15	14,280	-	14,280	12,664
Designated funds - contingency reserve	15	500	-	500	428
Capital fund - revaluation reserve	15	3,271	-	3,271	3,271
		18,051	-	18,051	16,363
Restricted funds					
Specific reserves	14/15	-	3,502	3,502	5,443
		18,051	3,502	21,553	21,806

Approved by the Board of Trustees on 9 June 2004
and signed on its behalf by

Mr T. Rutter *Chairman*

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

Company balance sheet at 31 December 2003

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2003 £'000	Total 2002 £'000
Fixed assets					
Intangible assets	8	736	-	736	482
Tangible assets	9	10,230	-	10,230	9,335
Investments	10a	1,162	-	1,162	1,162
		12,128	-	12,128	10,979
Current assets					
Debtors	11	2,211	961	3,172	2,837
Investments	10b	534	-	534	-
Cash at bank and in hand		5,464	6,976	12,440	14,247
		8,209	7,937	16,146	17,084
Creditors: amounts falling due within one year	12a	1,560	-	1,560	1,352
Net current assets		6,649	7,937	14,586	15,732
Total assets less current liabilities		18,777	7,937	26,714	26,711
Creditors: amounts falling due after more than one year	12b	57	-	57	55
Loans: amounts falling due after more than one year	13	-	4,435	4,435	4,435
Net assets		18,720	3,502	22,222	22,221
Unrestricted funds					
General reserves	15	14,949	-	14,949	13,079
Designated funds - contingency reserve	15	500	-	500	428
Capital fund - revaluation reserve	15	3,271	-	3,271	3,271
		18,720	-	18,720	16,778
Restricted funds					
Specific reserves	14/15	-	3,502	3,502	5,443
		18,720	3,502	22,222	22,221

Approved by the Board of Trustees on 9 June 2004
and signed on its behalf by

Mr T. Rutter Chairman

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

Consolidated cashflow statement for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Net cash inflow from operating activities	16	235	3,963
Taxation paid		(113)	(120)
Returns on investments and servicing of finance			
Interest received	342	268	
Interest paid	(81)	(10)	
Rent receivable	6	27	
Sundry income	44	37	
		<hr/>	<hr/>
Net cash inflow for returns on investments and servicing of finance		311	322
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	(432)	(483)	
Payments to acquire tangible fixed assets	(1,925)	(1,797)	
		<hr/>	<hr/>
Net cash outflow for capital expenditure and financial investment		(2,357)	(2,280)
Net cash inflow / (outflow) before financing		<hr/> (1,924) <hr/>	<hr/> 1,885 <hr/>
Financing			
New unsecured loan	-	4,435	
Repayment of long term loans	(27)	-	
		<hr/>	<hr/>
Net cash inflow / (outflow) for financing		(27)	4,435
(Decrease) / increase in cash	17/18	<hr/> (1,951) <hr/>	<hr/> 6,320 <hr/>

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

Notes to the financial statements for the year ended 31 December 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold and investment properties and investments, in accordance with Statement of Recommended Practice Accounting and Reporting by Charities 2000, the Companies Act 1985 and applicable Accounting Standards.

The principal accounting policies adopted are as follows:

a) Basis of consolidation

The Group financial statements combine the results of the parent undertaking, Marie Stopes International, and its subsidiary undertakings, other than those detailed in Note 10a, and after eliminating inter-group transactions.

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

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

b) Incoming resources

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

c) Foreign currencies

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

Exchange differences arising from the re-translation of branch assets and liabilities are recognised as unrealised gains / losses in the statement of financial activities.

d) Pension costs

The charity operates a defined contribution scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund managed by Standard Life Assurance Company.

e) Operating leases

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

f) Allocation of costs

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

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

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

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

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

Notes to the financial statements for the year ended 31 December 2003

1 Accounting policies (continued)

g) **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation has been provided at rates calculated to write off the cost or valuation of fixed assets less their estimated residual value, on a straight line basis over their useful economic lives as follows:

