



**MARIE STOPES
INTERNATIONAL**

Financial Statements

31 December 2010

Registered Charity No: 265543

Company No: 1102208



Report of the Board of Trustees

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Reference and administrative details

Registered name

Marie Stopes International

Charity number

265543 (registered in England and Wales)

Company number

1102208 (registered in England and Wales)

Registered office

1 Conway Street
Fitzroy Square
London W1T 6LP

Board of Trustees

Chairman
Timothy M Rutter FRCS

Trustees

Cyprian Awiti (resigned 29 September 2010)
Getachew Bekele (appointed 17 November 2010)
Dr Mohsina Bilgrami
Dr TRL Black CBE MBBS MRCP DTM&H MPH
Baroness Flather
Philip D Harvey
Peter Smitham

Secretary

Solscan Limited

Chief Executive

Dana Hovig

Auditor

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Principal bankers

Standard Chartered Bank Plc
1 Aldermanbury Square
London EC2V 7SB

Barclays Bank Plc
1 Churchill Place
London E14 5HP

Solicitor

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

Report of the Board of Trustees

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 2010.

1. Structure, governance and management

Constitution of the charity

Marie Stopes International is a charity registered in England and Wales, constituted as a company and limited by guarantee. The charity is governed in accordance with its Memorandum and Articles of Association.

Our Objects

The charitable objectives of Marie Stopes International are:

- to educate the public about voluntary family planning and contraception with a view to preventing the poverty, hardship and distress caused by unplanned pregnancy
- to preserve and protect the good health, both mental and physical, of parents, young people and children, and to prevent the poverty, hardship and distress caused by unplanned pregnancy.

The Board of Trustees

Marie Stopes International's Board of Trustees is made up of individuals who are leaders in their field, committed to the organisation's mission. They bring skill, energy, and experience to Marie Stopes International. Their backgrounds include senior level experience in: the commercial health sector; clinical and teaching experience in women's reproductive health; leadership in the charity sector; business; finance; government; and advocacy.

The Trustees periodically discuss the skill set and experience necessary for the Board to exercise its role. If the Trustees identify the need for a new Trustee or if a Trustee needs to be replaced (due to retirement or otherwise), the Trustees: identify potential candidates; interview the potential Trustee(s) to establish their suitability and commitment; and check references as needed. The potential Trustee is often then invited to be an observer at the next Board meeting, after which the Trustees may formally invite the selected candidate to become a Trustee.

In addition, and following Charity Commission approval, Marie Stopes International has two Trustees selected from amongst Marie Stopes International's most senior country programme directors in Africa, Asia and Latin America. These Trustees are invited to join the Board for a three year term.

New Trustees are inducted to Marie Stopes International via formal and informal exchanges with other Trustees and senior team members, on areas such as Marie Stopes International's mission, goal, finances, strategy, and health service portfolio. New Trustees often visit a Marie Stopes International overseas programme, or one of the organisation's centres in the UK, in order to understand the health service mix, challenges, opportunities, and the difference that Marie Stopes International makes to individual women, men, couples, communities, and countries around the world.

The Trustees serving in the year ended 31 December 2010 and up to the date of signing this report are noted on page 3.

Organisational structure and decision making process

Marie Stopes International is an international non governmental organisation delivering sexual and reproductive health services through its family planning centres and clinical outreach teams in over 40 countries globally.

Marie Stopes International (the Charity) - or the Company for the purposes of company law - refers to Marie Stopes International's UK operations (its family planning centres and London Central Office) and Marie Stopes International's 18 international branch offices. The London Office provides support for Marie Stopes International's UK clinics as well as its network of international branches; subsidiaries and affiliated partners in over 40 countries worldwide (see Note 23 for the definition of affiliated partners).

Marie Stopes International (the Group) refers to Marie Stopes International's UK operations and its branches and subsidiaries but excluding affiliated partners.

Marie Stopes International (the Partnership) refers to the whole Partnership, being Marie Stopes International's UK operations, its branches, subsidiaries plus affiliated partners.

All Marie Stopes International branches, subsidiaries and affiliated partners are listed in Note 23. Additionally Marie Stopes International's investment in subsidiaries is contained in Note 10b.

Unless otherwise stated all references to Marie Stopes International refer to Marie Stopes International (the Group) i.e. excluding affiliated partners.

The trustees of Marie Stopes International are responsible for the overall strategic direction and policies of the Group. The Executive team based in London, led by the CEO, are responsible for the implementation of this direction and for the Group's overall operational management.

Marie Stopes International subsidiaries have their own board of trustees (or directors/ members) of varying size which fulfil local statutory and regulatory requirements. Operationally each branch/subsidiary has a management team headed by a Country Director that reports operationally into London.

Wider networks in which the organisation is involved

Below are a few examples of networks with which Marie Stopes International is involved:

The Reproductive Health Supplies Coalition

The Reproductive Health Supplies Coalition is a global partnership of public, private, and non-government organisations dedicated to ensuring that all people in low- and middle-income (LMI) countries can access and use affordable, high quality supplies to ensure their better reproductive health.

The Coalition brings together diverse agencies and groups with critical roles in providing contraceptives and other reproductive health supplies. These include multilateral organisations, all the major northern donors, bilateral and private foundation donors, LMI country governments, civil society, and private sector representatives. Since 2004, the Coalition has been at the forefront of international efforts to secure reproductive health supplies by increasing resources, strengthening systems, and building effective partnerships.

The Inter-Agency Procurement Group

The Inter-Agency Procurement Group (IAPG) along with 13 other non government organisations is a network of logistics professionals who work collectively on humanitarian supply chain activities. The Group meets once a quarter and its aim is to share knowledge and develop expertise with the goal of improving standards and the effectiveness of humanitarian logistical systems and practices worldwide.

EuroNGOs

Marie Stopes International is a member of the EuroNGOs network. This is a European network of non government organisations that cooperate in the field of sexual and reproductive health and rights, population and development.

UK Sexual & Reproductive Health & Rights (SRHR) Network

Marie Stopes International chairs the UK SRHR Network. The aim of this network is to promote the centrality of Sexual and Reproductive Health and Rights (SRHR) in development policies and programmes, particularly with the UK government and its related decision-making bodies.

Risk Management

The organisation regularly assesses risks, and undertakes activities to manage and mitigate risks.

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, the Marie Stopes International risk management system has been developed to provide reasonable assurance to the Trustees that there are adequate procedures in place and that we identify and evaluate their effective operation.

The key elements of the system of internal control are:

- **delegation:** there is a clear organisational structure with clear decision rights and lines of authority and responsibility for control together with procedures for reporting issues, decisions and actions
- **reporting:** the Trustees approve and review the annual objectives (Key Performance Indicators KPIs), activities programme, income and expenditure predictions and monitor actual income and expenditure on a regular basis

- **risk management:** there are processes in place for identifying, evaluating and managing significant risks faced by Marie Stopes International. The Trustees believe that all of the major risks to which Marie Stopes International is exposed have been identified and reviewed and that systems have been established to manage those risks. The Trustees review critical risks as a formal agenda item in every Board meeting
- **internal audit:** Marie Stopes International's internal audit team, established in 2006 and reporting direct to the Board, is a key part of Marie Stopes International's internal review and control process for its international operations, visiting 23 partner countries in 2010 to assess risks and review operational and financial controls within the Group
- **review:** Marie Stopes International's Internal Audit Supervisory Group (ASG) comprises: one Trustee; three representatives from the Marie Stopes International partnership; the Chief Executive; Finance Director and the Regional Directors. The ASG oversees the adequacy of internal control systems and compliance with finance guidelines. The ASG meets periodically, and at least prior to every Board meeting, to discuss the results from the internal audits conducted in the UK and overseas. The Trustee representative then briefs the remaining Trustees at the next Board meeting on key risks, and the actions undertaken to mitigate these risks.

