



MARIE STOPES
INTERNATIONAL

Financial Statements and Annual Report 31 December 2013

Registered Charity No: 265543

Company No: 1102208



Contents

02	Reference and administrative details
03	Chief Executive's statement
04 – 21	Report of the Board of Trustees
10 – 19	Strategic report
22	Independent auditor's report
23	Consolidated statement of financial activities
24	Consolidated balance sheet
25	Consolidated cashflow statement
26 – 40	Notes to the financial statements

Reference and administrative details

Registered name and charity number

Marie Stopes International 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

The Trustees of Marie Stopes
International are the charity's Trustees
under charity law and the Directors of
the charitable company.

Chairman

Timothy M Rutter FRCS

Trustees

Getachew Bekele
Dr TRL Black CBE MBBS MRCP
DTM&H MPH
Baroness Flather
Philip D Harvey
Kristin Anne Rutter
Virgilio Pernito
Faustina Fynne Nyame
(appointed 18 November 2013)

Secretary

Solscan Limited

Chief Executive

Dana Hovig
(resigned 1 May 2013)
Michael Holscher – Interim CEO
(appointed 1 May 2013,
resigned 17 October 2013)
Simon Cooke
(appointed 17 October 2013)

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

Chief Executive's statement



2013 marked a year of change for Marie Stopes International. We said goodbye to Dana Hovig after seven remarkable years as our Chief Executive. Under Dana's leadership, Marie Stopes International experienced exceptional growth and achieved substantial impact, improving the lives of millions of women and girls around the world. I am excited to have joined such a dynamic organisation, and am also proud of the significant progress we continued to make with our partners in 2013.

As Chief Executive, I am committed to carrying Marie Stopes International's momentum forward so that we continue to lead the way in working towards the eradication of unsafe abortion and reducing the unmet need for contraception.

Our momentum is shown by the incredible recent growth in the couple years of protection (CYPs) we have delivered across the world. A CYP is the contraception required for a couple to prevent pregnancy for one year, and we delivered 24.5 million of them in 2013, an increase of 18% on 2012.

Our mission is to enable women and girls to have children by choice not chance. Our expansion of contraceptive, safe abortion and comprehensive post-abortion care services has helped drive us towards this mission. These services, and their sustainable long term growth, will continue to be our focus in the coming years. We believe that providing women and girls with a full choice of methods, ensuring quality services, and doing everything we can to reach the most excluded groups is critical if we are to protect and promote sexual and reproductive rights.

We are committed to expanding quality services for marginalised women and girls, helping improve their lives and those of their families and communities. This commitment and expertise helps us to care for our clients, support governments and play a critical role in the achievement of FP2020's goal to provide 120 million additional women in 69 of the world's poorest countries with contraception by the start of the next decade.

In July 2012, Marie Stopes International pledged to provide 6 million additional women in these countries with voluntary family planning services, while helping the 10 million we had already reached continue to use contraception, and offering greater choice of method to a further 4 million women. We are well on our way to meeting this goal. We estimate that by the end of 2013 we had already supported an additional 2.7 million women to access high quality contraceptive services.

Finally, we are committed to maximising the sustainability of the services we provide to ensure that women and girls can count on quality family planning and abortion-related services for generations to come. This will mean further evolving our delivery channels to be responsive to the changing needs and preferences of our clients, positioning our services within the overall health system of countries where we operate, developing long term partnerships with a diverse range of other public and private sector providers and organisations, and investing in world class people and systems to maximise the efficiency and effectiveness of our services.

While this report is a chance for us to look back, we are always thinking about the future. We are learning from where we have been, so that we can continue moving forward, innovating, exploring and identifying new ways of delivering services. In order for our next five years to be even more successful than the last five, we will ensure that our services are sustainable, equitable and tailored to the next generation of clients.

A handwritten signature in black ink, appearing to read 'Simon Cooke'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Simon Cooke
Chief Executive Officer

Report of the Board of Trustees

1. Structure, governance and management

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 2013 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report, together with the audited financial statements for the year.

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 Objectives

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 consider 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 2013 and up to the date of signing this report are noted on page 2.

Public benefit

The Trustees confirm that they have given due consideration to the Charity Commission published guidance on Public Benefit contained within section 17 of the Charities Act 2011. 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.

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 37 countries globally. It is constituted as a charitable company limited by guarantee.

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 20 international branch offices. The London central office provides support for Marie Stopes International's UK clinics as well as its network of

international branches; subsidiaries and affiliated partners in 37 countries worldwide.

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. Marie Stopes International's principal subsidiaries are listed in note 21. 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 Chief Executive Officer, is 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 which reports operationally into London.

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), 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 26 partner countries in 2013 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 Officer; Chief Financial Officer 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 and external 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.



2. Objectives and activities

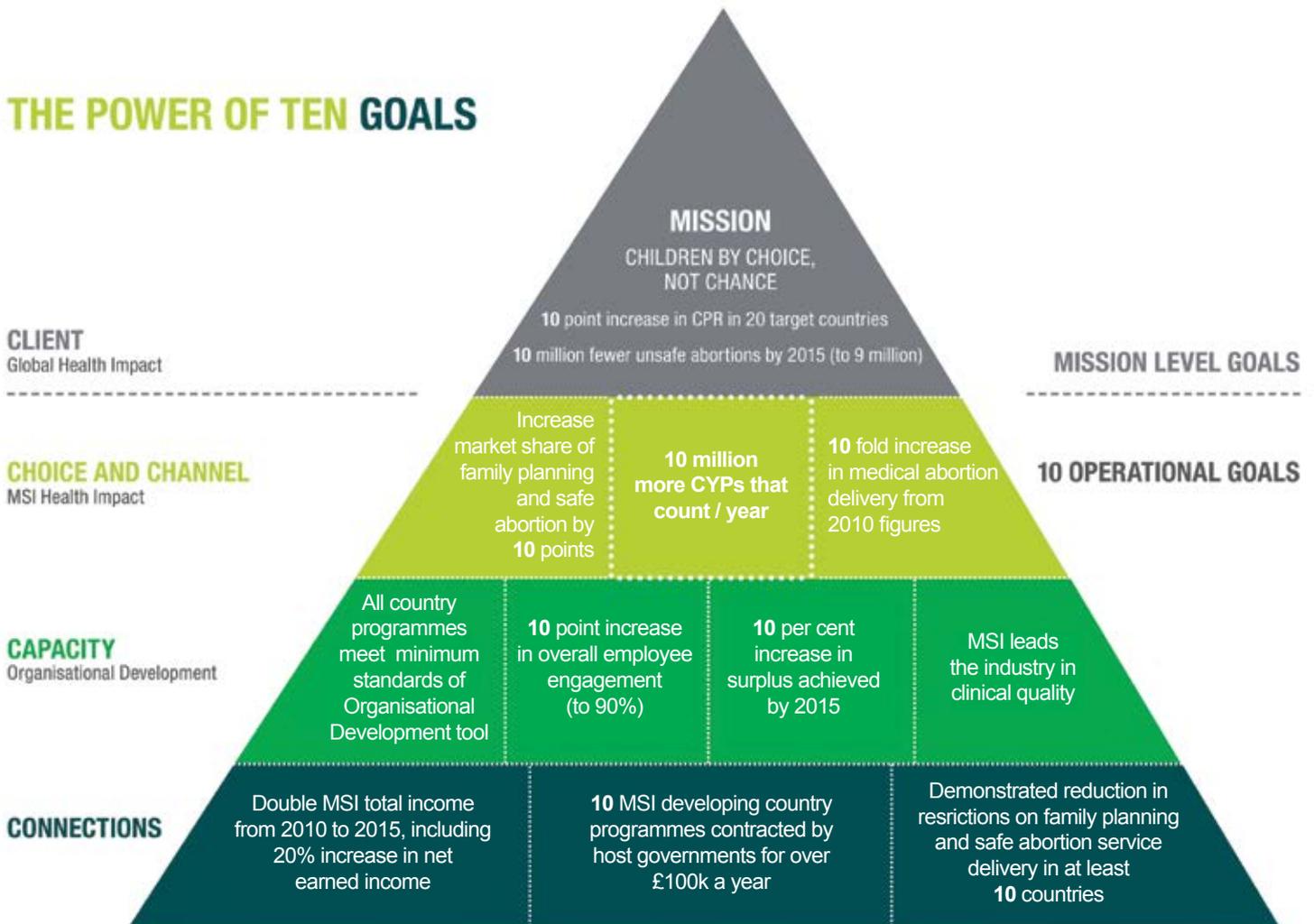
Objectives, aims and strategy

The Partnership’s mission is to enable women and girls to have children by choice not chance. The Partnership’s vision is a world in which every birth is wanted. In order to ensure we are a significant contributor to the worldwide effort to achieve this vision we work within our Power of Ten strategic framework,

to guide our engagement. Through the Power of Ten we aim to dramatically expand the choices and channels available to our clients, in particular harnessing the potential of long-acting and permanent methods and medical abortion in order to deliver services as close to our clients as possible. The Power of Ten is also a framework for us to build our

institutional capacity – systems, standards, and people – to improve our effectiveness and efficiency across the board. Finally, recognising that we cannot do any of this alone, we are forging enduring connections with governments and other institutions that influence policy, funding and practice for family planning, both at the country level and globally.