Freehold properties	Over estimated useful life but none in the year of revaluation
Investment properties	Not depreciated
Leasehold properties	Over the period of the lease
Furniture, fixtures, fittings & office equipment	20% to 50% per annum
Medical equipment	20% to 50% per annum
Computer equipment	25% to 50% per annum
Motor vehicles	25% per annum

h) **Investment properties**

Investment properties are included in the balance sheet at open market value. Valuations are made annually by the trustees and by external valuers every five years.

i) **Work in progress**

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

j) **Investments**

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

k) **Goodwill**

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

l) **Reserves**

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

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

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

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

Notes to the financial statements for the year ended 31 December 2003

2 Incoming resources	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
a) Donations, legacies and similar incoming resources				
Discretionary income raised by campaigns from:				
Trusts & Foundations	50	-	50	117
Direct Mail	42	-	42	40
Covenants	17	-	17	18
Legacies and other donations	546	-	546	98
	<u>655</u>	<u>-</u>	<u>655</u>	<u>273</u>

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

Grants receivable

DFID	-	2,156	2,156	2,638
European Union	-	1,233	1,233	2,027
United Nations	-	1,609	1,609	1,520
Packard Foundation	-	283	283	2,233
Kreditanstalt für Wiederaufbau	-	917	917	1,051
The Community Fund	-	48	48	103
Netherlands Ministry of Foreign Affairs	-	340	340	-
UK Trusts & Foundations	-	1,028	1,028	1,113
Offshore Trusts & Foundations	-	1,245	1,245	3,211
Other	-	797	797	934
	-	<u>9,656</u>	<u>9,656</u>	<u>14,830</u>

Trade in furtherance of the charity's objectives

Reproductive healthcare services	28,146	-	28,146	24,018
Fees waived	(125)	-	(125)	(106)
	<u>28,021</u>	<u>9,656</u>	<u>37,677</u>	<u>38,742</u>

c) Investment income

Bank interest receivable	341	-	341	268
Loan interest receivable	1	-	1	-
Rent receivable	6	-	6	27
Capital gain on investments	2	-	2	-
Sundry income	42	-	42	37
	<u>392</u>	<u>-</u>	<u>392</u>	<u>332</u>

d) Unrealised exchange gains

Exchange gains on retranslation of branch assets	587	-	587	-
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3 Cost of generating funds

Reproductive healthcare service programme	27	34
Fundraising	470	594
	<u>497</u>	<u>628</u>

Notes to the financial statements for the year ended 31 December 2003

4 Charitable expenditure	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
a) Activities in furtherance of the charity's objectives				
Africa & Arab World				
Angola	-	46	46	85
Ethiopia	15	535	550	183
Kenya	360	232	592	257
Lebanon	-	-	-	23
Madagascar	7	118	125	130
Malawi	10	28	38	19
Mozambique	12	70	82	70
Sierra Leone	13	309	322	372
South Africa	(169)	151	(18)	377
Tanzania	433	785	1,218	468
Uganda	114	868	982	1,194
Yemen	34	207	241	139
Zimbabwe	15	28	43	119
Training, research & development	3	20	23	1
Pacific Asia				
Cambodia	24	153	177	36
China	-	1,382	1,382	1,187
Indonesia	-	-	-	1
Fiji	-	52	52	-
Mongolia	15	72	87	179
Myanmar	6	43	49	333
Philippines	110	72	182	511
Viet Nam	37	160	197	256
Training, research & development	-	27	27	-
South Asia				
Afghanistan	-	250	250	190
Bangladesh	49	946	995	652
India	25	358	383	1,812
Nepal	-	432	432	237
Pakistan	182	527	709	782
Sri Lanka	13	387	400	1,173
Uzbekistan	4	-	4	-
Training, research & development	-	-	-	3
Europe				
Albania	-	-	-	5
Austria	1,441	-	1,441	1,434
Romania	31	22	53	74
United Kingdom	19,556	-	19,556	17,608
Training, research & development	-	1	1	-
Latin America				
Bolivia	13	111	124	164
Guatemala	-	23	23	15
Honduras	-	249	249	249
Mexico	2	93	95	322
Nicaragua	-	70	70	88
Training, research & development	-	52	52	11
Australia				
Australia	2,948	-	2,948	892
Cross-regional				
Advocacy	-	141	141	97
Contraceptive & medical supplies	-	5	5	91
Refugees & Internally Displaced People	-	209	209	257
Overseas promotion of the charity's objectives	50	-	50	165
Contraceptive Social Marketing	80	524	604	487
Training, research & development	108	382	490	491
	25,541	10,140	35,681	33,239

Notes to the financial statements for the year ended 31 December 2003

4 Charitable expenditure (continued)	2003 £'000	2002 £'000
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Disbursements for overseas programmes include the following payments disclosed separately in accordance with the requirements of the donor.