Current risks and uncertainties facing the organisation

Currently identified risks facing Marie Stopes International are:

- the provision of services in countries where political and regulatory unpredictability exist and may increase
- managing the transition from donor grant management to more output-based aid contracting
- meeting the need to update its MIS systems and control processes as service delivery expands and diversifies.

2. Objectives and Activities

Objectives, Aims & Strategy

Marie Stopes International's mission is to enable people to have children by choice not chance. The charity's vision is a world in which every birth is wanted.

To achieve these objectives, the charity operates under the following principles:

- we will not turn away a woman in need. Provided that our standards for quality, security and legal compliance can be met, we will do our best to help anyone who seeks out our services
- we are committed to providing family planning and safe abortion services (where we are legally able to do so) and treating complications related to unsafe abortions everywhere
- we are passionate about excellence. In everything we do, including clinical quality and in our business processes, we embrace a spirit of innovation, efficiency, cost-effectiveness and a commitment to measurable results
- we engage actively with the global family planning community, learning from and catalysing others to provide choices to the underserved, mobilising resources for choice and helping transform restrictive environments
- we remain committed to our longstanding social enterprise approach, with an emphasis on diversifying revenue, maximising cost-effectiveness, achieving bottom line results and ensuring long term sustainability
- we are One Marie Stopes International, a single global organisational franchise united by our mission and dedicated to common goals. We expect our standards of excellence – clinical, managerial and operational – to be replicated in every programme.

2010 Objectives

The organisation's aims and objectives for 2010 reflected the above, and its strategy for achieving this was to:

- increase the number of couples protected from unwanted pregnancy
- increase choices for women and couples, including choice of provider, choice of contraception methods (if any), and choice for women to exercise their fundamental reproductive rights
- continue building Marie Stopes International's "workforce of the future"
- increase access to medical abortion, where legal to do so
- continue to use the latest commercial sector techniques and best practices to ensure Marie Stopes International remains cost-effective, efficient, and results-oriented and acts as an effective social enterprise
- ensure that the voices of the poorest are heard by undertaking a range of advocacy and external relations activities both globally and in-country
- align and integrate within host government health systems.

Significant 2010 activities

Significant activities undertaken during 2010 to achieve these priorities were:

- an increase in the number of couples protected from unwanted pregnancy, with the provision of more than 21 million couple years of protection (CYP) across the globe
- delivery of a Europe wide campaign, part funded by the EC, telling the stories of some of the poorest women in four of the countries where Marie Stopes International operate
- further development of the Learning and Development function to grow the talent of people within Marie Stopes International and build the "workforce of the future"
- focus on developing new innovative financing mechanisms, such as results-based and demand-side financing programmes (e.g. vouchers), and working with donors and country governments to implement related schemes, so that poor people can access free or highly subsidised family planning and reproductive health services.

3. Achievements and performance

During 2010, Marie Stopes International continued to grow in scale, size, reach and impact.

Reported service outcomes include the results of affiliated Partners in order to present a true picture of Marie Stopes International's global impact.

During the year, the charity's main achievements were:

UK Division

The UK Division's Medical Advisory Team met regularly throughout the year, both formally and informally, to monitor the organisation's quality of care, any complaints or complications, and evolve Marie Stopes International clinical protocols, policies, and procedures in line with the Care Quality Commission.

In England and Wales, Marie Stopes International provided over 100,000 client services during the year (2009: 100,000). Marie Stopes One Call, our telephone helpline and booking service, received 319,000 calls (2009: 318,000) for all issues related to sexual and reproductive health.

Developing Countries (International Division)

Over 99% of Marie Stopes International's impact occurred in developing countries of which over 50% was in South Asia.

Research conducted has shown that in 2010:

- the number of men and women currently using a long acting or permanent family planning method from Marie Stopes International exceeded 7 million
- we provided 21 million couple years of protection (CYPs*) globally, 33% more than in 2009 at an average cost of £2.67 per CYP
- an estimated 1 million or more women accessed MSI services for a safe abortion or for treatment of complications relating to an unsafe abortion
- the services we provided will save healthcare systems in developing countries an estimated £430 million

- the services we provided will prevent over 4 million unplanned pregnancies and over 13,000 maternal deaths
- we now have 629 MSI centres in over 40 countries across Africa, Asia, Europe and Latin America
- our clinical outreach teams provide services to hard to reach populations in around 6,000 rural locations and urban slums.

Public Benefit

The Trustees have satisfied themselves that Marie Stopes International meets the public benefit requirement contained within the 2006 Charities Act. As detailed above, the charitable objectives, aims and strategy of the organisation comply with the public benefit test in the following areas:

- prevention or relief of poverty
- advancement of health and the saving of lives
- advancement of human rights

At the core of our organisation is the aim to provide choices in reproductive healthcare, so that women have children by choice not chance.

*CYPs are used to compare different family planning methods according to the length of time over which they protect a couple from pregnancy. For instance, the average pill cycle protects for nearly a month, and the average intrauterine device (IUD) protects for about five years.

4. Financial review

Financial position of Marie Stopes International

The results for the year are shown in the Consolidated Statement of Financial Activities. The Trustees are pleased to note the continued financial health of the organisation.

Reserves Policy

Unrestricted reserves are defined as general funds and are available to Marie Stopes International to meet its charitable objectives. The unrestricted reserves come from surpluses from clinic income from UK, Australian and Austrian clinic operations. The Trustees again endorse the use of surplus service income from these operations to fund the growth of family planning and sexual and reproductive health services within the developing world.

These unrestricted reserves would be used to ensure the organisation can operate in times of substantial income fluctuations or where expenditure on charitable activities could not be scaled back in the short to medium term. Although our policy is being reviewed by the Board, we currently aim to hold six months of operating expenditure as unrestricted reserves. This would equate to approx. £62m, at 31 December 2010. Our unrestricted reserves were £55m (2009 - £46m). The Trustees are confident that our unrestricted reserve levels are appropriate for our organisation.

Our restricted funds at 31 December 2010 were £18.7m (2009 - £26m), these funds are from two sources. Firstly, funds received from donors to directly support our charitable activities and secondly, net proceeds for clinic services from international operations which, for local legal reasons the proceeds are restricted to be used within the country where the original income was generated. For donor funds in the highly unlikely event of such funds not being able to be used for their intended purpose, any non-committed balance would be returned to the original donors.

For Marie Stopes International, all reserves relate to reserves held by the Group, which includes all branches and subsidiaries.

Marie Stopes International has designated part of the unrestricted reserves to create:

- a tangible fixed asset reserve of £21.6m (2009: £21.5m) represents funds invested in tangible fixed assets – primarily clinic buildings – to further the long-term objectives of the group
- a sustainability reserve of £5m (2009: £5m) continues to be set aside to provide working capital for the continued expansion of family planning services post donor funding and for strengthening institutional development capacity.

Principal sources of funding and areas of charitable expenditure

Marie Stopes International's principal sources of funding in 2010 were:

- government reimbursement and fees charged for sexual and reproductive health services globally £77.6m (2009: £71.5m)
- grant income from private trusts and foundations both UK and international £32.0m (2009: £29.6m)
- grant income from statutory funders and other governmental agencies £15.1m (2009: £11.3m)
- other income £ 5.2m (2009: £2.4m).