THE POWER OF TEN GOALS



To achieve these objectives, the Partnership 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 under-served, 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.

2013 objectives

Our 2013 objectives were focused around three key areas:

1. Choice and channel

- Increase the number of High Impact CYPs we deliver – that is the number of CYPs that we deliver to those most in need of our services.
- Build a culture of marketing excellence to equal our commitment to clinical excellence in order to increase the number of clients we serve.

2. Capacity

- Build a leadership culture and cadre, build or hire in the skills for the Marie Stopes International of tomorrow, and ensure that Marie Stopes International is a great place to work.
- Focus on the execution and development of our current systems and reduce the amount of auditing from the centre.
- Continue to focus on clinical quality, including excellence in people and processes delivering clinical services, pharmaceuticals, clinical materials and devices, facilities, clinical outcomes, total customer experience, and clinical governance and leadership.

3. Connections

- Resource programmes to achieve equitable national impact on family planning and unsafe abortion.
- Grow our position, influence and reputation as a sector leader to ensure that our resources and impact increase as a result of the London Family Planning Summit.

Our mission:
Children by choice
not chance

Delivery on the ground: our focus in 2013

Our service delivery channels



Marie Stopes International clinics

Our clinics remain the backbone for our operations in many countries. They act as a base for training, and a vital logistical hub where outreach teams and community based distributors can re-stock supplies and sterilise equipment. They also consistently deliver around a sixth of our services.



Social franchising

Private healthcare providers are commonly used by people in developing countries, particularly in areas far from state-run facilities. The quality of these providers can be variable however, and governments are often unable to regulate them. Our social franchise network, BlueStar, engages private providers to deliver high quality family planning and safe abortion services.



Social marketing

We run social marketing programmes that market and distribute low cost and free condoms, contraceptive and medical abortion pills, and other health products through pharmacies, community based distributors and other private providers. For men or women who are unlikely to visit a more formal healthcare facility, social marketing provides a vital service.



Mobile clinical outreach

Our outreach teams serve a critical role in the health systems of the countries in which we work. Our teams bring free or subsidised services to rural and urban locations where existing public and private health clinics struggle to meet the needs of women and men, or to offer a full range of contraceptive options. Through partnership with ministries of health and ongoing relationships with hard-to-reach communities, our outreach ensures reliable access to high quality sexual and reproductive health services for those with the greatest need.



Community based distribution

Where health infrastructure is weak, we empower community members to deliver information, counselling and low technology primary healthcare services to other members of the community. We often integrate community based distribution with our other service delivery points to create demand, expand choice, and respond to the needs of underserved populations for family planning services.

Wider networks in which the organisation is involved

Marie Stopes International is involved with several networks, including those which are detailed below.

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 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 and Reproductive Health and 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 in development policies and programmes, particularly with the UK government and its related decision-making bodies.

Where health infrastructure is weak, we empower community members to deliver information, counselling and low technology primary healthcare services to other members of the community.



3. Strategic report

Achievements and performance

2013 global impact

The Group conducts its operations through its branches and subsidiaries across the world and measures the performance of the global mission – children by choice, not chance – by mapping back to our strategic framework, and through the annual Global Impact Report.

2013 was the third year of our five year strategic plan, The Power of Ten. Designed for the period 2011-2015, the plan sets out ambitious goals for Marie Stopes International in terms of health

impact, organisational capacity building and enhanced revenue generation. It builds on Marie Stopes International's success in achieving many of the goals in the 2007-2011 plan, while addressing areas identified for improvement. It also responds to fundamental changes in services and how the organisation delivers them, and prepares for the long term impact of these changes.

Our progress mid-way through our five year strategic plan may be summarised by mapping areas where we are on track and those where renewed effort is needed:

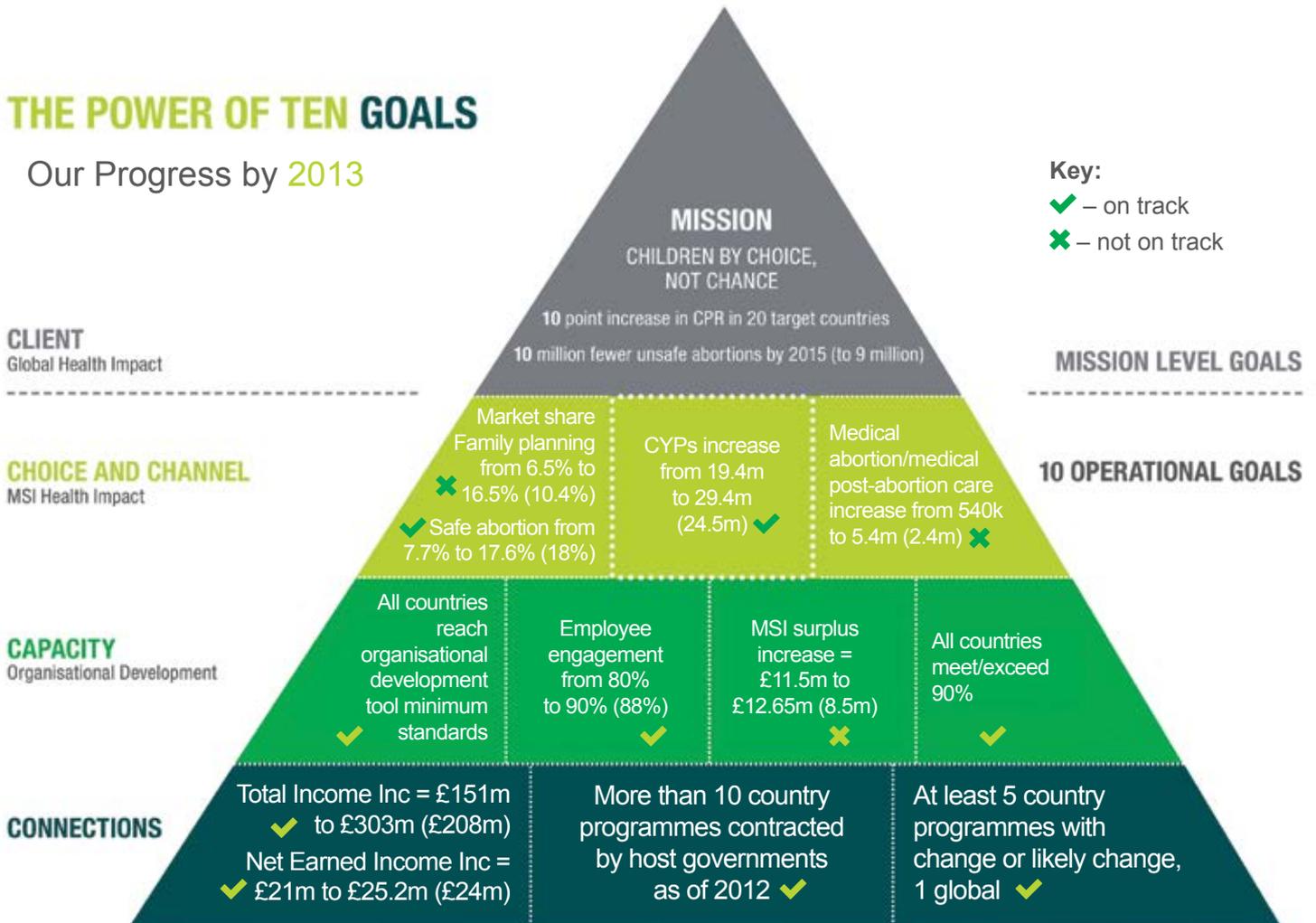
Measuring our performance

One of the most important ways in which we track the performance of all our country programmes, and the extent to which we are expanding the scale of our services to bring more women choice, is through measuring the couple years of protection (CYPs) that we are delivering each year.

In 2013, we delivered 24.5 million CYPs across the Partnership, an 18% increase on 2012. This represents more contraceptive users than ever before. We provided contraception to 6.1 million people. In addition, an estimated

THE POWER OF TEN GOALS

Our Progress by 2013



9.5 million women were still using contraception that we provided before 2013. With 15.6 million women around the world using a method of contraception that we supplied, the health impact as a result of our work was enormous.

We have been able to achieve this impact because we have responded to women's needs, giving more of them access to contraception and – where permitted – safe abortion services. In partnership with others, year on year we have increased our health impact across the world. Indeed, we estimate that our services saved well over twice the number of women's lives in 2013 as they did four years before, in 2009, and the number of unsafe abortions we prevented had more than tripled compared with what we achieved in 2009.