Funded by Department for International Development

Guardian HIV Insert	88	-
Malawi Management Support	28	19
Mozambique Reproductive Health for Refugees	3	6
Sierra Leone Emergency Reproductive Health	252	233
Uganda Slum Clinics	4	106
Bangladesh Reproductive Healthcare	843	501
India Reproductive Health in Orissa	112	755
Pakistan Sindh Reproductive Health	159	136
Sri Lanka Mannar Reproductive Health	104	55
Sri Lanka Refugees	15	194
Viet Nam Ho Chi Minh Clinic	-	2
Bolivia Sucre & Cochabamba	61	65
Honduras Three Clinics	-	110
	1,669	2,182

Funded by The Community Fund

Viet Nam	84	82
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Notes to the financial statements for the year ended 31 December 2003

4 Charitable expenditure (continued)	2003 £'000	2002 £'000
Funded by United Nations		
State of the World Population Report 2000	-	2
State of the World Population Report 2001	-	2
State of the World Population Report 2003	4	-
Advocacy - European Policy Makers	12	4
EU Policy Makers 2003/2004	7	-
Advocacy MEP Afghanistan Visit	1	-
Refugee Initiatives	14	15
Lebanon Technical Assistance	-	23
Bangladesh Reproductive Health Initiative	-	3
China Technical Assistance	242	1,130
China Technical Assistance 2003	1,115	-
Mongolia Clinic	-	50
Mongolia Social Marketing	60	44
Nepal Outreach & Clinic	31	34
Pakistan Reproductive Health - Punjab	-	137
Honduras Social Licensing	18	(6)
Myanmar Improving Adolescent Rural Health	7	-
Viet Nam Reproductive Health Initiative	-	157
	1,511	1,595

b) Support costs

Technical assistance & monitoring costs	2,255	1,442
Amortisation of goodwill on acquisition	497	296
Tax on profit of subsidiary undertaking	109	133
Exchange (gains) / losses	(46)	106
Consultancy	30	33
Literature	18	5
Office costs	195	344
	3,058	2,359

c) Management and administration of the charity

Salaries & office costs	104	71
Audit fee	62	60
	166	131

Notes to the financial statements for the year ended 31 December 2003

5 Total resources expended	Disbursements to overseas programmes £'000	Staff costs £'000	Depreciation & amortisation £'000	Other costs £'000	Total 2003 £'000	Total 2002 £'000
Activities in furtherance of the charity's objectives	11,689	13,413	1,176	9,403	35,681	33,239
Support costs	-	1,766	540	752	3,058	2,359
Cost of generating funds	-	393	14	90	497	628
Management & administration	-	41	21	104	166	131
	11,689	15,613	1,751	10,349	39,402	36,357

Staff costs:

Wages and salaries	9,915	8,407
Social security costs	889	753
Employer's pension contributions	193	136
	10,997	9,296

Sessional fees and agency costs

4,616	3,427
15,613	12,723

The average number of staff analysed by function was:

Operating activities in furtherance of the charity's objectives	353	320
Support	38	37
Generating funds	15	18
Management & administration	3	1
	409	376

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

£50,001 - £60,000	1	2
£60,001 - £70,000	2	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

6 Directors' emoluments

None of the directors, who are also Trustees of the charity, received any emoluments during the year (2002: £Nil).

7 Interest payable and similar charges

2003 £'000	2002 £'000
81	10

Other loans & overdrafts

Interest payable on the Packard Foundation loan is charged against a restricted reserve into which interest earned from bank deposits and onward loans is allocated and against which administration costs are also charged. The balance of the restricted reserve must be offset against any exchange losses incurred by the Packard Foundation at the date of repayment by Marie Stopes International.