Expenditure on charitable activities in support of the objectives of the charity was £125.9m (2009: £116m)

Investment

Excluding investments in subsidiaries and programme-related investments Marie Stopes International owns 2 investments: one Dublin property (net book value £274k at 31 December 2010; 2009: £900k) and a managed investment fund (net book value £5.7m at 31 December 2010; 2009: £4.5m).

The Board of Marie Stopes International has delegated to the Investment Supervisory Group the responsibility for developing an overall approach to investment management on behalf of all of the financial assets under the charity's control.

The principal responsibilities of the Supervisory Group include:

- determining an appropriate investment strategy consistent with the risk appetite prevailing from time to time
- developing guidelines based on the agreed investment strategy
- recommending the appointment, re-appointment or removal of investment managers
- setting of appropriate investment benchmarks and targets.

The members of the Investment Supervisory Group in 2010 were:

Mr T M Rutter FRCS (Chairman)
Dr T R L Black CBE MBBS MRCP DTM&H MPH (Trustee)
Mr D S Hovig (Chief Executive)
Mr A K Brown (Global Finance Director)

Marie Stopes International's investment policy seeks to maximise income returns subject to the following considerations:

- any risks are minimised and no speculative investments are made
- no investment will be made if the Trustees are aware that the investment may present a compromise to the charity's commitment to sexual and reproductive health rights
- from inception the value of our external investments rose by approx. 12% to 31 December 2010, this was however an improvement from the end 2009 position which was a fall of approx. 1.5%. This is a positive improvement in a difficult and turbulent financial market
- the Investment Supervisory Group has developed a more detailed investment strategy for Marie Stopes International to include investment in managed funds. The objective for this investment is to increase the value of its portfolio. This fund has delegated to Schroder & Co Limited and has agreed that the portfolio should be invested within the following ranges:

Equities	60 – 80%
Bonds	20 – 30%
Property	0 – 10%
Cash	0 – 5%

The performance of the Schroder fund is benchmarked internally to the FTSE 100 index. As the make up of the Schroder fund is particular to MSI, there are no exact 3rd party alternatives available to consider when looking for comparable performances. The FTSE 100 index is a sensible bench-mark to look at when considering general global market trends.

5. Plans for future periods

MSI is looking forward to the future and on 10th October 2010, the “Power of 10” Strategic Plan was launched. This new five year strategy aims to build on the existing successes of our organisation in order to extend our reach and impact.

The Power of 10 Strategic Plan, designed for the period 2011-2015, sets out ambitious goals for MSI in terms of health impact, organisational capacity building and enhanced revenue generation, and highlights three key strategies (expanding choices and channels, building capacity and forging connections) for MSI to make a greater contribution to its mission of children by choice not chance and to meet the needs of the 200 million women worldwide who desire to space or limit their births but lack access to quality family planning services.

MSI’s 2011-2015 Strategic Plan builds on the success in achieving many of the goals of MSI’s 2007-2010 plan while seeking to address areas identified for improvement. It responds to fundamental changes in services and how the organisation delivers them and prepares MSI for the long term impact of these changes.

The plan focuses on three broad strategies for achieving our ambitious health goals:

First, we will dramatically expand the family planning and reproductive health choices available to our clients and deliver services as close to our clients as possible.

Second, we will build our institutional capacity – systems, standards, and people – to improve our effectiveness and efficiency around the world.

And **third**, we will forge enduring connections with governments and other institutions that influence policy, funding and practice for family planning, both at the country level and globally.

6. Employees

MSI aims to be an organisation where Team Members enjoy working and where they feel supported and continue to be developed in their roles. Our Team Members are kept fully informed of the organisation’s strategy and objectives. Their individual performance is reviewed at least twice a year and Learning and Development is an integral part of the staff appraisal process. All managers attend the Performance Plus Management Programme to create a supportive environment and ensure proper performance management. A two way feedback and appraisal process are part of the MSI culture.

We conduct a survey each year to gather views of our team. From this an action plan is developed so we can enhance the experience of our employees and improve performance and productivity. MSI is dedicated to attracting and retaining a talented and diverse workforce and we aim to hire for talent to allow Team Members to develop within their employment at MSI. MSI has an Equality and Diversity policy and we are committed to non-discrimination. As an organisation we have full and fair consideration to applications for employment by the company made by disabled persons having regard to their particular aptitudes and abilities. This policy and culture is embedded in policies, procedures and practices throughout the organisation.

7. Creditors

The organisation abides by the payment terms of our suppliers. At the end of 2010 the amount owed to Trade Creditors by the group was £5.4m (2009: £7.8m), this equated to 31 days of applicable expenditure (2009: 43 days)

8. Auditor

Crowe Clark Whitehill LLP have expressed their willingness to continue as auditor for the next financial year.

9. Statement of Trustees' responsibilities

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 group's 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
- 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 2006. They are also responsible for safeguarding the assets of the charity and the group and therefore must take reasonable steps for the prevention and detection of fraud and other irregularities.

Each Trustee who is a director at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the director has taken all steps that he/she should have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S.418 of the Companies Act 2006. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

This has been another successful year for Marie Stopes International. Despite the difficult economic climate with which we are faced, we increased our service provision so that we delivered services to over 7 million clients. We are expanding our service delivery due to our reputation for delivering clinical excellence and services to women in need. We cannot do this without the continued and increasing support from our donors, for which we are grateful. As we continue to expand our horizons and start on the path to achieving our strategic vision for 2015, the Board of Trustees has confidence in the future success and growth of the organisation

Company 1102208
(Registered in England and Wales)
By order of the Board

Timothy M.Rutter FRCS

30 September 2011

Independent Auditor's Report to the Members of Marie Stopes International

We have audited the financial statements of Marie Stopes International for the year ended 31 December 2010 set out on pages 14 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Board of Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group and company's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Pesh Framjee
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
7 October 2011

Consolidated statement of financial activities incorporating the income and expenditure account for the year ended 31 December 2010

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2010 £'000	Total 2009 £'000
Incoming resources					
Incoming resources from generated funds					
-Voluntary income	2a	2,246	-	2,246	278
-Investment income	2b	581	340	921	804
-Gifted assets	2c/23	-	-	-	6,140
Incoming resources from charitable activities	2d	62,756	61,957	124,713	112,491
Other incoming resources	2e	1,958	22	1,980	1,277
Total incoming resources	2f	67,541	62,319	129,860	120,990
Resources expended					
Costs of generating funds					
	5	143	-	143	19
Charitable activities	3 / 5	54,288	70,958	125,246	115,635
Governance costs	4	331	227	558	356
Total resources expended	5	54,762	71,185	125,947	116,010
Net incoming resources before other recognised gains or losses, being net income for the year		12,779	(8,866)	3,913	4,980
-Net (loss)/gains on revaluation of investment properties	10a	(624)	-	(624)	(67)
-Net gains/(loss) on revaluation of investments	10d	497	-	497	500
-Exchange translation difference arising on consolidation		(3,664)	581	(3,083)	(1,997)
Net movement in funds		8,988	(8,285)	703	3,416
-Total funds brought forward at 1 January 2010	16	45,543	26,948	72,491	69,075
Total funds carried forward at 31 December 2010	15/16	54,531	18,663	73,194	72,491

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 17 to 33 form part of these financial statements.

