

Annual report and accounts

2021/22





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Thank you 87

Challenges and achievements

Once again, our work at VSO this year was dominated by the impact of COVID-19. Around the world, closure of schools, pressure on health systems and economic hardship have made life even more difficult for those who were already very vulnerable.

At the same time, restrictions on movement and significant cuts in funding, have made it more difficult to act. Despite this, VSO has continued to reach millions of people by redoubling our energies and adapting and refocusing our programmes. In a year when awareness of the impact of climate emergency has hit the headlines, our livelihoods work has been addressing the interconnected crises of climate, food scarcity, economic difficulty, and the rollback of progress on women's rights. We were proud to bring primary actor and volunteer voices to the United Nations Climate Change Conference in Glasgow.

We have continued to live up to our vision of creating a fair world for everyone by building our response to support those primary actors living in fragile contexts. As climate change leads to increasing frequency and severity of extreme weather events in the countries where we work, our programming is now building national and community capacity to plan for and reduce the impact of disasters when they happen. We are integrating this across our programmes.

In April 2022, we came to the end of our six-year, People First strategy. We look back with satisfaction on what we achieved. This financial year also marks the completion of the five-year UK Aid funded Volunteering for Development (VfD) grant. The accomplishments that we have achieved have shaped VSO to become a more effective and relevant partner in responding to the emerging challenges and opportunities for the future.

This includes:

- Developing our volunteering for development method to focus on those who are most marginalised or vulnerable. We've used that method to deliver high quality programmes at scale and in doing so, increased the reach of our work – up from 2 million to 8 million people a year.
- Building greater recognition of the role of volunteering in delivering the Sustainable Development Goals through the development, launch and roll-out of the Global Standard for Volunteering for Development.
- Shifting our volunteering model to focus more explicitly on national and community volunteers in addition to our international volunteers. Over the last six years, we have doubled the number of VSO volunteers, up from the 40,000 that we worked with between 1958 and 2015, to 80,000 by 2021.
- Building our ability to deliver in fragile contexts using our volunteering for development method, responding rapidly to new challenges such as COVID-19 as well as building national capacity to respond to emergencies.

Whilst overall income has decreased in recent years, largely because of the closure of the UK government's International Citizen Service programme, we have continued to diversify our sources of income with nearly 60% from non-UK government's sources. We say more about the future in the looking forward section.

This annual report provides an overview of what we have achieved during 2021/22 and examples of the impact that we are making in a wide range of contexts around the world.

How volunteering for development delivers

VSO is probably best known for the inspirational work of its thousands of volunteers on the ground. But we have also invested in research and practice to increase and deepen our understanding of how volunteering can create a fairer world and how it can best deliver sustainable impact at scale.

Over the past six years, we have sought to apply and share our knowledge to strengthen volunteering globally. We have begun to make a significant contribution beyond the direct work we do ourselves by working with a range of partners to also leverage the power of volunteering.

In the foreword to this year's Annual Report, our partners from the African Union Commission outline

the practical ways in which VSO's experience, technical support and information exchange has helped them to achieve their goals to promote volunteerism across Africa, and volunteer, Dr Tracy Kandeya, explains how the Global Standard for Volunteering for Development - which VSO has led in its development and roll-out - assists with improving the volunteer outcomes and experience.



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Gift Bwanga of Sepe village, Zambia. Samfya is a Community Volunteer with a disability. She uses a Talking Book to aid her in disseminating important lessons to the youth in her community and teaching them on sexual reproductive health.

Foreword from the African Union Commission - Women, Gender and Youth Directorate

The Africa Union (AU) Commission - Women, Gender and Youth Directorate recognises the multifaceted role of volunteerism in the development efforts of AU Member States and its role in enhancing social cohesion and building inter-community exchange. We see evidence of this in the programmes that VSO undertakes working through community, national and international volunteers across the continent.

We know that the grand aspirations embedded in the AU Agenda 2063 - which calls for unleashing the potential of women and youth for Africa's prosperity - cannot be realised without volunteerism. Likewise, the successful implementation of the UN Agenda 2030 cannot be achieved without tapping into the skills of volunteers. It is being cognizant of these facts that our Directorate commends VSO's multi-sectorial activities by harnessing the skills of volunteers. Our Directorate earnestly believes that these have contributed towards expanding access to essential services, particularly to those most at-risk and vulnerable people in hard-to-reach places of the AU Member States.



VSO Trained Community Volunteers on their way to the clinic to help their fellow youths in the community get the services they require, Zambia.