Notes to the financial statements for the year ended 31 December 2003

8 Intangible fixed assets

	Group £'000	Charity £'000
Cost:		
At 1 January 2003	1,695	593
Additions	432	432
Exchange movements on consolidation	120	120
At 31 December 2003	<u>2,247</u>	<u>1,145</u>
Amortisation:		
At 1 January 2003	937	111
Provided during the year	497	277
Exchange movements on consolidation	21	21
At 31 December 2003	<u>1,455</u>	<u>409</u>
Net book value:		
At 31 December 2003	<u>792</u>	<u>736</u>
At 31 December 2002	<u>758</u>	<u>482</u>

Intangible fixed assets represent goodwill arising on acquisition of shares in subsidiary companies and the acquisition of centres. Additions in the current year represent goodwill arising from the acquisition of two further centres in Australia.

9 Tangible fixed assets

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

Group assets

	Freehold properties £'000	Short leasehold properties £'000	Investment properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
At 1 January 2003	11,775	1,595	-	1,034	1,039	3,376	35	18,854
Additions	711	13	534	91	313	237	26	1,925
Exchange movements on consolidation	207	-	-	9	32	(2)	-	246
At 31 December 2003	<u>12,693</u>	<u>1,608</u>	<u>534</u>	<u>1,134</u>	<u>1,384</u>	<u>3,611</u>	<u>61</u>	<u>21,025</u>
Depreciation								
At 1 January 2003	4,034	609	-	849	719	3,248	35	9,494
Charge for the year	716	156	-	79	179	120	7	1,257
Exchange movements on consolidation	10	-	-	9	8	(4)	-	23
At 31 December 2003	<u>4,760</u>	<u>765</u>	<u>-</u>	<u>937</u>	<u>906</u>	<u>3,364</u>	<u>42</u>	<u>10,774</u>
Net book value								
At 31 December 2003	<u>7,933</u>	<u>843</u>	<u>534</u>	<u>197</u>	<u>478</u>	<u>247</u>	<u>19</u>	<u>10,251</u>
At 31 December 2002	<u>7,741</u>	<u>986</u>	<u>-</u>	<u>185</u>	<u>320</u>	<u>128</u>	<u>-</u>	<u>9,360</u>

Notes to the financial statements for the year ended 31 December 2003

9 Tangible fixed assets (continued)

Charity assets

	Freehold properties £'000	Short leasehold properties £'000	Investment properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
At 1 January 2003	11,777	1,594	-	973	995	3,319	35	18,693
Additions	711	13	534	89	313	235	26	1,921
Exchange movements on consolidation	207	-	-	5	28	(2)	-	238
At 31 December 2003	12,695	1,607	534	1,067	1,336	3,552	61	20,852
Depreciation								
At 1 January 2003	4,034	609	-	801	680	3,199	35	9,358
Charge for the year	716	156	-	74	177	117	7	1,247
Exchange movements on consolidation	10	-	-	3	7	(3)	-	17
At 31 December 2003	4,760	765	-	878	864	3,313	42	10,622
Net book value								
At 31 December 2003	7,935	842	534	189	472	239	19	10,230
At 31 December 2002	7,743	985	-	172	315	120	-	9,335

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

	Group and charity	
	2003 £'000	2002 £'000
Cost	10,454	9,209
Accumulated depreciation	(4,415)	(3,996)
Net book value	6,039	5,213

Notes to the financial statements for the year ended 31 December 2003

10 Investments

a) Fixed asset investments

Charity
£'000

Investment in subsidiary undertakings at cost:

At 1 January 2003 and 31 December 2003

1,162

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

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

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

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

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

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

Notes to the financial statements for the year ended 31 December 2003

10 b) Investments

	Group		Charity	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Listed investments				
Market value at 1 January 2003	40	37	-	-
Additions	534	-	534	-
Exchange movements on consolidation	2	2	-	-
Realised gains / (losses) on disposals arising during year	2	1	-	-
Market value at 31 December 2003	<u>578</u>	<u>40</u>	<u>534</u>	<u>-</u>
Historical cost at 31 December 2003	<u>573</u>	<u>39</u>	<u>534</u>	<u>-</u>

Additions comprise gifts of shares in two companies listed on the Alternative Investment Market. All such shares are subject to a lock-in deed which prevents the disposal of the shares for a period of two years from the date of gift. There are no other restrictions on the use of the shares or the proceeds that would arise from their sale.