Balance Sheet as at 31 December 2010

	Note	Group		Company	
		Total 2010 £'000	Total 2009 £'000	Total 2010 £'000	Total 2009 £'000
Fixed assets					
Tangible assets	9	34,984	33,951	24,143	22,097
Investment property	10a	274	900	274	900
Investment in Subsidiaries	10b	-	-	1,256	1,213
Programme Related Investments	10c	-	191	1,117	1,430
Investments	10d	5,730	4,544	5,421	4,327
		40,988	39,586	32,211	29,967
Current assets					
Stock and Work in progress		5,148	3,801	2,049	1,330
Debtors	11	17,961	20,283	22,931	14,562
Short term Investments		11,839	27,927	9,154	24,651
Cash at bank and in hand	19	22,616	35,093	13,545	28,571
		57,564	87,104	47,679	69,114
Creditors: amounts falling due within one year	12a	22,403	49,134	18,232	40,743
Net current assets		35,161	37,970	29,447	28,371
Total assets less current liabilities		76,149	77,556	61,658	58,338
Creditors: amounts falling due after more than one year	12b	556	634	556	634
Loans: amounts falling due after more than one year	13	2,399	4,431	1,892	3,911
Total amounts falling due after more than one year		2,955	5,065	2,448	4,545
Net assets	14	73,194	72,491	59,210	53,793
Represented by:					
Unrestricted funds					
General reserves	16	27,895	19,187	29,141	18,582
Designated funds - tangible fixed asset reserve	16	21,636	21,356	20,544	19,737
Designated funds - sustainability reserve	16	5,000	5,000	5,000	5,000
		54,531	45,543	54,685	43,319
Restricted funds	15	18,663	26,948	4,525	10,474
		73,194	72,491	59,210	53,793

Approved and authorised for issue by the Board of Trustees on 30 September 2011 and signed on its behalf by
Mr TM Rutter FRCS *Chairman*

The notes on page 17 to 33 form part of these financial statements.

Consolidated cashflow statement for the year ended 31 December 2010

		2010	2009
	Note	£'000	£'000
Net cash (outflow)/inflow from operating activities	17	(17,673)	37,059
Returns on investments and servicing of finance			
Interest received		790	454
Distributions received		75	33
Interest paid		(63)	(291)
Rent receivable		56	317
		<hr/>	<hr/>
Net cash inflow for returns on investments and servicing of finance		858	513
Taxation paid		(647)	(692)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(5,375)	(5,603)
Receipts from sale of tangible fixed assets		634	261
Capital repayments from programme related investments		302	7
Payments to acquire investment property		(12)	-
		<hr/>	<hr/>
Net cash outflow for capital expenditure and financial investment		(4,451)	(5,335)
Net cash inflow before financing		(21,913)	31,545
Financing			
Unsecured loan movement		(3,904)	(1,331)
Capital repayment of long term loans		(2,019)	12
		<hr/>	<hr/>
Net cash inflow for financing		(5,923)	(1,319)
Management of liquid resources			
Payments to acquire current asset investments		(729)	(565)
(Decrease)/Increase in Short term investments		16,088	(20,906)
		<hr/>	<hr/>
Net cash (outflow) for current asset investments		15,359	(21,471)
Increase/ (Decrease) in cash	17/18	(12,477)	8,755
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 17 to 33 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, and applicable United Kingdom law and accounting standards. Having considered the risks, reserves and financial position the financial statements have been prepared on a going concern basis as discussed in the trustees' report.

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 detailed in Note 10b and after eliminating inter-group transactions.

No separate Statement of Financial Activities or income and expenditure account has been presented for the company alone as permitted by section 230 of the Companies Act 2006 and paragraph 397 of the 2005 Charities SORP. The company had total incoming resources in the year of £95.8m (2009: £84.4m) and total resources expended of £91.7m (2009: £89.5m) giving net income/(loss) for the year of £4.1m (2009: (£5.1m)). The net movement in funds, after investment gains/losses was £5.5m (2009: (£6.3m)).

b) Incoming resources

Incoming resources from charitable activities comprises income from the provision of services to clients for sexual and reproductive healthcare, grants for the delivery of sexual & reproductive health services and consultancy services.

Service Income

Service Income comprises income received and receivable from clients for sexual and reproductive health services and products provided during the period.

Grant Income

Income from external grants is recognised in the Statement of Financial Activities as soon as it is receivable unless donor conditions related to performance and specific deliverables apply. These grants are accounted for as the charity earns the right to consideration through performance. Where income is received in advance it is classified as deferred and included in creditors. Where entitlement occurs before the income is received the income is accrued and included in debtors.

Voluntary income

Legacies and donations are included in the Statement of Financial Activities in the year in which they are received or once it is known with certainty that an identifiable sum of money is going to be received.

Investment income

Investment income comprises interest, dividends, distributions and rents and is recognised in the period in which it becomes receivable.

c) Foreign currencies

For reporting purposes monetary assets and liabilities in foreign currencies are translated into sterling at the year end exchange rate at the balance sheet date and exchange differences are included in the Statement of Financial Activities. Exchange differences arising from the re-translation at year end of group assets and liabilities are recognised as unrealised 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. Employer contributions are charged to the Statement of Financial Activities as they fall due.

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) Resources Expended

All expenditure is accounted for on an accruals basis. Direct costs incurred by the Group are allocated across the various types of expenditure as follows:

Costs of generating voluntary income comprise costs relating to the raising of voluntary donations such as production of publications, direct mailing campaigns, donations database maintenance and personnel.

Charitable activities comprise costs relating directly to the Delivery of Family Planning and other Sexual & Reproductive Health Services and related Advocacy & Awareness Raising and Capacity Building. Costs include delivery of clinical and outreach services throughout the global partnership, such as service providers' salaries, costs of drugs and equipment, materials, premises, training and travel.

Governance costs represent the costs of compliance with statutory requirements and include the costs of audits and costs incurred on behalf of trustees relating to the governance of the organisations, such as travel and meeting attendance.

Notes to the financial statements for the year ended 31 December 2010

1 Accounting policies (continued)

g) Grants paid

Donor grants are disbursed in accordance with the contractual obligations to the donor. Grants to branches and subsidiaries are eliminated through the intercompany elimination process with grant expenses being reported as spent within the relevant country. Amounts payable to affiliated partners for overseas projects are charged when an obligation exists and are described as grants payable in the notes.

h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation has been provided at rates calculated to write off the cost 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
Leasehold properties	Over 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

Marie Stopes International the UK Charity capitalises fixed assets above a value of £1,200. For Marie Stopes International branches and subsidiaries the capitalisation level is lower and varies by entity.

i) Investment properties

Investment properties are included in the balance sheet at open market value in accordance with SSAP 19 "Accounting for investment properties". Valuations are made by external valuers every five years and any material increase or decrease in value is reflected in the Statement of Financial Activities. Investment properties are not depreciated.

j) Programme related investments

Programme related investments are included at the amount invested less any repayments and impairments.

l) Stock

Stock represents medical equipment and supplies purchased to fulfill Marie Stopes International charitable objectives and is reported at the lower of cost or net realisable value. In some circumstances stock items are sold (rather than used internally) after the balance sheet date. In such cases our assessment of net realisable value is based on the service potential provided by the items of stock because, as indicated, the sale after

the balance sheet date is made in furtherance of our charitable objectives. As a result, in these cases, it is not necessary to impair the carrying value of this stock at the period end.

m) Donated goods and services

Where the charity receives donations of goods and services in kind and where there is a measurable value to the charity, which can be ascertained with reliability, they are included as both income and expenditure.

n) Debtors

Debtors includes amounts receivable from government agencies or donors where Marie Stopes International's contractual obligations have been fulfilled and the payment of funds is outstanding as at balance date.

o) Reserves & Fund Accounting

General reserves are unrestricted funds available to be used at the discretion of the Board of Trustees for the furtherance of the charitable objectives of the Group and which have not been designated for any other purpose.

Designated Funds comprise unrestricted funds that have been set aside by the Board of Trustees for particular purposes. The aim of each designated fund is set out in note 15.

Restricted Funds are funds which have to be used in accordance with specific restrictions imposed by donors.