Since the adoption of the African Youth Charter in 2006, recognising the importance of African volunteers to Africa's development, the AU Commission (AUC) has stepped up its work to promote the institutionalisation of volunteerism within the Africa Union Member States. In 2010, the AUC launched the AU Volunteer Corps (AU-YVC), a continental volunteerism programme that recruits, trains, and deploys youth volunteers to serve in all AU Member States other than their own country. The Continental Volunteer Linkage Platform (CVLP) was also set up as an instrument that brings together all stakeholders and creates a space for information exchange and data generation that can be leveraged to improve volunteerism in Africa. The CVLP is conceived as a marketplace for volunteer initiatives and actors on the African continent.

Through our strategic partnership with VSO, who have provided financial and technical support, we have set up the African Union Reference Group on Volunteerism, strengthened the CVLP, and developed model national volunteerism. We have jointly organised policy discourses to promote the exchange of knowledge, experiences, views, and best practices to promote volunteerism within the AU Member States.

The AUC is hugely grateful to VSO for the financial, human resource, and technical support provided to the AUC to complement our efforts of promoting volunteerism as a driving force in delivering prosperity, integration, and peace as enshrined in Agenda 2063 and the UN Agenda 2030.

We very much look forward to our continued collaboration with VSO in the upcoming programme year.

Prudence Nonkululeko Ngwenya
Acting Director, Women, Gender and Youth at African Union Commission

The Global Standard for Volunteering

As the national policy and advocacy volunteer for VSO Zimbabwe, I have been responsible for developing the Zimbabwean National Volunteer strategy, in addition to training government, the UN and civil society partners about the Global Standard for Volunteering.

VSO has been at the forefront of developing the Global Standard for the Volunteering for Development Sector through our partnership with the International Forum for Volunteering in Development. Research has shown that we volunteers are most effective when we are well prepared, supported, and enabled to contribute to projects that are defined, designed, and delivered alongside the communities we serve. Until now, although good practices and methodologies have existed across the volunteering sector, there has been no globally agreed set of standards that we can all use to ensure our work is impactful and responsible.

Designed in collaboration with hundreds of volunteering for development organisations around the world, the Global Volunteering Standard fills this gap by bringing together years of expertise, existing good practices and methodologies within one global framework.

Zimbabwe, in common with many other countries, had some problems in the volunteer sector, including discrimination, gender-based violence, a deficit of information about volunteering and a lack of recognition of volunteer work.

Communities are now involved in designing projects, working with VSO in Zimbabwe and Zambia to effectively implement projects which are actively supported by the community. This in turn, means that communities have an active stake in their projects, ensuring that there is greater transparency, and that they have developed plans to sustain the project once donor funds end.

The Global Standard has a national review process, which means that we volunteers are encouraged to share the work we are doing with our national Government through monthly reports.

Adoption of the Global Standard has also meant that conditions are better for us volunteers. For example, we are trying to introduce maternity leave for female volunteers, which has not been available before.



A group of small-scale farmers mixing locally sourced dry organic matter to make Bokashi fertiliser in Chimanimani district, Zimbabwe.

Partners now understand and respect the rights of volunteers, and are developing safeguarding policies, which did not exist before. Organisations now recognise the contributions of volunteers, who are now given awards for exceptional service.

At a practical level our knowledge and understanding has been improved through training, which in turn has meant that programmes are delivered more effectively. One area where this is particularly evident is in looking at the wider impact of projects on the environment. For example, one of our partner organisations was training volunteers to conduct HIV tests in the community. We trained volunteers and stakeholders to ensure that the syringes were handled and disposed of safely.

Volunteering has helped to open opportunities for networking and employment, but the implementation of the Global Standard means that we volunteers feel valued and that we are increasing our knowledge and skills. The introduction of these measures has enabled us to make recommendations to the wider volunteering community and will assist us in achieving our mission of a fairer world for all.

Dr Tracy Kandeya
National Policy and Advocacy Volunteer,
VSO Zimbabwe



Our year in numbers



3,505 people volunteered with VSO

VSO worked with communities in 28 countries.

8.2 million

people were reached over 4.2 million indirectly and nearly 4 million directly including:



Over **5.5 million** through our education projects



Almost **500,000** through our resilient livelihoods programme



Over **900,000** through our wider work on resilience, inclusion and social accountability. To help people prepare for disaster, build peaceful communities, tackle gender-based violence, and create inclusive societies for people with disabilities.



Over **1.2 million** through our health projects

Our vision

A fair world for everyone

Our purpose

Creating lasting change through volunteering

Collaboration

- Empower poor and marginalised people to take charge of their own development
- Share skills and knowledge to create long lasting, sustainable change
- Build collaborative partnerships that promote innovation, growth and impact

Knowledge

- Lead volunteering for development, setting the standard for ourselves and others
- Use evidence and insight to guide our actions
- Recruit the right people and work where we have the greatest impact

Inclusion

- Stand beside and advocate for those who have been denied choice and opportunity
- Promote diversity and equality throughout our work
- Encourage different, inquisitive perspectives

Integrity

- Commit to safeguarding and take a zero-tolerance approach to abuse and harm
- Treat others with respect, as equals
- Be open, transparent and accountable in everything we do

Doing development differently

Our volunteering for development approach

VSO's volunteering for development method provides opportunity for everybody to bring about lasting change.