11 Debtors

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
Group debtors				
Trade debtors	1,531	961	2,492	2,616
Loans to Partner programmes	393	-	393	52
Other debtors	26	-	26	229
Prepayments & accrued income	601	-	601	370
	<u>2,551</u>	<u>961</u>	<u>3,512</u>	<u>3,267</u>
Charity debtors				
Trade debtors	1,305	961	2,266	2,196
Loans to Partner programmes	393	-	393	52
Amounts owed by subsidiary undertakings	72	-	72	115
Other debtors	1	-	1	204
Prepayments & accrued income	440	-	440	270
	<u>2,211</u>	<u>961</u>	<u>3,172</u>	<u>2,837</u>

Amounts repayable after more than one year are £323,208 (2002: £22,924) included in loans to Partner programmes and £Nil (2002: £50,000) included in amounts owed by subsidiary undertakings.

Notes to the financial statements for the year ended 31 December 2003

12 Creditors

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
a) Amounts falling due within one year				
Group creditors				
Other loans	-	-	-	1
Bank overdrafts	160	-	160	24
Trade creditors	799	-	799	982
Other taxes & social security	301	-	301	253
Accruals	960	-	960	707
	2,220	-	2,220	1,967

Charity creditors

Other loans	-	-	-	1
Bank overdrafts	93	-	93	-
Trade creditors	666	-	666	715
Other taxes & social security	253	-	253	209
Accruals & deferred income	548	-	548	427
	1,560	-	1,560	1,352

b) Amounts falling due after more than one year

	Group		Charity	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Other loans	-	26	-	26
Deferred liabilities	139	97	47	19
Amounts owed to subsidiary undertakings	-	-	10	10
	139	123	57	55

The deferred liabilities include rent deposits and Employee Funds.

13 Loans

Marie Stopes International agreed terms on 1 November 2002 with The David and Lucille Packard Foundation for a £4.435 million loan to be repaid in 2010. The purpose of the loan is to create a Social Investment Fund which will provide onward loans to Partner organisations and subsidiaries, provided the goals and objectives of projects are in line with those of Marie Stopes International and The David and Lucille Packard Foundation.

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

Notes to the financial statements for the year ended 31 December 2003

14 Restricted funds	At 1 Jan 2003 £'000	Net movement £'000	At 31 Dec 2003 £'000
Africa and Arab World			
Angola	10	3	13
Ethiopia	1,143	(479)	664
Kenya	15	(15)	-
Lebanon	8	(8)	-
Madagascar	58	(58)	-
Malawi	246	7	253
Mozambique	3	(2)	1
Namibia	-	15	15
Sierra Leone	40	50	90
South Africa	229	(152)	77
Syria	1	-	1
Tanzania	-	14	14
Uganda	23	(1)	22
Yemen	117	(33)	84
Zimbabwe	1	(1)	-
Training, research & development	32	16	48
Pacific Asia			
Cambodia	22	(4)	18
China	1	49	50
Mongolia	2	-	2
Myanmar	18	143	161
Philippines	6	(6)	-
Viet Nam	39	(33)	6
Asia			
Afghanistan	366	(241)	125
Bangladesh	97	143	240
India	458	(47)	411
Nepal	191	(27)	164
Pakistan	326	(212)	114
Sri Lanka	344	(213)	131
Training, research & development	2	-	2
Europe			
Albania	2	91	93
Latin America			
Bolivia	17	(5)	12
Guatemala	23	(23)	-
Honduras	22	19	41
Mexico	276	(64)	212
Nicaragua	4	17	21
Training, research & development	31	(14)	17
Cross-regional			
Advocacy	78	(37)	41
Refugees & Internally Displaced People	175	(167)	8
Contraceptive Social Marketing	139	(139)	-
Training, research & development	878	(527)	351
	5,443	(1,941)	3,502