Notes to the financial statements for the year ended 31 December 2010

2 Incoming resources	Unrestricted Funds £'000	Restricted Funds £'000	Total 2010 £'000	Total 2009 £'000
a) Voluntary income				
Donations and Legacies	2,246	-	2,246	278
	2,246	-	2,246	278
b) Investment income				
Bank interest receivable	435	332	768	397
Distributions receivable	67	8	75	33
Loan interest receivable	23	-	23	57
Rent receivable	56	-	56	317
	581	340	921	804
c) Gifted assets (See Note 23)				
	-	-	-	6,140
d) Incoming resources from charitable activities				
Grant income				
Department for International Development	-	3,231	3,231	1,227
European Union	-	707	707	5,573
United Nations	-	2,304	2,304	591
Packard Foundation	-	489	489	619
Kreditanstalt für Wiederaufbau	-	1,323	1,323	2,378
Netherlands Ministry of Foreign Affairs	-	6,120	6,120	5,793
Finland Ministry of Foreign Affairs	-	699	699	326
UK Trusts & Foundations	-	779	779	1,608
United States Agency for International Development	-	720	720	-
Offshore Trusts & Foundations	-	24,582	24,582	14,948
Other	-	6,124	6,124	7,930
	-	47,078	47,078	40,993
Service income				
Sexual and Reproductive healthcare services	63,275	15,312	78,587	72,173
Fees waived	(519)	(433)	(952)	(675)
	62,756	14,879	77,635	71,498
	62,756	61,957	124,713	112,491
e) Other incoming resources				
	1,958	22	1,980	1,277
f) Total incoming resources				
	67,541	62,319	129,860	120,990
Geographical analysis of incoming resources			Total 2010 £'000	Total 2009 £'000
Africa & Middle East			37,419	21,483
South Asia			9,778	4,807
Pacific Asia			22,329	11,820
Latin America			3,664	1,032
Europe & USA			56,670	81,849
Total			129,860	120,990

Notes to the financial statements for the year ended 31 December 2010

3 Charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2010 £'000	Total 2009 £'000
Activities in furtherance of the charity's objectives				
Africa & Middle East	4,138	32,140	36,278	31,494
South Asia	135	9,569	9,704	13,270
Pacific Asia	13,531	6,986	20,516	17,878
Latin America	404	2,217	2,620	2,206
Europe & USA	35,987	15,575	51,561	41,717
Global	94	4,473	4,566	9,070
	54,288	70,958	125,246	115,634

Total grants made to MSI affiliated partners included above was £5,383,586 (2009: £4,978,041).

Details of these grants are available from Marie Stopes International, 1 Conway Street, London, W1T 6LP.

Programme activity expenditure includes the following payments disclosed separately in accordance with the requirements of the donor. These figures include contributions to support costs.

	2010 £'000	2009 £'000
Funded by Department for International Development		
CSCF 420: Ethiopia SRH Rights Protection	128	75
Malawi/BLM Programme of Work I	-	1,898
Malawi/BLM Programme of Work II	3,170	500
CSCF 369: Tanzania Youth Information & Education	36	121
CSCF: Uganda Youth Advocacy	-	89
CSCF 377 Papua New Guinea SRH	-	62
CSCF 422: Zimbabwe: safe sex and motherhood	159	159
Guardian Journalist of the Year 2009	13	200
Improving Maternal Health in Rural Ethiopia	103	-
Sudan Improving Safety Nets in HS Prov-Abiemnom & Mayom	103	-
Increasing Maternal Health Services Sierra Leone	39	-
Bangladesh Better MH for the poor/vulnerable in Kishoreganj	11	-
	3,762	3,104
Funded by the Finland Foreign Affairs Ministry		
Afghanistan Clinics Phase 3	5	15
Afghanistan Clinics Phase 4	309	310
	314	325

Notes to the financial statements for the year ended 31 December 2010

Funded by United Nations

Advocacy 2008	-	2
Advocacy 2009	-	30
China UNFPA Sixth Country Programme	1,067	616
Myanmar Improving Adolescent Rural Health	-	222
European Advocacy And EPWG	16	-
Madagascar Projet FNUAP	40	-
Programme de Securisation des SPSR au Mali	16	-
Zimbabwe Young People's Development	22	-
China Positive Talks	33	-
Sierra Leone Repositioning of Family Planning	59	-
Sierra Leone Emergency Obstetrics Project	7	-
EuroNGOs AGM	7	-
Papua New Guinea Provision of Youth Friendly	2	-
Papua New Guinea Enhancing Capacity to Support Male Participation	7	-
Sudan Improving Safe M And SRH Practices-South Kordofan	95	-
Sudan Improving Safe M And SRH Practices - Unity State	65	-
	1,436	870

Funded by The Netherlands Government

Themed Based Co-Financing	-	58
Core Programme Support	5,374	4,623
Yemen Programme Support	753	423
Three Rural Districts of Zimbabwe	31	56
	6,158	5,160

4 Governance Costs

	2010	2009
	£'000	£'000
Costs of Trustees' meetings and support	5	6
Fees payable to the company's auditors for:		
- the audit of the company's annual accounts	253	139
- company tax advice	5	6
- project audit	2	-
- stock review	2	-
Fees payable to other auditors for the audit of other group entities	291	205
	558	356

In 2010 fees paid for the audit of the company's accounts includes £136,000 for the 2010 audit and £117,000 for prior years audit.

In 2009 the fees of £139,000 related to prior year audit activities.

Notes to the financial statements for the year ended 31 December 2010

5 Total resources expended	Programme activities	Direct Staff costs	Depreciation & amortisation	Other costs	Support costs	Total 2010	Total 2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities	48,713	58,508	4,418	7,569	6,038	125,246	115,635
Costs of generating voluntary income	52	43	39	9	-	143	19
Governance Costs (Note 4)	227	-	-	331	-	558	356
	48,992	58,551	4,457	7,909	6,038	125,947	116,010

Staff costs:

- Wages and salaries	43,161	37,317
- Social security costs	1,042	615
- Employer's pension contributions	1,598	852
	45,801	38,784

Sessional fees and agency costs

Sessional fees and agency costs	14,095	8,061
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Total staff costs

Total staff costs	59,896	46,845
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Note: Staff costs are included in both direct staff costs and support costs.

Number Number

The average number of staff analysed by function was:

- Generating Voluntary income	1	1
- Charitable Activities	6,945	6,024
- Governance	20	20
	6,966	6,045

The numbers of employees whose emoluments were more than £60,000 were:

£60,001 - £70,000	4	6
£70,001 - £80,000	8	7
£80,001 - £90,000	5	3
£90,001 - £100,000	4	2
£100,001 - £110,000	2	1
£110,001 - £120,000	-	-
£120,001 - £130,000	1	2
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£150,001 - £200,000	2	-
> £200,000	1	1

Contributions paid in the year for employees earning over £60,000 for the provision of defined contribution scheme were £117,308 (2009 - £46,950)
The number of staff to whom the retirement benefits are accruing under defined contribution schemes were 167 (2009: 162)

Support Costs

Support Costs by Function	Management & Office Services	Finance & IT	Programme Support	Human Resources	External Relations	Total support costs
Support Costs by Function	450	2,613	1,666	502	807	6,038

Support costs represent London support office costs and are allocated on the basis of usage.