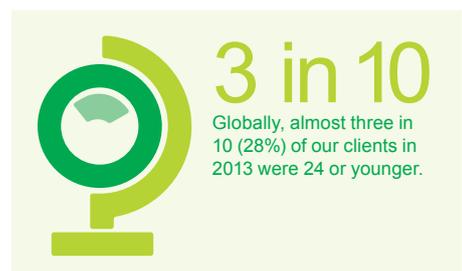
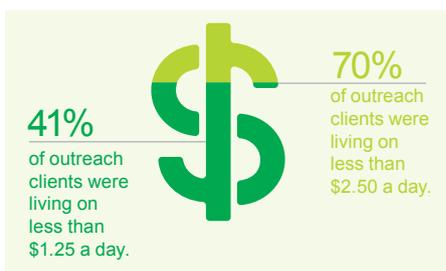
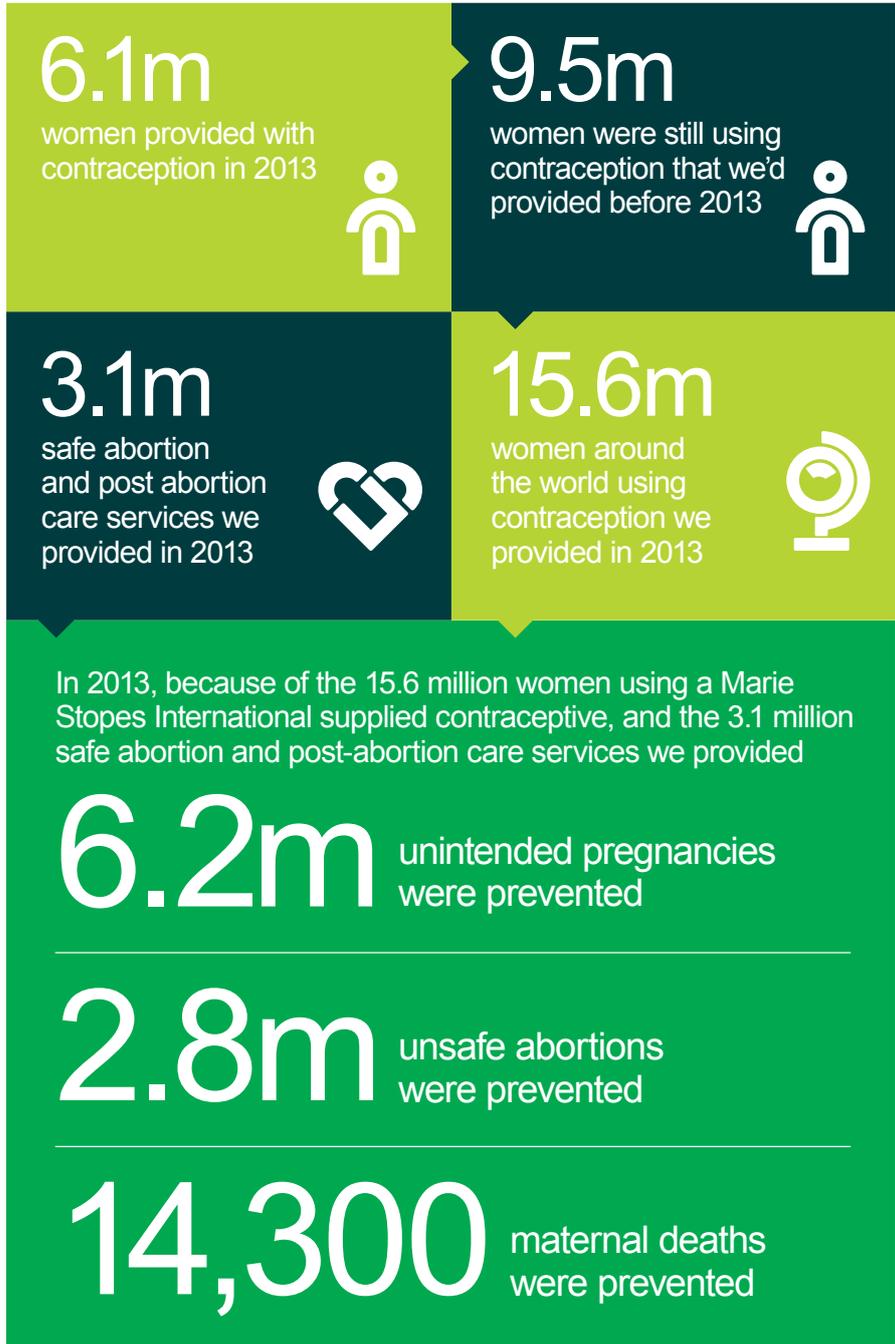
What do our services mean for the women we serve?

We estimate that in 2013, our services prevented:

- 6.2 million unintended pregnancies.
- 2.8 million unsafe abortions.
- 14,300 maternal deaths.

Our services reached some of the most under-served groups:

- Four in 10 (38%) of our clients in our developing country programmes were not previously using a method of family planning.
- Four in 10 (41%) of our outreach clients were living on less than \$1.25 a day, and seven out of 10 (70%) were living on less than \$2.50 a day.
- Three in 10 (28%) of our clients were 24 or younger.



You can read more about our 2013 impact at www.mariestopesimpact.org

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

Financial review

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. As part of an ongoing review of operations, a number of former affiliated partners were assessed as qualifying as subsidiaries from the beginning of the year. Whilst these entities are legally independent, they are now deemed under UK GAAP to be subsidiaries as a result of increased influence by Marie Stopes International over the undertakings.

The Charity conducts its operations through its branches and subsidiaries throughout the world and several operate at a deficit requiring support from the parent charity. At 31 December 2013 nine subsidiaries reported net liabilities with a total of £5.3million. Within these, there were net liabilities of £2.8 million in relation to three countries whose reserves are restricted for use in the country in which they were generated.

The Charity has reviewed the branches and subsidiaries that it supports and plans to continue to provide such support to these branches as is necessary for them to continue in operation for the benefit of the Charity's beneficiaries and in accordance with its charitable mission.

In 2013 total income was £211.9 million, an increase of £38.5 million on the prior year. This increase includes £28.6 million in respect of the results of the former affiliated partners and £7.6 million of gifted assets which represents the value of the net assets of the former affiliated partners as at 1 January 2013.

Grant income increased by £24.4 million to £97.3 million in 2013 of which £20.2 million is generated by the former affiliated partners.

Service income from the provision of sexual reproductive healthcare services in clinics and social marketing activities increased by £8.7 million to £94.6 million in 2013, due largely to the contribution of £6.1 million from the former affiliated partners.

Voluntary income received was £9.5 million, a decrease of £3.4 million compared to 2012, reflecting lower donations of stock and services in 2013.

Expenditure

In 2013 total expenditure was £203.3 million, an increase of £28.3 million, substantially due to the first time inclusion of the former affiliates. Spending on charitable activities in support of the objectives of the charity increased by £28.3 million to £202.0 million in 2013.

Cash balances

Cash increased during 2013 by £22.5 million to £44.7 million as at 31 December 2013. The increase in cash is principally due to the receipt in advance of donor funds towards the end of 2013. These funds are received directly by the country programmes or into the US and the UK before being sent to country programmes to cover project expenditure. An analysis of cash balances by region is shown in the table below.

	2013	2012
Region	£m	£m
East and Southern Africa	8.9	6.1
West Africa and Latin America	2.3	1.6
South Asia	9.1	2.5
Pacific Asia	3.8	2.3
Rest of the World	20.6	9.6
Total	44.7	22.1

Income

Income	2013	2012
	£m	£m
Grant income	97.3	72.9
Service income	94.6	85.9
Voluntary income	9.5	12.9
Gifted assets	7.6	0.0
Other income	2.9	1.7
Total income	211.9	173.4

Regional performance

Regional performance is summarised in the table below. Each country programme is made up of one or more legal entities.

	Income £'000	CYPs (000s)
East and southern Africa		
Malawi	6,845	900
Ethiopia	7,029	912
Kenya	4,955	715
South Sudan	1,507	26
Tanzania	4,229	797
Uganda	9,589	1,599
Zambia	3,780	140
Zimbabwe	3,278	382
South Africa	3,926	103
	45,138	5,574
West Africa and Latin America		
Burkina Faso	1,213	132
Bolivia	1,742	149
Mali	1,722	341
Ghana	4,287	402
Madagascar	3,996	662
Nigeria	3,437	471
Sierra Leone	1,677	455
Senegal	921	85
Mexico	2,691	96
	21,686	2,793
South Asia		
Afghanistan	1,661	435
Bangladesh	6,239	2,967
India	1,505	671
Sri Lanka	682	49
Nepal	2,262	444
Pakistan	9,062	1,921
Vietnam	4,130	2,315
Yemen	3,615	552
	29,156	9,354
Pacific Asia		
Cambodia	2,657	181
China	326	16
Mongolia	681	171
Myanmar	3,278	391
Timor Leste	1,479	29
Papa New Guinea	1,695	96
Philippines	2,755	1,678
	12,871	2,562
Regional Support Offices	4,823	0
Total Country Programmes	113,674	20,283
UK and Europe clinics	32,629	220
Australia	17,327	91
Options	16,831	
Other	31,467	35
Marie Stopes International Group	211,928	20,629
Affiliated entities		3,871
Marie Stopes International Partnership		24,500

Performance highlights

East and southern Africa

In **Malawi, Banja La Mtsogolo (BLM)** delivered a record 900,000 CYPs. Significantly, 23% of these were generated from services provided to youth. Overall, BLM served 14% more clients than the previous year. An expanded voucher programme resulted in a 43% increase in women receiving long acting reversible contraception (LARC) services from BLM's BlueStar social franchising network compared to 2012 figures.