Notes to the financial statements for the year ended 31 December 2003

15 Accumulated funds

	General reserves £'000	Contingency reserves £'000	Revaluation reserves £'000	Restricted reserves £'000
Group funds				
At 1 January 2003	12,664	428	3,271	5,443
Net outgoing resources before transfers	(194)	-	-	-
Transfers:				
Movement in contingency provision	(72)	72	-	-
Contributions to support costs	1,457	-	-	(1,457)
Realised gains on investment assets	2	-	-	-
Exchange movements on consolidation	(164)	-	-	-
Unrealised exchange gains	587	-	-	-
Specific donations:				
Received	-	-	-	9,656
Disbursements for overseas programmes	-	-	-	(10,140)
At 31 December 2003	14,280	500	3,271	3,502

Charity funds

At 1 January 2003	13,079	428	3,271	5,443
Net incoming resources before transfers	65	-	-	-
Transfers:				
Movement in contingency provision	(72)	72	-	-
Contributions to support costs	1,457	-	-	(1,457)
Exchange movements on consolidation	(167)	-	-	-
Unrealised exchange gains	587	-	-	-
Specific donations:				
Received	-	-	-	9,656
Disbursements for overseas programmes	-	-	-	(10,140)
At 31 December 2003	14,949	500	3,271	3,502

Notes to the financial statements for the year ended 31 December 2003

16 Reconciliation of net incoming resources to net cash inflow from operating activities	2003 £'000	2002 £'000
Net incoming / (outgoing) resources for the year	(678)	2,990
Donated shares	(534)	-
Investment income	(392)	(332)
Interest payable	81	10
Depreciation and amortisation	1,754	2,015
Tax payable	109	133
Loss on disposal of tangible fixed assets	-	4
Increase in work in progress	(123)	(56)
Increase in debtors	(232)	(1,029)
Increase in creditors	151	233
Exchange movements	99	(5)
Net cash inflow from operating activities	235	3,963

17 Reconciliation of net cash flow to movement in net funds	2003 £'000	2002 £'000
Increase / (decrease) in cash in the period	(1,951)	6,320
Repayment of loans	27	-
	(1,924)	6,320
Net funds at 1 January 2003	14,728	8,408
Net funds at 31 December 2003	12,804	14,728

18 Analysis of changes in net funds as shown in the balance sheet	At 1 Jan 2003 £'000	Cash flows £'000	At 31 Dec 2003 £'000
Cash at bank & in hand	14,779	(1,815)	12,964
Bank overdrafts	(24)	(136)	(160)
	14,755	(1,951)	12,804
Debt due within one year	(1)	1	-
Debt due after more than one year	(26)	26	-
	14,728	(1,924)	12,804

Notes to the financial statements for the year ended 31 December 2003

20 Financial commitments

a) Capital commitments

Capital commitments as at 31 December 2003 amounted to £Nil (2002: £Nil)

b) Operating lease commitments

As at 31 December 2003 commitments for the following year under operating leases for land and buildings were as follows:

	Group £'000	Charity £'000
Within one year	28	28
Leases expiring in five years or more	323	323

21 Contingent liabilities

At 31 December 2003 the liability of the charity to co-financed projects was £500,000 (2002: £428,000). The charity has also given advance payment guarantees of £43,000 (2002: £43,000) to the Indian Government for projects in India.

At 31 December 2003, Options Consultancy Services Limited had provided Bank International Guarantees in respect of projects to the value of Euro 300,000 (2002: £380,000) which are due to expire in May 2007.

22 Transactions involving Trustees and Company Secretary

The charity received a donation of US\$560,000 from DKT International, a company incorporated in the USA in which Mr PD Harvey (Trustee) and Dr TRL Black (Secretary) are directors.

During the year the charity reimbursed out-of-pocket expenses of £2,197 (2002: £2,723) for travel to a Partner programme by Mr T. Rutter (Trustee). Mr T Rutter visited Myanmar in order to evaluate and report on the service delivery standards of the programme. The charity also paid £83 (2002: £623) to Miss C Stopes (Trustee) for travel to UK offices.

During the year the charity paid £156,592 (2002: £125,320) to Dr TRL Black (Chief Executive Officer) for the provision of consultancy and surgical services. The charity also paid £12,590 (2002: £14,135) to Mrs J Black, wife of Dr TRL Black (Chief Executive Officer) for the provision of secretarial and administrative services.

Notes to the financial statements for the year ended 31 December 2003

23 Partner organisations

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

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

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

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