Notes to the financial statements for the year ended 31 December 2010

6 Directors' emoluments

None of the directors, who are also Trustees of the charity, received any emoluments during the year (2009: none)

7 Interest payable and similar charges

	2010	2009
	£'000	£'000
Loans & overdrafts	63	291

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

8 Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging (crediting):

	2010	2009
	£'000	£'000
- Depreciation of tangible fixed assets:	4,457	4,248
- Operating lease rentals	2,695	676
	7,152	4,924

Notes to the financial statements for the year ended 31 December 2010

9 Tangible fixed assets

The latest revaluation of freehold properties in the UK was at 1 December 1994 by Nelson Bakewell, Chartered Surveyors. As this valuation was prior to the introduction of FRS 15 - Tangible Fixed Assets, the revalued assets are treated as being held at cost. Properties purchased since 1994 are included at cost. Properties owned in Australia were revalued at 31 December 2004 by Robert Lister, Chartered Surveyors but inline with Group policy these assets have been included at cost. The trustees have not updated the valuations as they are not aware of any material impairments that would affect the values included in this report.

Group

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 January 2010	33,460	3,153	4,738	4,291	3,100	7,237	55,979
Additions	483	-	-	1,061	2,641	1,190	5,375
Disposals	(81)	(230)	(159)	(37)	(49)	(499)	(1,055)
Exchange movements on consolidation	113	86	227	109	13	(328)	220
At 31 December 2010	33,975	3,009	4,806	5,424	5,705	7,600	60,519
Depreciation							
At 1 January 2010	9,180	1,465	2,486	3,075	1,769	4,053	22,028
Charge for the year	1,315	394	526	542	594	1,086	4,457
Disposals	(4)	-	(2)	(2)	(9)	(164)	(181)
Exchange movements on consolidation	(467)	103	110	5	(30)	(490)	(770)
At 31 December 2010	10,024	1,962	3,120	3,620	2,324	4,485	25,535
Net book value							
At 31 December 2010	23,951	1,047	1,686	1,804	3,381	3,115	34,984
At 31 December 2009	24,280	1,688	2,252	1,216	1,331	3,184	33,951

Company

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 January 2010	26,328	1,523	2,344	1,570	1,926	1,652	35,343
Additions	180	82	408	426	2,444	712	4,252
Disposals	(6)	(14)	(23)	-	(22)	(137)	(202)
Exchange movements on consolidation	497	42	216	82	(1)	(42)	794
At 31 December 2010	26,999	1,633	2,945	2,078	4,347	2,185	40,187
Depreciation							
At 1 January 2010	8,462	757	1,345	862	1,000	820	13,246
Charge for the year	1,292	172	329	207	415	240	2,655
Disposals	(4)	-	(2)	(2)	(7)	(83)	(98)
Exchange movements on consolidation	89	16	138	49	22	(73)	241
At 31 December 2010	9,839	945	1,810	1,116	1,430	904	16,044
Net book value							
At 31 December 2010	17,160	688	1,135	962	2,917	1,281	24,143
At 31 December 2009	17,866	766	999	708	926	832	22,097

Notes to the financial statements for the year ended 31 December 2010

10 Investments

a) Investment Property

The investment property was revalued at €320,000 (£274,000) by Damien Baxter MRICS Chartered Surveyor, on the basis of market value as at 24 March 2011. The market valuation is affected by a number of factors including an oversupply of commercial property in Dublin, the IMF/EU bailout of the Republic of Ireland in November 2010 and current credit restrictions on the purchase of commercial property. The original cost was £971,619, with additions during the year of £11,996 bringing the total cost to £983,615. In 2010 the unrealised loss of £13,861 represents a foreign exchange movement on the market valuation.

	Group and Company 2010	Group and Company 2009
	£'000	£'000
Investment property at valuation:		
Original cost	972	972
Market revaluations to date	(72)	(5)
Market value at 1 January 2009	900	967
Additions		
Additions	12	-
Revaluations	(624)	-
Unrealised (loss)/gain on exchange movement	(14)	(67)
At 31 December 2010	274	900
Net book value	274	900

b) Investments in subsidiaries - company

	Company 2010	Company 2009
	£'000	£'000
Investment in subsidiary undertakings at cost:		
At 1 January 2010	1,213	1,213
Capital invested	43	-
At 31 December 2010	1,256	1,213

Notes to the financial statements for the year ended 31 December 2010

10 b) Investments in subsidiaries - company (continued)

The charity includes the following principal subsidiaries, the results of which have been consolidated.

Name of company	Country of incorporation	% Holding	Incoming	Charitable	Net	Net Assets as at	Nature of business
			Resources	Expenditure	Incoming	31 December	
			£'000	£'000	£'000	2010	
Options Consultancy Services Limited*	England	100	11,571	11,543	28	414	Provision of consultancy services in the field of services in the field of sexual and reproductive health
Ambulatorium am Fleischmarkt Betriebs GmbH*	Austria	100	1,445	1,344	101	171	Operation of centre based sexual and reproductive healthcare services
Marie Stopes Albania Shpk*	Albania	75	33	49	(16)	20	Delivery of sexual and reproductive healthcare services
Marie Stopes Kenya Limited*	Kenya	99	4,642	4,993	(351)	(206)	Delivery of sexual and reproductive healthcare services
Marie Stopes India	India	99	-	-	-	-	Delivery of sexual and reproductive healthcare services
Marie Stopes Madagascar	Madagascar	100	2,858	1,914	944	1,082	Delivery of sexual and reproductive healthcare services
Banjo La Matsogolo	Malawi	50	4,597	4,418	179	1,646	Delivery of sexual and reproductive healthcare services
Marie Stopes Mexico*	Mexico	100	2,707	1,903	804	741	Delivery of sexual and reproductive healthcare services
Marie Stopes International Contraceptive Social Marketing Ltd	Mongolia	100	64	94	(30)	112	Delivery of sexual and reproductive healthcare services
Maries Stopes Services Pvt Ltd*	Nepal	100	808	1,115	(307)	349	Delivery of sexual and reproductive healthcare services
Marie Stopes International Organisation Nigeria	Nigeria	100	512	492	20	8	Delivery of sexual and reproductive healthcare services
Marie Stopes Society	Pakistan	100	5,594	5,675	(81)	1,905	Delivery of sexual and reproductive healthcare services
CSM Pakistan (Guarantee) Ltd	Pakistan	100	339	296	43	91	Delivery of sexual and reproductive healthcare services
Yumi Health Papua New Guinea	Papua New Guinea	100	625	643	(18)	98	Delivery of sexual and reproductive healthcare services
Population Services Pilipinas Inc	Philippines	100	2,349	1,855	494	2,747	Delivery of sexual and reproductive healthcare services
Marie Stopes International Romania Foundation	Romania	100	320	325	(5)	64	Delivery of sexual and reproductive healthcare services
Marie Stopes Society Sierra Leone	Sierra Leone	100	1,687	1,715	(28)	120	Delivery of sexual and reproductive healthcare services
Community Medical Services T/A Marie Stopes South Africa	South Africa	100	6,256	6,863	(607)	376	Delivery of sexual and reproductive healthcare services
Marie Stopes Clinics Services	Sri Lanka	100	11	96	(85)	(257)	Delivery of sexual and reproductive healthcare services
Population Services Lanka	Sri Lanka	100	1,146	957	189	1,667	Delivery of sexual and reproductive healthcare services
Marie Stopes Swaziland	Swaziland	100	399	357	42	13	Delivery of sexual and reproductive healthcare services
Marie Stopes Tanzania	Tanzania	100	2,687	2,879	(192)	(352)	Delivery of sexual and reproductive healthcare services
Marie Stopes Uganda	Uganda	100	2,390	2,441	(51)	126	Delivery of sexual and reproductive healthcare services
MSI-US	United States	100	7,995	8,184	(189)	(150)	Technical Exchange/Fundraising/Advocacy
Marie Stopes International Zambia Limited	Zambia	100	1,131	1,150	(19)	90	Delivery of sexual and reproductive healthcare services
Population Services Zimbabwe	Zimbabwe	100	888	1,543	(655)	398	Delivery of sexual and reproductive healthcare services