Marie Stopes International Ethiopia achieved an increase in vasectomies, implants, intrauterine devices (IUDs) and injectables, resulting in 912,000 CYPs, 10% more than 2012. MSI Ethiopia also played a leadership role in policy development through the November 2013 International Conference on Family Planning in Addis Abba, and a World Health Organization (WHO) event on task-sharing of family planning services to mid-level providers.

Marie Stopes Kenya delivered 715,000 CYPs throughout its network of centres, mobile clinical outreach and social franchised providers. Marie Stopes Kenya revised its mobile outreach strategy to take services to more rural populations than ever before using innovations such as tented clinical outreach. They also focused on training providers to ensure high quality delivery of post-abortion care.

Marie Stopes South Sudan delivered significant family planning services to underserved women despite a challenging political and security environment and an increasingly transient population. The team strengthened its partnerships with the public, private and NGO sectors to reach more people with family planning, increasing its CYPs by 285% to 26,000.

Marie Stopes Tanzania increased access to family planning services for the rural poor through the establishment of four new dedicated outreach teams, expanding the number of rural outreach teams by nearly a quarter. This contributed to a 17% increase in client visits. The delivery of implants and injectables also grew by 27% and 39% respectively.

Marie Stopes Uganda achieved a 41% growth in CYPs to 1,599,000 through a national provider network that includes mobile outreach teams, BlueStar social franchising providers and community health workers. Clinical officers were permitted to provide bilateral tubal ligations ensuring that the low number of doctors available within Uganda does not prevent women from accessing a full choice of family planning services. As a result, sterilisations increased by 31% to 49,849, implants by 45% and IUDs by 96%.

MSI Zambia increased CYPs by 137% to 140,000 through a significant increase in long-acting and permanent methods of contraception. MSI Zambia's social franchising network expanded from seven to 21 quality providers, resulting in a 309% increase in CYPs within this network. The country programme is working with US creative agency IDEO to design innovative ways to reach the high number of Zambian youth with family planning services.

In **Zimbabwe**, the programme increased CYPs by 23% in 2013 to 382,000. The social franchising network grew from 61 to 77 in 2013, increasing the availability of high quality family planning services across the country.

Marie Stopes South Africa delivered 37,511 safe abortions. The programme opened a new centre in Bellville, increasing its clinic network.



West Africa and Latin America

Marie Stopes International Burkina Faso grew by 38% to 132,000 CYPs by establishing new clinical outreach teams and two new centres in Bobo Dioulasso and Koudougou, in addition to the main centre in Ouagadougou, and a youth centre in Koudougou, bringing the total number of centres to four. Our team also launched a community midwife model of five “Marie Stopes Ladies”, who work on a one to one basis in communities in Ouagadougou and Koudougou.

Marie Stopes International Bolivia achieved 149,000 CYPs, a 28% increase on 2012. Bolivia saw significant increases in implants and IUDs via their six centres and six outreach teams.

Marie Stopes International Mali operated seven outreach teams and three centres which, together, achieved 341,000 CYPs, a 77% increase on 2012 figures. Despite a rebel insurgency at the start of 2013, social franchising providers increased from 34 to 112, a youth clinic was established in Bamako, and the availability of misoprostol for post-partum haemorrhage (PPH) was increased by 79%.

Marie Stopes International Ghana increased CYPs by 49% to 402,000, including a 76% increase in implants and 169% in IUDs. The programme’s BlueStar social franchise network grew from 106 to 152 providers in addition to six centres and six mobile outreach teams. Marie Stopes International Ghana worked closely with the Government on a number of initiatives, including a youth friendly services accreditation project, support to register for health insurance and collaboration on provision of outreach services at health posts. They also distributed a combination pack of mifepristone and misoprostol for safe abortion and post-abortion care (PAC).

Marie Stopes International Madagascar achieved a 29% increase in CYPs to 662,000 with increases in implants (51%), IUDs (40%) and injectables (16%). They increased the number of Marie Stopes Ladies, refurbished a bus to provide mobile services to the homeless in Antananarivo and grew the BlueStar franchise network from 127 to 149. Marie Stopes International Madagascar closed an obstetrics centre in Tamatave following the loss of donor funding but continues to operate an obstetrics centre in Antananarivo, 16 outreach teams and 15 centres.

The programme in **Nigeria** achieved a 133% growth in CYPs to 471,000. The programme operated one clinic in Abuja, and focused on expanding high quality family planning services through its BlueStar franchise network which grew from 51 to 162. The number of outreach teams also grew to 11 during the year and the programme developed a supportive supervision model whereby it trains public sector providers and then visits regularly to supervise quality and support providers. Also over the year, the team in Nigeria marketed misoprostol for post-partum haemorrhage and post-abortion care.

Marie Stopes Sierra Leone rationalised its service delivery network in order to reduce duplication and improve efficiency and effectiveness. After an extended review, the decision was made to close three clinics and an obstetrics centre. However, through its remaining eight centres and 13 outreach teams, the programme still achieved a 28% increase in CYPs to 455,000. Through a strong commitment to advocacy, Marie Stopes Sierra Leone reached an agreement with the government on the removal of import duties on reproductive health commodities.

In its second year of operation, **Marie Stopes International Senegal** achieved 85,000 CYPs in 2013. Their team operated one clinic in Dakar, four mobile outreach teams and 51 franchises by the end of the year. The programme also established a youth post within St Louis University, and supported the inclusion of misoprostol on the Essential Drug List for post-partum haemorrhage and post-abortion care.

Marie Stopes Mexico provided a total of 24,985 safe abortion procedures, 66% more than the previous year, and continued to improve its post-abortion family planning numbers.

South Asia

Despite continued security challenges, **Marie Stopes Afghanistan** saw 377,115 clients walk through its doors in 2013, contributing to achievement of 435,000 CYPs.

Marie Stopes Bangladesh achieved a total of 2,967,000 CYPs in 2013, a slight reduction compared to 2012. This achievement was still notable given the political unrest in the country towards the end of 2013. A Link Up project was launched to provide integrated HIV and sexual and reproductive health services to young key-affected populations. A £15 million Urban Health Project was signed with the Department for International Development (DFID) to establish 12 maternity clinics across the country.

Marie Stopes India achieved significant increases in IUDs, injectables and permanent contraceptive methods in 2013, resulting in a 30% increase in CYPs to 671,000. The Rajasthan team won “Best NGO” for the third year running. The programme’s social franchising network in Madhya Pradesh continues to grow, and the programme has expanded operations to the state of Bihar.

Our **Nepal** programme underwent a year of retrenchment and consolidation in 2013, reducing its centre network by 30% to bring the total number of centres to 36. Despite this period of realignment, the programme achieved 444,000 CYPs.

Marie Stopes Society Pakistan

managed a large scale-up of project activities in 2013 while facing continually increasing security challenges. This resulted in a CYP achievement of 1,921,000, an increase of 17% compared with 2012. The programme is forecasting continued growth in the next few years.

Our **Sri Lanka** programme saw significant increases in the uptake of both IUDs and injectables in 2013. Unable to deliver voluntary surgical contraception services, the programme is developing alternative delivery channels for long-acting reversible contraception, including distribution through a network of private providers.

Marie Stopes International Vietnam

achieved 2.3 million CYPs in 2013, a 36% increase on 2012. Delivery of implants, IUDs, injectables and safe abortion services all increased during the year as did centre and social marketing income.

Our programmes in **Yemen** achieved 552,000 CYPs in 2013, while working in a challenging security situation in the country. This represented a 20% increase over 2012. Significant progress was made in the social marketing programme and a KfW-funded voucher programme. The programmes have worked closely with the Government, along with other partners, to achieve positive policy changes in the country, including making it easier for midwives to deliver contraceptive implants.

Pacific Asia Region

In 2013 **Marie Stopes International Cambodia** achieved growth on 2012 figures in contraceptive implants in a generally challenging year for the programme that saw CYPs decline by 21% year-on-year.

Marie Stopes International China

increased CYPs by 330% in 2013 despite relocating its Qingdao clinic during the year which impacted their clinic performance.

Marie Stopes International Mongolia

increased CYPs by 12% against 2012 despite several operational challenges. Male condom sales (with an estimated market share now 60%), IUDs and safe abortion services all grew during the year.

Marie Stopes International Myanmar

experienced a 13% increase in CYPs on 2012, exceeding their 2012 performance in contraceptive pills, male condoms, IUDs, and implants.

Marie Stopes Papua New Guinea

increased CYPs by 36% on 2012 results. The programme's progress can in part be attributed to the establishment of a new social marketing programme, while increasing delivery of existing methods such as implants, IUDs and injectables.

Population Services Philipinas Inc.,

our country partner in the Philippines, achieved 1.68 million CYPs in 2013 exceeding 2012 figures by 30%. There was significant growth in the provision of long-acting and permanent methods. Our social franchising programme, BlueStar Philipinas, now has two thirds of all private sector franchisees accredited into the national insurance programme Phil Health.

Marie Stopes International Timor Leste

increased CYPs by 42% as compared to 2012. The programme saw increases in implants, IUDs and injectables. Timor Leste is on track to achieve a 10% increase in the Contraceptive Prevalence Rate (CPR) by 2015 as part of our *Power of Ten* global strategy.