* Shares directly held by Marie Stopes International

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

Notes to the financial statements for the year ended 31 December 2010

10 Investments

c) Programme Related Investments: Social Investment Fund loans

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Balance brought forward as at 1 January 2010	191	345	1,430	1,711
Elimination of intra group balances	-	(149)	-	-
Loans out	-	-	133	-
Capital repayment	(302)	(7)	(527)	(308)
Exchange gains / (losses)	111	2	81	27
Balance carried forward as at				
31 December 2010	-	191	1,117	1,430

On 1 November 2002 Marie Stopes International created a Social Investment Fund with a £4.435 million loan from The David and Lucile Packard Foundation (see note 13). The purpose of the Social Investment Fund was to provide onward loans to partner organisations and subsidiaries for the delivery of sexual and reproductive health services, provided the goals and objectives of projects are in line with those of Marie Stopes International and The David and Lucile Packard Foundation. Loans are made in the recipient country currency and at interest rates of between 3% and 6% and are repayable by September 2015. Exchange gains and losses on capital repayments are offset against the amounts due to the David and Lucile Packard Foundation, as detailed in Note 13.

In 2010, Marie Stopes International made a programme related investment loan for a clinic now owned by a subsidiary. The new loan of £133,000 is over a term of 10 years at a rate of 3%p.a.

10 d) Listed investments

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Market value at 1 January 2010	4,544	3,336	4,327	3,294
Opening balances from newly included entities	-	172	-	-
Additions	729	565	552	533
Disposals	(39)	-	-	-
Revaluation	497	500	542	500
Exchange movements on consolidation	(1)	(29)	-	-
Market value at				
31 December 2010	5,730	4,544	5,421	4,327
Historical cost at				
31 December 2010	5,486	4,762	5,127	4,575
Investment portfolio allocation:				
Equities	3,302	2,554	2,993	2,337
Bonds	553	503	553	503
Alternatives	1,738	1,302	1,738	1,302
Cash	137	185	137	185
	5,730	4,544	5,421	4,327

Notes to the financial statements for the year ended 31 December 2010

11 Debtors

	Group		Company	
	Total 2010 £'000	Total 2009 £'000	Total 2010 £'000	Total 2009 £'000
Trade debtors	11,862	13,384	7,045	6,047
Amounts owed by subsidiary undertakings	-	-	10,388	2,624
Other debtors	736	2,850	34	2,766
Prepayments & accrued income	2,560	1,704	2,661	780
Grants receivable	2,803	2,345	2,803	2,345
	17,961	20,283	22,931	14,562

12 Creditors

	Group		Company	
	Total 2010 £'000	Total 2009 £'000	Total 2010 £'000	Total 2009 £'000
a) Amounts falling due within one year				
Bank loans	106	2,924	14	2,945
Bank overdrafts	75	1,148	13	240
Trade creditors	5,372	7,765	2,473	3,599
Corporation tax	21	148	-	14
Other taxes & social security	699	596	293	386
Accruals	6,428	7,714	3,653	4,695
Amounts owed by subsidiary undertakings	-	-	2,084	25
Deferred income	9,702	28,839	9,702	28,839
	22,403	49,134	18,232	40,743

Deferred Income includes grant income received where the contractual obligations of the grant are to be fulfilled in future periods. The movement for the year relates to the drawdown of 2009 deferred income. No additions were made to deferred income in 2010.

b) Amounts falling due after more than one year

Deferred Liabilities	556	634	556	634
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Deferred liabilities is the outstanding HMRC Lennartz VAT liability.

13 Loans

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts repayable:				
One year or more - Packard	1,892	3,911	1,892	3,911
One year or more - Other	507	520	-	-
	2,399	4,431	1,892	3,911

Marie Stopes International agreed terms on 1 November 2002 with The David and Lucile 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 the projects are in line with those of Marie Stopes International and The David and Lucile Packard Foundation (see note 10c).

In 2004, the loan agreement was extended to 2015. The amount repayable of £1.892 million includes offset of exchange differences on inward loan repayments as allowed by the loan agreement. On the 1 July 2010, MSI and The David and Lucile Packard Foundation amended this agreement, which resulted in a repayment of £2.1 million on 23 August 2010 and agreed that periodical principal repayments will occur over the remaining life of the loan. A further repayment of £769,875 was made in March 2011.

The long term loan is unsecured, repayable in GB Sterling and bears interest at 1% per annum.

Other loans consist of commercial and other loan facilities arranged by Marie Stopes International's branches and subsidiaries.

Notes to the financial statements for the year ended 31 December 2010

14 Analysis of net assets between funds	Unrestricted funds	Restricted funds	Total
	£'000	£'000	£'000
Fund balances at 31 December 2010 are represented by			
Tangible fixed assets	21,636	13,348	34,984
Investments	5,822	182	6,004
Current Assets	36,877	20,687	57,564
Current Liabilities	8,741	13,662	22,403
Long-term liabilities	1,063	1,892	2,955
	54,531	18,663	73,194

15 Restricted funds	At 31 Dec 2009	Income	Expenditure	At 31 Dec 2010
	£'000	£'000	£'000	£'000
Africa				
Donor Funds	6,979	17,376	21,144	3,211
Restricted by Constitution	2,995	10,092	8,022	5,065
Asia				
Donor Funds	5,577	9,645	13,188	2,034
Restricted by Constitution	1,823	2,383	2,751	1,455
Pacific Asia				
Donor Funds	4,961	2,900	4,738	3,123
Restricted by Constitution	-	593	454	139
Latin America				
Donor Funds	1,536	1,194	1,511	1,219
Restricted by Constitution	186	1,543	419	1,310
Global	2,870	12,969	15,711	128
Europe	21	3,624	2,666	979
	26,948	62,319	70,604	18,663

Restricted funds represent the following:

- a) Donor funds unspent at the end of the financial year, which will be expended in the future in line with the contractual and geographical conditions imposed by the donor.
- b) Funds restricted by constitution represent the accumulated surpluses from those group entities where the funds have been generated locally and the future use is restricted to that location.

Notes to the financial statements for the year ended 31 December 2010

16 Statement of Funds

	General reserves £'000	Tangible fixed asset reserves £'000	Sustainability reserves £'000	Total Unrestricted Reserves £'000	Restricted reserves £'000
As at 1 January 2010	19,187	21,356	5,000	45,543	26,948
Net incoming resources before transfers	12,779	-	-	12,779	(8,866)
Transfers:					
- Movement in tangible fixed asset reserve	(280)	280	-	-	-
Net (losses)/gains on revaluations	(3,791)	-	-	(3,791)	581
At 31 December 2010	27,895	21,636	5,000	54,531	18,663

Unrestricted and restricted funds represent reserves available to Marie Stopes International for a range of purposes dependent on their designation.

Unrestricted Funds

General Reserves - Marie Stopes International's general reserves aim to provide medium and long-term security for the Group both in the UK and in the countries within which it operates. It aims to be sufficient to finance up to six months expenditure. This policy is reviewed by the trustees on a regular basis.

Tangible Fixed Asset Reserves - represents the amount of general funds invested in fixed assets to achieve the objectives of the organisation.

Sustainability Reserves represent designations made by the trustees to provide working capital for the continued expansion of family planning service delivery post donor funding and for institutional capacity development to support such services.

Restricted Funds

Restricted Funds represent donor funds received that are to be disbursed in accordance with the grant terms of the donor and the accumulated surplus/deficit of those entities within the group that are considered to be for a restricted purpose (See note 15).