In **Australia**, Marie Stopes operates commercial sexual and reproductive health clinics and a growing business supplying products to other service providers. The business has grown recently through acquisition, and surpluses earned are reinvested in our programmes. In 2013 MS Australia saw over 29,000 clients through 17 centres nationwide.

UK division

UK Clinics: During 2013 the UK Management Team focused on quality and value and was fully compliant in all centres with the Care Quality Commission. The UK has also continued to develop the full range of integrated sexual and reproductive healthcare services for its clients.

In England and Wales, Marie Stopes International provided over 219,000 client services during the year (2012: 196,000). Marie Stopes One Call, our telephone helpline and booking service, received 323,000 calls (2012: 313,000) for all issues related to sexual and reproductive health.

Options: The Group also owns Options Consultancy Services Ltd ("Options"). Options provides consultancy services in sexual and reproductive health throughout the world. In 2013, turnover increased by 4.8% to £16.8 million.

Reserves policy

The Group views reserves requirements from both a long-term and short-term perspective. In both cases, the purpose of reserves is to provide an unencumbered resource foundation for the pursuit of Marie Stopes International's charitable mission of children by choice, not chance.

Reserves are defined as unrestricted funds and are available to the Group to meet its charitable objectives. For Marie Stopes International, all reserves relate to reserves held by the Group, which includes all branches and subsidiaries.

These reserves represent the accumulated surpluses from the Group's worldwide operations of a network of over 600 clinics and programmes in 41 countries, including substantial commercial operations in the UK, Australia and Western Europe. The Trustees continue to 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 reserves would be used to ensure the organisation can operate in times of substantial income fluctuations or where expenditure on charitable activities could not or should not be scaled back in the short to medium term.

At 31 December 2013 the Group's general reserves were £38 million (2012 – £26.1million).

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

- a tangible fixed asset reserve of £24.1 million (2012: £27.3m) which represents the net book value of MSI funds invested in tangible fixed assets – primarily clinic buildings – to further the long-term objectives of the Group
- a sustainability reserve of £7.1 million (2012: £6.3 million) which continues to be set aside to provide working capital for the investment and seed funding of non-donor funded projects or emergency funded expansion of family planning services and for strengthening capacity.

This equates to total unrestricted reserves of £69.1 million (2012: £59.7 million). Following the inclusion in 2013 of several former affiliated partners within the Group, and the resultant increased size of the Group, the Board intends to review its policy on reserves during 2014 to ensure that the policy is appropriate for the enlarged organisation.

Restricted funds at 31 December 2013 were £6 million (2012: £7.1 million). These funds are from two sources. Firstly, there are funds received from donors to directly support our charitable activities. Secondly there are net proceeds from clinic services within international operations which, for local legal reasons, 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 donors.

Investments

Excluding investments in subsidiaries and programme-related investments, Marie Stopes International's principal investments are a Dublin property (market value £264,000 at 31 December 2013; 2012: £262,000) and a managed investment fund (net book value £7.1 million at 31 December 2013; 2012: £6.3 million).

Marie Stopes International's investment objectives are to maximise income returns at acceptable levels of risk in investments which do not compromise the charity's commitment to sexual and reproductive health rights.

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 members of the Investment Supervisory Group in 2013 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 Officer – resigned 1 May 2013)
 Mr M Holscher (Interim Chief Executive Officer – appointed 1 May 2013, resigned 17 October 2013)
 Mr S Cooke (Chief Executive Officer – appointed 17 October 2013)
 Mr A K Brown (Global Finance Director)

The principal responsibilities of the Investment 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 Investment Supervisory Group has developed an investment strategy to include investment in managed funds. The investment approach for the managed fund is to target a mix of investments within the following tactical ranges:

Category	Tactical Range
Equities	20 – 78%
Bonds	0 – 18.5%
Hedge Funds	10 – 20%
Private Equity	5 – 15%
Commodities	3 – 13%
Cash	0 – 10%

The performance of the managed fund is benchmarked internally to the FTSE 100 index. From inception the value of our managed investment fund has increased by 28.2% to £7.1 million at 31 December 2013.



Plans for future periods

In the developing world, over 200 million women have an unmet need for family planning, and more than 20 million women resort to unsafe abortion each year. We will continue to forge lasting connections with governments and other key organisations to accelerate progress towards universal access to contraception. And we will strive every day to make sure women can make informed choices about their family size, their fertility and their futures.

Our 2014 corporate priorities are driven by four imperatives:

- **The client:** should be at the centre of all that we do.
- **Country and programme-led:** we want to make sure that the organisation, including our support functions, serves our programmes as it is our programmes and our people working therein that deliver life-saving and life-changing services to our clients.
- **Power of Ten:** aligning all we do to our *Power of Ten* strategy noting that a mid-term review of the strategy will be completed this year.
- **Innovation:** advancing Marie Stopes International and the family planning and safe abortion sector.

We will continue to forge lasting connections with governments and other key organisations to accelerate progress towards universal access to contraception.

Principal 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 management information systems and control processes as service delivery expands and diversifies.

And we will focus on six priorities:

1. **High Impact CYPs** – focusing our family planning services on the women and communities that need them most.
2. **People and leadership** – developing our people across the organisation and ensuring strong leadership and focus on our mission.
3. **MSI systems** – making sure that we have systems in place that allow our country programmes to deliver services more effectively.
4. **Clinical quality** – always focussing our efforts on delivering high quality services to our clients.
5. **Programme resourcing** – support Country Directors to resource their programmes so that can they achieve equitable national impact on family planning and unsafe abortion, and deliver on their 2015 objectives.
6. **Capitalise on our position:** use our position as the sector leader to ensure that our impact increases as a result of the London Summit on Family Planning.

4. Employees

Marie Stopes International 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 is part of the Marie Stopes International culture.

We conduct a survey each year to gather views of our team members. From this an action plan is developed so we can enhance the experience of our employees and improve performance and productivity. Marie Stopes International 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. Marie Stopes International 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 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.

Marie Stopes International believes that it is important to be transparent about how pay levels for senior staff are set. Our senior reward approach encompasses two main factors:

- internal job evaluation which weights the distinct elements of roles and allows for internal comparison of roles within different functions; e.g. in operational management and in business support teams.
- external pay benchmarking via the use of market data taken from sector pay surveys.

We use the market median within our sector for setting salaries. However, some flexibility is applied to take into consideration specific requirements for each post and to ensure we can recruit the best candidate possible to meet the needs of our beneficiaries.

Senior staff members receive ongoing performance management and an annual appraisal and feedback report which provides feedback from the Chief Executive Officer, peers and team members about their contribution to the achievement of Marie Stopes International's strategy and any personal development areas they may have.

5. Auditor

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

6. Statement of Trustees' responsibilities

The Trustees are responsible for preparing the strategic report, the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking 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

The Trustees have reviewed the Group's financial position, taking account of the level of reserves and cash, the annual business plan and the systems of financial and risk management. As a result of this review, the Trustees believe that Marie Stopes International is well placed to manage operational and financial risks successfully.

Accordingly, the Trustees expect that Marie Stopes International has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

This report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 30 September 2014 including approving in their capacity as company Directors the strategic report contained therein, and is signed as authorised on its behalf by:

Mr TM Rutter FRCS
Chairman
30 September 2014

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 2013 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 25.

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Chief Executive's statement, the strategic report and the report of the Board of Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and the charitable company's affairs as at 31 December 2013 and of the group's 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 strategic report and 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:

- the parent charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches or subsidiaries 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

30 September 2014

Consolidated statement of financial activities incorporating the income and expenditure account for the year ended 31 December 2013

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources					
Incoming resources from generated funds					
-Voluntary income	2a	4,237	5,226	9,463	12,852
-Investment income	2b	514	192	706	526
-Gifted assets	2c/22	6,892	703	7,595	-
Incoming resources from charitable activities	2d	106,376	85,514	191,890	158,771
Other incoming resources	2e	1,657	617	2,274	1,263
Total incoming resources	2e	119,676	92,252	211,928	173,412
Resources expended					
Costs of generating funds	3	519	-	519	525
Charitable activities	3	114,819	87,165	201,984	173,743
Governance costs	4	576	231	807	720
Total resources expended	3	115,914	87,396	203,310	174,988
Net incoming/(outgoing) resources before transfers		3,762	4,856	8,618	(1,576)
Transfer between funds	24	5,581	(5,581)	-	-
Net incoming resources before other recognised gains or losses, being net income for the year		9,343	(725)	8,618	(1,576)
-Gain/(loss) on revaluation of investment properties	10a	(18)		(18)	(6)
-Gain/(loss) on revaluation of investments	10d	782		782	643
-Exchange translation difference arising on consolidation		(719)	(384)	(1,103)	(1,700)
Net movement in funds		9,388	(1,109)	8,279	(2,639)
Total funds brought forward at 1 January 2013	17	59,695	7,123	66,818	69,457
Total funds carried forward at 31 December 2011	17	69,083	6,014	75,097	66,818

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 26 to 40 form part of these financial statements.

Balance sheet as at 31 December 2013

		Group		Company	
		Total	Total	Total	Total
		2013	2012	2013	2012
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8	3,845	4,838	2,724	3,386
Tangible assets	9	37,856	36,184	24,610	25,328
Investments					
Investment property	10a	264	262	264	262
Investment in subsidiaries	10b	-	-	3,415	1,336
Investment in affiliates		-	371	-	371
Programme related investments	10c	-	-	476	688
Investments	10d	7,096	7,422	7,057	6,304
		49,061	49,077	38,546	37,675
Current assets					
Stock and work-in-progress		9,847	7,382	3,422	3,751
Debtors	11	36,149	29,071	42,187	41,746
Short-term investments	14	3,166	2,974	678	1,958
Cash at bank and in hand	14	44,651	22,107	22,345	11,474
		93,813	61,534	68,632	58,929
Creditors: amounts falling due within one year	12a	61,894	41,385	45,451	33,512
Net current assets		31,919	20,149	23,181	25,417
Total assets less current liabilities		80,980	69,226	61,727	63,092
Creditors: amounts falling due after more than one year	12b	368	1,616	352	1,616
Loans: amounts falling due after more than one year	13	5,515	792	5,054	792
Total liabilities falling due after more than one year		5,883	2,408	5,406	2,408
Net assets	15	75,097	66,818	56,321	60,684
Represented by:					
Unrestricted funds					
General reserves	17	37,975	26,081	27,492	30,984
Designated funds – tangible fixed asset reserve	17	24,055	27,314	20,379	22,096
Designated funds – sustainability reserve	17	7,053	6,300	7,053	6,300
	15	69,083	59,695	54,924	59,380
Restricted funds	15/16	6,014	7,123	1,397	1,304
		75,097	66,818	56,321	60,684

Approved and authorised for issue by the Board of trustees on 30 September 2014 and signed on its behalf by
Mr TM Rutter FRCS Chairman

The notes on pages 26 to 40 form part of these financial statements.

Consolidated cashflow statement for the year ended 31 December 2013

	2013		2012	
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities				
Net incoming/(outgoing) resources before other gains and losses	8,618		(1,576)	
Gifted assets	(7,595)		-	
Investment income	(706)		(526)	
Interest payable	217		167	
Depreciation and amortisation	7,910		5,945	
Tax charge	234		24	
(Gain)/loss on sale of tangible fixed assets	(107)		108	
Increase in stock	(1,402)		(1,149)	
Increase in debtors	(6,404)		(3,380)	
Increase in creditors	18,055		13,780	
Exchange movements	1,725		488	
Net cash inflow/(outflow) from operating activities		20,545		13,881
Returns on investment and servicing of finance				
Bank interest received	541		389	
Distributions received	71		98	
Loan interest received	48		-	
Loan interest paid	(217)		(169)	
Rent received	46		41	
		489		359
Taxation paid		(247)		(80)
Capital expenditure and financial investment				
Purchase of tangible assets	(9,930)		(7,757)	
Purchase of intangible assets	(119)		(2,421)	
Purchase of fixed asset investments	-		(371)	
Proceeds from sale of tangible assets	986		259	
Proceeds from sale of fixed asset investments	1,864		1,253	
		(7,199)		(9,037)
Financing				
(Decrease)/increase in bank and unsecured loans	(167)		267	
Increase in long term loans	4,723		-	
(Decrease)/increase in bank overdraft	(2,421)		2,155	
		2,135		2,422
Acquisitions and disposals				
Cash acquired as gifted assets		7,013		
Management of liquid resources				
Increase in short term investments		(192)		(2,731)
Net cash inflow		22,544		4,814
Increase in cash:				
Cash at 1 January 2013	22,107		17,293	
Increase in cash	22,544		4,814	
Cash at 31 December 2013		44,651		22,107

The notes on pages 26 to 40 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments to market value and 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.

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 21 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 £107.4 million (2012: £120.6 million) and total resources expended of £112.2 million (2012: £116.9 million) giving a net loss for the year of £4.8 million (2012: gain of £3.7 million). The net movement in funds, after investment gains/losses was a loss of £4.4 million (2012: gain of £4.3 million).

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 and 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.

Gifts in kind

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. The donation is recognised on receipt of goods and services and the goods and services are expended when used.

Voluntary income

Legacies and donations are included in the Statement of Financial Activities when there is entitlement to the income, reasonable certainty of receipt and the amount can be measured reliably.

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

1 Accounting policies (continued)

Charitable activities comprise costs relating directly to the delivery of family planning and other sexual and reproductive health services and related advocacy and 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.

g) Grants paid

Grants payable to affiliates of Marie Stopes International and other third parties to reimburse them for specific activities undertaken by them in support of Marie Stopes International's charitable activities are charged to the Statement of Financial Activities when an obligation exists.

h) Intangible assets

Goodwill, which represents the excess of the acquisition costs over the fair values of the identifiable net assets acquired is capitalised at cost and amortised over its estimated useful life

Registration and license fees are capitalised at cost and are amortised over the period to which the rights relate (estimated to be seven years).

i) Tangible assets and depreciation

Tangible assets are stated at cost less depreciation. Depreciation has been provided on completed assets 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 capitalises fixed assets in the UK above a value of £1,200. For Marie Stopes International's branches and subsidiaries overseas the capitalisation level is lower and varies by entity.

j) Investments

Listed properties and investment properties are stated at the market value at the balance sheet date. Investments such as hedge funds and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers.

Investments in subsidiaries are stated at cost less any provision to impairment.

Revaluation gains or losses arising during the year are included in the Statement of Financial Activities. Impairments are charged to resources expended on charitable activities. Investment income is the amount receivable by Marie Stopes International in the year.

k) 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 and 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) Reserves and 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 17.

Restricted funds are funds which have to be used in accordance with specific restrictions imposed by donor and funds restricted by constitution which represent the accumulated surpluses from those group entities where the funds have been generated locally and the future use is restricted to that location.

Overhead/support costs relating to restricted donor funds are classed as unrestricted expenditure and are not directly attributed to restricted funds at source. The fees earned on restricted donor funds in relation to these overhead/support costs are directly attributed to restricted income. At the year end an annual transfer is made between restricted and unrestricted funds in relation to these fees.

Notes to the financial statements for the year ended 31 December 2013

3 Resources expended

a) Total resources expended

	Programme activities	Direct staff & related costs	Depreciation & amortisation	Other costs	Support costs	Total 2013	Total 2012
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities	75,827	98,293	5,786	11,811	10,267	201,984	173,743
Costs of generating voluntary income	-	466	-	-	53	519	525
Governance costs (note 4)	231	-	-	565	11	807	720
	76,058	98,759	5,786	12,376	10,331	203,310	174,988

b) Programme activities

Programme activity expenditure includes grants made to external and MSI affiliated partners of £8,455,000 (2012: £6,141,000). 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.

	2013	2012
	£'000	£'000
Funded by Department for International Development:		
<i>Programme partnership arrangement</i>	3,699	2,590
<i>African health markets for equity</i>	2,316	-
<i>Programme of work II 2009-2015</i>	2,070	3,119
<i>Urban health: Strengthening care for poor mothers and newborns in Bangladesh</i>	503	-
<i>Enhancing continuum of care on maternal, neonatal and child health by civil society organisations' participation</i>	100	12
<i>Better maternal health for the poor and vulnerable in the Kishoreganj district of Bangladesh</i>	93	16
	8,781	3,147

c) Support costs

	Management & Office Services	Finance & Information Technology	Programme Support	People & Development	External Relations	Total support costs
	£'000	£'000	£'000	£'000	£'000	£'000
Support costs by function	1,979	1,438	5,990	516	408	10,331

Support cost represent the cost of London and Marie Stopes International regional support offices and are allocated by function. Costs relate to the costs of technical assistance to programmes and to the corporate functions of Information Technology, People and Development, External Relations and other centralised functions.

d) Staff

	2013	2012
	£'000	£'000
Staff costs:		
- Wages and salaries	69,746	54,151
- Social security costs	3,990	3,150
- Employer's pension contributions	2,603	2,124
	76,339	59,425
Sessional fees and agency costs	16,731	16,579
Total staff costs	93,070	76,004

The average number of staff analysed by function was:

	Number	Number
- Charitable activities	8,711	5,918
- Generating voluntary income	2	2
- Governance	33	27
	8,746	5,947

Notes to the financial statements for the year ended 31 December 2013

3 Resources expended (continued)

d) Staff (continued)

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

	2013	2012
	Number	Number
£60,001 - £70,000	22	19
£70,001 - £80,000	12	11
£80,001 - £90,000	6	8
£90,001 - £100,000	6	5
£100,001 - £110,000	4	-
£110,001 - £120,000	3	6
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
£160,001 - £170,000	1	-
£170,001 - £180,000	1	-
£180,001 - £190,000	-	1
£190,001 - £200,000	-	-
£200,001 - £210,000	-	1
£210,001 - £220,000	1	-
£260,001 - £270,000	1	-
£290,001 - £300,000	-	1

Contributions paid in the year for employees earning over £60,000 for the provision of defined contribution scheme were £310,000 (2012: £190,000).

The number of staff to whom retirement benefits are accruing under defined contribution schemes was 245 (2012: 222).