Transfers

Movement in tangible fixed asset reserves represents the movement for the year in the net written down value of unrestricted tangible fixed assets.

Notes to the financial statements for the year ended 31 December 2010

17 Reconciliation of net incoming resources to net cash inflow from operating activities	2010	2009
	£'000	£'000
Net incoming resources for the year	3,913	4,980
Investment income	(921)	(804)
Interest payable	63	291
Depreciation and amortisation	4,457	4,248
Tax charge	672	375
Gifted assets	-	(6,140)
(Loss)/profit on disposal of tangible fixed assets	240	(61)
(Increase) in stock and work in progress	(1,347)	(2,215)
Decrease/(Increase) in debtors	2,322	4,241
(Decrease)/Increase in creditors	(26,809)	33,918
Exchange movements	(263)	(1,774)
	(17,673)	37,059

18 Reconciliation of net cash flow to movement in net funds	2010	2009
	£'000	£'000
(Decrease) / Increase in cash in the period	(12,477)	8,755
Funds from newly included entities	-	1,635
	(12,477)	10,390
New unsecured loan	3,904	1,331
Short term investments	(16,088)	20,906
Capital repayment of loans & overdraft	2,019	(12)
	(22,642)	32,615
Net funds at 1 January	54,517	21,902
Net funds at 31 December	31,875	54,517

19 Analysis of changes in net funds as shown in balance sheet	At 1 Jan 2010	Cash flows	At 31 Dec 2010
	£'000	£'000	£'000
Cash at bank & in hand	35,093	(12,477)	22,616
Short term investments	27,927	(16,088)	11,839
Bank overdrafts	(1,148)	1,073	(75)
	61,872	(27,492)	34,380
Other loans falling due after more than one year	(4,431)	2,032	(2,399)
Bank loans	(2,924)	2,818	(106)
	54,517	(22,642)	31,875

20 Taxation

Marie Stopes International has no liability to UK corporation tax as the company is a charity registered in England and Wales and takes advantage of the tax exemption available to charities. The liability to taxation shown in these financial statements relates to tax due on profits of the branches and subsidiary undertakings.

Notes to the financial statements for the year ended 31 December 2010

21 Financial commitments

a) Capital commitments

Capital commitments as at 31 December 2010 amounted to £1.9m for purchase of Clinics in Australia (2009: £nil)

b) Operating lease commitments

As at 31 December 2010 commitments for the following year under operating leases for land and buildings were as follows:

	Group	
	2010	2009
	£'000	£'000
Within one year	927	773
Between two and five years	2,571	2,142
Leases expiring in five years or more	1,406	1,031
	4,904	3,946

22 Transactions involving Trustees and Company Secretary

During the year the charity reimbursed 6 Trustees (2009: 7) with out-of-pocket expenses of £374 (2009: £4,332) for travel to partner programmes, £2,307 (2009: £1,827) for travel to UK offices for trustee meetings.

23 Marie Stopes International branches, subsidiaries and affiliated partners

Marie Stopes International is an international non-government organisation delivering family planning, sexual and reproductive health services in 43 countries worldwide. It delivers these services through its branches and subsidiaries and in partnership with affiliated partners.

As shown in the Statement of Financial Activities, Marie Stopes International included a number of entities as subsidiaries for the first time in 2009. The value of the net assets of these entities were included as Gifted Assets, the value of which was £6.14m (note 2c).

All entities within the Marie Stopes Partnership are listed below.

a) Marie Stopes International branch offices:

Name of Organisation	Country of operation
1 Marie Stopes China	China
2 Marie Stopes International Yemen	Yemen
3 Marie Stopes Internationale	Belgium
4 MSI Afghanistan	Afghanistan
5 MSI Australia (clinics)	Australia
6 MSI Bolivia	Bolivia
7 MSI Burkina Faso	Burkina Faso
8 MSI Cambodia	Cambodia
9 MSI Ethiopia	Ethiopia
10 MSI Ghana	Ghana
11 MSI India	India
12 MSI Mali	Mali
13 MSI Mongolia	Mongolia
14 MSI Myanmar	Myanmar
15 MSI Nepal	Nepal
16 MSI Sudan	Sudan
17 MSI Uganda	Uganda
18 MSI Vietnam	Vietnam

b) Marie Stopes International subsidiaries:

Name of Organisation	Country of operation
1 Ambulatorium am Fleischmarkt Betriebs GmbH	Austria
2 Banjo La Matsogolo	Malawi
3 Community Medical Services trading as Marie Stopes South Africa	South Africa

Notes to the financial statements for the year ended 31 December 2010

b) Marie Stopes International subsidiaries: (continued)

4	CSM Pakistan (Guarantee) Ltd	Pakistan
5	Marie Stopes Albania Shpk	Albania
6	Marie Stopes Clinics Services Lanka	Sri Lanka
7	Marie Stopes International Organisation Nigeria	Nigeria
8	Marie Stopes International Contraceptive Social Marketing Limited	Mongolia
9	Marie Stopes International Romania Foundation	Romania
10	MSI - US (formerly Marie Stopes International Ltd)	US
11	Marie Stopes International Zambia Ltd	Zambia
12	Marie Stopes Kenya Ltd	Kenya
13	Marie Stopes India	India
14	Marie Stopes Madagascar	Madagascar
15	Marie Stopes Mexico AC	Mexico
16	Marie Stopes Services Pvt Ltd	Nepal
17	Marie Stopes Society	Pakistan
18	Marie Stopes Society Sierra Leone	Sierra Leone
19	Marie Stopes Swaziland	Swaziland
20	Marie Stopes Tanzania Ltd	Tanzania
21	Marie Stopes Uganda	Uganda
22	Options Consultancy Services	UK
23	Population Services Lanka	Sri Lanka
24	Population Services Pilipinas Inc	Philippines
25	Population Services Zimbabwe	Zimbabwe
26	Yumi Health Papua New Guinea	Papua New Guinea

c) Marie Stopes International affiliated partners

In addition to its branches and subsidiaries Marie Stopes International delivers services globally through a number of affiliated partners. These are entities closely connected with Marie Stopes International but which Marie Stopes International currently believes it does not control nor over which it exercises dominant influence. Their results have therefore not been included in the group reported results.

	Name of Organisation	Country of operation
1	Integrated Healthcare Services	Bangladesh
2	Integrated Healthcare Services Ltd	Bangladesh
3	Marie Stopes Australia	Australia
4	Marie Stopes Bangladesh	Bangladesh
5	Marie Stopes Bangladesh Ltd	Bangladesh
6	Marie Stopes Clinic Society	Bangladesh
7	Marie Stopes Clinic Society Bangladesh	Bangladesh
8	Marie Stopes International Australia (Support Office)	Australia
9	Marie Stopes International Pacific	Fiji
10	Marie Stopes Properties Ltd	Madagascar
11	MSI Timor Leste	Timor Leste
12	MSI Trust	India
13	Population Health Services	India
14	Reproductive Choices Ltd	Ireland
15	Sunaulo Parivar Nepal	Nepal
16	Vietnam Centre for Community Reproductive Health	Vietnam

24 Related Party Transactions

Marie Stopes International has taken advantage of the exemption under FRS 8 - Related Party Disclosures and therefore does not disclose transactions with related parties.

Part of our annual control process is to require Board and Senior Management to complete conflict of interest statements disclosing related party transactions. A review has taken place of these statements and in 2010 no related party transactions occurred.

Marie Stopes International

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Marie Stopes International delivers quality family planning and reproductive healthcare to millions of the world's poorest and most vulnerable women.