Notes to the financial statements for the year ended 31 December 2013

4 Governance costs	2013	2012
	£'000	£'000
Costs of Trustees' meetings and support	18	20
Fees payable to the company's auditors for:		
- the audit of the company's annual accounts	199	125
- the audit of the company's annual accounts (prior year)	120	60
- company tax advice	-	2
- project audit	60	60
Fees payable to other auditors for the audit of other Group entities	410	453
	807	720

Included in fees payable to other auditors for the audit of other Group entities above is a total of £18,217 charged by member firms of the Crowe Horwarth International Group.

5 Directors' emoluments

None of the directors received any emoluments during the year for their services as Trustees (2012: none).

6 Interest payable and similar charges

	2013	2012
	£'000	£'000
Loans and overdrafts	217	167

Interest payable on The David and Lucille 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 Lucille Packard Foundation at the date of repayment by Marie Stopes International.

7 Surplus on ordinary activities before taxation

	2013	2012
	£'000	£'000
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets	7,426	5,619
Operating lease rentals	5,447	3,819
Amortisation of intangible assets	484	327

Notes to the financial statements for the year ended 31 December 2013

8 Intangible assets (goodwill, licenses and registration fees)

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Goodwill				
Opening balance	3,404	2,113	3,386	2,113
Additions	56	1,618	15	1,579
Amortisations	(326)	(327)	(321)	(306)
Exchange movements on consolidation	(407)	-	(407)	-
Closing balance	2,727	3,404	2,673	3,386
Licenser and registration fees				
Opening balance	1,434	631	-	631
Additions	73	803	51	-
Amortisations	(158)	-	-	-
Transfer to Group from Company	-	-	-	(631)
Exchange movements on consolidation	(231)	-	-	-
Closing balance	1,118	1,434	51	-
Goodwill and intangible assets	3,845	4,838	2,724	3,386

Goodwill has arisen due to purchase of clinic networks in Australia and the United Kingdom. Goodwill represents the excess of the acquisition costs over the fair values of the identifiable net assets acquired and is capitalised at cost and amortised over its estimated useful life.

Licenser and registration fees relate to costs to acquire exclusive rights to pharmaceutical products. The cost is being amortised over the period that Marie Stopes International expects to benefit from these exclusive rights.

Notes to the financial statements for the year ended 31 December 2013

9 Tangible 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.

Group

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost or valuation								
At 1 January 2013	35,007	2,952	5,358	5,940	7,224	8,811	2,224	67,516
Additions	3,064	78	925	1,080	2,709	2,074	-	9,930
Transfers into the Group	659	-	491	685	552	2,283	-	4,670
Transfers to completed assets	-	-	-	-	1,584	-	(1,584)	-
Disposals	(222)	(112)	(393)	(323)	(909)	(1,159)	-	(3,118)
Exchange movements on consolidation	(1,436)	(548)	(434)	(447)	(438)	(377)	-	(3,680)
At 31 December 2013	37,072	2,370	5,947	6,935	10,722	11,632	640	75,318
Depreciation								
At 1 January 2013	12,329	1,700	3,724	4,238	4,079	5,261	-	31,331
Charge for the year	1,697	322	653	667	2,073	2,014	-	7,426
Transfers into the Group	34	(16)	343	481	332	1,276	-	2,450
Disposals	(30)	-	(311)	(232)	(689)	(977)	-	(2,239)
Exchange movements on consolidation	(230)	(157)	(341)	(322)	(240)	(216)	-	(1,506)
At 31 December 2013	13,800	1,849	4,068	4,832	5,555	7,358	-	37,462
Net book value								
At 31 December 2013	23,272	522	1,879	2,103	5,167	4,274	640	37,856
At 31 December 2012	22,678	1,252	1,634	1,702	3,145	3,550	2,224	36,184

Company

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost or valuation								
At 1 January 2013	27,719	2,669	3,273	2,760	5,531	2,626	2,225	46,803
Additions	1,558	75	410	621	1,849	494	-	5,007
Transfers to completed assets	-	-	-	-	1,836	-	(1,836)	-
Disposals	(191)	-	(150)	(204)	(758)	(367)	-	(1,670)
Exchange movements on consolidation	(835)	(173)	(255)	(137)	(213)	(59)	-	(1,672)
At 31 December 2013	28,251	2,571	3,278	3,040	8,245	2,694	389	48,468
Depreciation								
At 1 January 2013	11,683	1,275	2,302	1,603	3,043	1,569	-	21,475
Charge for the year	1,118	292	347	379	1,665	456	-	4,257
Disposals	(26)	-	(82)	(138)	(557)	(302)	-	(1,105)
Revaluations	-	-	-	-	-	-	-	-
Exchange movements on consolidation	(174)	(73)	(224)	(96)	(137)	(65)	-	(769)
At 31 December 2013	12,601	1,494	2,343	1,748	4,014	1,658	-	23,858
Net book value								
At 31 December 2013	15,650	1,077	935	1,292	4,231	1,036	389	24,610
At 31 December 2012	16,036	1,394	971	1,157	2,488	1,057	2,225	25,328

Notes to the financial statements for the year ended 31 December 2013

10 Investments

a) Investment property

The investment property was revalued at €320,000 (£268,000) 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 International Monetary Fund/ European Union bailout of the Republic of Ireland in November 2010 and current credit restrictions on the purchase of commercial property. This resulted in a market value of £274,000 at the end of 2010. During 2013 there have been no additions or market revaluation, but a further gain on exchange

	Group and Company 2013 £'000	Group and Company 2012 £'000
Investment property at valuation:		
Market value at 1 January 2013	262	268
Original cost	984	972
Market revaluations to date	(722)	(704)
Exchange movements on consolidation	2	(6)
Market value at 31 December 2013	264	262

b) Investments in subsidiaries

	Company 2013 £'000	Company 2012 £'000
Investment in subsidiary undertakings at cost:		
At 1 January 2013	1,336	1,256
Transfers into the Group	371	-
Capital invested	1,708	80
At 31 December 2013	3,415	1,336

c) Programme related investments: Social investment fund loans

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
At 1 January 2013	-	-	688	920
Capital repayment	-	-	(212)	(232)
At 31 December 2013	-	-	476	688

On 1 November 2002 Marie Stopes International created a social investment fund with a £4.4 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.

d) Listed investments

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Market value at 1 January 2013	7,422	7,945	6,304	5,661
Additions	-	-	-	-
Disposals	(1,082)	(1,253)	-	-
Revaluation	782	643	753	643
Exchange movements on consolidation	(26)	87	-	-
Market value at 31 December 2013	7,096	7,422	7,057	6,304
Historical cost	6,288	5,376	6,249	6,127
Investment portfolio allocation:				
Equities	3,852	3,199	3,852	3,199
Bonds	833	629	833	629
Alternatives	2,250	1,914	2,250	1,914
Cash	161	1,680	122	562
	7,096	7,422	7,057	6,304

Notes to the financial statements for the year ended 31 December 2013

11 Debtors

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	15,774	11,730	8,546	7,382
Amounts owed by subsidiary undertakings	-	-	17,710	19,747
Other debtors	961	844	168	192
Prepayments and accrued income	3,902	2,852	1,846	1,577
Grants receivable	15,512	13,645	13,917	12,848
	36,149	29,071	42,187	41,746

12 Creditors

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
a) Amounts falling due within one year				
Bank loans	1,070	1,237	1,060	877
Bank overdrafts	58	2,479	54	1,880
Trade creditors	7,515	5,696	2,905	2,871
Corporation tax	23	47	48	47
Other taxes and social security	1,907	3,037	1,211	1,328
Accruals	11,967	10,503	7,406	5,743
Amounts owed to subsidiary undertakings	-	-	2,680	2,074
Deferred income	39,354	18,386	30,087	18,692
	61,894	41,385	45,451	33,512

Deferred income brought forward balances at 1 January 2013 were released during the year. The closing balance represents new grant income received during 2013 where the contractual obligations of the grant are to be fulfilled in future periods

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
b) Amounts falling due after more than one year				
Deferred Liabilities	368	1,616	352	1,616

13 Loans

	Group		Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Amounts repayable:				
One year or more – The David and Lucille Packard Foundation	570	792	570	792
One year or more – other	4,945	-	4,484	-
	5,515	792	5,054	792

Marie Stopes International agreed terms on 1 November 2002 with The David and Lucille Packard Foundation for a £4.4 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 Lucille Packard Foundation (see note 10c).

In 2004, the loan agreement was extended to 2015. On 1 July 2010, Marie Stopes International and The David and Lucille Packard Foundation amended this agreement, which resulted in a periodic principal repayments over the remaining life of the loan.

In 2013 MSI entered into a new long-term financing facility with Unity Trust for £4 million for a maximum term of 10 years with a fixed interest rate of 3.95% for five years. The loan is secured against the freehold property at 1 Conway Street, London at a ratio of approximately 50%. Monthly repayments are due under the loan totalling £0.5 million each year.

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 2013

14 Analysis of changes in net funds as shown in the Balance Sheet

	Group		
	At 1 Jan 2013	Cash flows	At 31 Dec 2013
	£'000	£'000	£'000
Cash at bank and in hand	22,107	22,544	44,651
Short term investments	2,974	192	3,166
Bank overdrafts	(2,479)	2,421	(58)
	22,602	25,157	47,759
Other loans falling due after more than one year	(792)	(4,723)	(5,515)
Bank loans	(1,237)	167	(1,070)
	20,573	20,601	41,174

15 Analysis of net assets between funds

	Group		
	Unrestricted funds	Restricted funds	Total
	£'000	£'000	£'000
Fund balances at 31 December 2013 are represented by:			
Intangible assets	3,803	42	3,845
Tangible assets	29,943	7,913	37,856
Investments	7,124	236	7,360
Current net assets	31,861	58	31,919
Long-term liabilities	(3,648)	(2,235)	(5,883)
	69,083	6,014	75,097

16 Restricted funds

	Group					
	At 1 Jan 2013	Income	Expenditure	Other gains/(losses)	Transfers	At 31 Dec 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Donor funds	1,653	48,113	(42,686)	-	(5,581)	1,499
Restricted by constitution						
Africa	(841)	28,892	(29,386)	196		(1,139)
Asia	4,211	10,797	(10,185)	(390)		4,433
Pacific Asia	2,100	4,450	(5,139)	(190)		1,221
	7,123	92,252	(87,396)	(384)	(5,581)	6,014

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. Within Africa there are accumulated deficits within Marie Stopes Kenya Ltd of £2 million and within Marie Stopes South Africa of £0.6 million. Within Asia there is an accumulated deficit on Population Services Lanka of £0.1 million.

Notes to the financial statements for the year ended 31 December 2013

17 Statement of funds

	General reserve	Tangible asset reserve	Group Sustainability reserve	Total unrestricted funds	Restricted funds
	£'000	£'000	£'000	£'000	£'000
At 1 January 2013	26,081	27,314	6,300	59,695	7,123
Net incoming resources before transfers and other recognised gains or losses	3,762	-	-	3,762	4,856
Transfers:					
- Transfers between restricted and unrestricted funds	5,581			5,581	(5,581)
- Movement in tangible asset reserve	3,259	(3,259)		-	-
- Movement in sustainability reserve	(753)		753	-	-
- Net gains/(losses) on revaluations and exchange on consolidation	45	-	-	45	(384)
At 31 December 2013	37,975	24,055	7,053	69,083	6,014

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

Unrestricted Funds:

General Reserve – Marie Stopes International's general reserves aim to provide medium and long-term security for the Group both in the United Kingdom 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 Trustees on a regular basis.

Tangible Asset Reserve – represents the amount of general funds invested in fixed assets to achieve the objectives of the organisation.

Sustainability Reserve – 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 16).

18 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.

19 Financial commitments

a) Capital commitments

At 31 December 2013 there were capital commitments of £56,000 (2012: none).

b) Operating lease commitments

As at 31 December 2013 commitments for the following year under operating leases for land and buildings were as follows:

	Group	
	2013	2012
	£'000	£'000
Within one year	310	142
Between two and five years	1,670	1,202
Leases expiring in five years or more	280	384
	2,260	1,728

20 Transactions involving Trustees and Company Secretary

During the year the charity reimbursed six Trustees (2012: four) with out-of-pocket expenses of £2,798 (2012: £nil) for travel to partner programmes and £3,877 (2012: £2,158) for travel to UK offices for Trustee meetings.

Marie Stopes International purchased and maintained throughout the year indemnity insurance in respect of its Trustees.

Notes to the financial statements for the year ended 31 December 2013

21 Marie Stopes International branches and subsidiaries

Marie Stopes International is an international non-government organisation delivering family planning, sexual and reproductive health services in 37 countries worldwide. It delivers these services through its branches and subsidiaries and in partnership with affiliated partners.

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

Name of company	Country of incorporation	% Share-holding	% Member voting rights	Income	Expenditure	Net incoming/ (outgoing) resources	Net assets as at 31 December 2013	Nature of business (see key below)
				£'000	£'000	£'000	£'000	
Options Consultancy Services Ltd	United Kingdom	100	N/a	16,831	16,827	4	512	1
Marie Stopes Bangladesh	Bangladesh	N/a	53	4,342	3,383	959	1,103	2
Marie Stopes Kenya	Kenya	N/a	75	4,955	5,924	(969)	(2,019)	2
Marie Stopes Madagascar	Madagascar	N/a	67	3,996	4,010	(14)	1,958	2
Banjo La Matsogolo	Malawi	N/a	100	6,845	5,867	978	4,263	2
Marie Stopes Mexico, A.C.	Mexico	N/a	100	2,416	2,788	(372)	932	2
Marie Stopes International Organization Nigeria*	Nigeria	N/a	33	3,437	3,632	(194)	491	2
Marie Stopes Society	Pakistan	N/a	60	8,648	8,101	546	2,595	2
Population Services Pilipinas	Philippines	N/a	80	2,755	3,330	(575)	919	2
Marie Stopes South Africa	South Africa	N/a	100	3,926	4,005	(79)	(641)	2
Marie Stopes Tanzania	Tanzania	N/a	67	4,229	3,359	870	359	2
Marie Stopes Uganda	Uganda	N/a	60	9,589	9,706	(117)	421	2
MSI-US	United States	N/a	57	28,505	28,863	(358)	(1,080)	3
Marie Stopes International Zambia	Zambia	N/a	100	3,780	2,723	1,057	965	2
Population Services Zimbabwe	Zimbabwe	N/a	63	3,278	3,319	(41)	422	2

*Consolidated on the basis of operational control

For entities which have no share capital, eg Companies Limited by Guarantee, holding is shown on the basis of member voting rights.

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

A full list of subsidiaries is available from Marie Stopes International, 1 Conway Street, London W1T 6LP.

Nature of business:

1. Provision of consultancy services in sexual and reproductive health
2. Operation of centre based sexual and reproductive healthcare services
3. Technical exchange/fundraising/advocacy

Notes to the financial statements for the year ended 31 December 2013

22 Affiliated partners transferred

As part of an ongoing review of operations, a number of former affiliated partners were seen to qualify as subsidiaries from the beginning of the year. Whilst these entities are legally independent, they are now deemed under United Kingdom Generally Accepted Accounting Practice (UK GAAP) to be subsidiaries as a result of increased influence by Marie Stopes International over the undertakings.

The value brought in is the book value which is seen to be closest approximation of value to the charity. The net assets brought in have been treated as gifted assets within income. The treatment adopted is in line with the guidance from the Charity Commission Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" which explains that where the acquisition is carried out at nil or nominal consideration, the excess of fair value of the assets acquired over the fair value of the liabilities assumed should be treated as a gain and recognised as income.

	2013
	£'000
The fair value of the acquisition was as follows:	
Tangible assets and fixed asset investments	3,070
Cash and equivalents	7,013
Debtors and other current assets	3,730
Creditors and other liabilities	(6,087)
Long-term liabilities	(130)
Total net assets	<u>7,595</u>

Incoming resources of the former affiliated partners for 2013 was £28.6 million with an overall net gain for the year of £1.1 million. The names of the principal subsidiaries acquired along with their individual results can be found in note 21.

23 Related Party Transactions

The Group has taken advantage of the exemption available under FRS8 "Related Party Transactions" that permits non-disclosure of transactions with Group undertakings that are eliminated on consolidation.

Philip D Harvey, who is a Trustee of Marie Stopes International was President of DKT International (DKT) during the year ended 31 December 2013. Dr TRL Black, also a trustee of Marie Stopes International, is a Trustee of DKT. Marie Stopes International is party to several agreements with the DKT International group of companies.

Marie Stopes International has sub-contracted service delivery to DKT with a value of £259,000 (2012: £213,000). DKT has subcontracted service delivery to Marie Stopes International for a value of £240,000 (2012: £nil). DKT donated supplies to Marie Stopes International with a value of £441,000 (2012: £327,000) and supplied pharmaceutical products with a value of £31,000 (2012: £nil). A balance of £nil was outstanding at 31 December 2013 (2012: £nil).

24 Transfers Between Funds

Transfers between funds represent fees on restricted grants earned in relation to overhead/support costs, timing differences and any surpluses on output-based performance related grants. As overhead/support costs are classed as unrestricted expenditure and are not directly attributed to the grant at source, a transfer between restricted and unrestricted funds is undertaken at the year end.

Notes to the financial statements for the year ended 31 December 2013

25 Donor funding

Incoming resources and resources expended include the following grants disclosed separately in accordance with the requirements of the donor. These figures include contributions to support costs.

Funder	Grant	At 1 January 2013	Incoming Resources recognised	Resources expended	Cash receipts	At 31 December 2013
		£'000	£'000	£'000	£'000	£'000
Ministry of Foreign Affairs of Denmark	Empowering women to exercise their sexual and reproductive rights through Marie Stopes International's Power of Ten strategy	-	1,009	(870)	(3,113)	(2,104)
Ministry of Foreign Affairs of Denmark	Results-based advocacy for sexual and reproductive health and rights	-	-	-	(2,795)	(2,795)
Norwegian Agency for Development Cooperation	Building capacity for results-based advocacy for sexual and reproductive health and rights	-	65	(61)	(414)	(349)
Norwegian Agency for Development Cooperation	Increasing access to contraceptive implants	-	1,073	(879)	(1,669)	(596)

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