It does that by focusing first on those who are left out by society – those living in extreme poverty, or with disability and illness, those who face discrimination and violence for their gender, sexuality or social status. These are not passive “beneficiaries” of aid. They are the “primary actors” at the heart of our work. It is from their viewpoint and actions that we seek to define the issues, opportunities, and solutions that deliver sustainable and locally led change.

What do we mean by primary actors?

Primary actors are the marginalised people in communities that we work with whose needs we respond to in our programming. They are the ones engaging in projects, working with us to better understand the community's needs, and working with volunteers to build a fairer world. Our responses are driven by demand from the poorest and most marginalised. We always work with local partners who can guide the most effective support.

Why do we use that term?

'Primary', because they are principal contributors to VSO's work and they shape the design and delivery of programmes. 'Actors', because they are active agents. VSO doesn't do development to communities, it works alongside them.



© VSO/Calvin Torne

Project Manager, Simba Guzha, interacting with Queen Majokwiro, a small-scale farmer in Chimanimani district in Zimbabwe's eastern province of Manicaland.



EYEE Project in Mwanza, East Africa.

Our volunteering for development method recognises the importance of relationships in forging a shared understanding and commitment and building collective action to lasting change. Through blended teams of community, national and international volunteers, it brings together a diversity of perspectives and experience to generate insights, innovate ideas and undertake actions that can address the underlying causes to complex problems facing our communities. It inspires and ignites the potential for active citizenship everywhere across the globe to step forward and drive the change that will create a fair world for everyone.

VSO's three core approaches:

Social inclusion and gender

Millions of people face discrimination because of their gender, age, disability, cultural background, sexual orientation. VSO aims to dismantle the causes behind exclusion in all its forms.

Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. Those who are already vulnerable are most at risk. Our goal is to work with communities and societies to create stronger systems and capability wherever we identify vulnerability or fragility to shocks and stresses.

Social accountability

Many people around the world are denied basic rights that are guaranteed in law, or may be subject to laws that are unfair or unjust. Corruption, fear, and unequal power dynamics stop people from speaking up and demanding a fairer, more just society. VSO works to support people exercising their voice, no matter who they are or where they are from. We also work alongside authorities responding to the needs of people they are there to serve.

All our programmes address the root causes of marginalisation by focusing on three areas – what we call “core approaches” - that reliably tackle the structures, systems and conditions that make people vulnerable. These core approaches are fundamental to our volunteering for development method, ensuring the people we work with have the confidence and capacity to bring about change in their own lives.



A deaf client explaining challenges in accessing sexual reproductive health services during deaf awareness week in Isiolo, Kenya.

Family Planning for All

For people who are marginalised, access to information and services on family planning, can be hard to come by. In many counties across Kenya, less than 45% of women are using modern contraception and this figure is far lower amongst persons with disabilities (PWDs), poor rural women and marginalised adolescent girls. Yet the evidence is clear that when people have that access, mothers and children are less likely to die, children are healthier and happier and overall economic and social well-being is improved.

For People with Disabilities, their access to family planning is limited by both social and environmental factors. Poor and inaccessible infrastructure can mean that they cannot physically enter health facilities. Family planning information is often unavailable in braille or sign language. But perhaps the biggest hurdle is overcoming the prejudices and cultural beliefs against disability.

This experience was all too familiar to Rael Akinyi Lumumba, a nurse in Mombasa County. Rael's parents are both deaf. Growing up, Rael witnessed the difficulty her parents had accessing healthcare. When Rael fell ill and had to be taken to hospital, she was only seen by medical staff when a cleaner realised that her mother was unable to communicate what she needed.

VSO is working with 7 other organisations across 19 Kenyan counties to provide inclusive family planning services through the UK Aid funded "Delivering Equitable Sustainable Increases in Family Planning" (DESIP) project. As part of this project, VSO volunteers are training health care providers and county health management teams to understand the needs of rural poor women, adolescents, youth and PWDs, the social and physical barriers they face and to factor these into better planning and delivering healthcare services.

Rael, for example, was able to draw on her personal experiences to discuss the challenges of communicating with deaf patients. The training she received means she is better equipped to sensitise her colleagues about social inclusion and to work with them to overcome their own prejudices and assumptions about those living with disability. Nurse volunteer, Rael Lumumba has been awarded the prestigious "Best Nurse Practitioner for Mombasa County" for her work with persons with disabilities, including her outreach to reach the most marginalised and vulnerable.

Changing attitudes is a long process but to date the project has trained 272 healthcare workers including 24 social inclusion champions and ensured better access to health services for over half a million Kenyans.

The Right Climate to Learn

Across the countries where VSO works, we see children and young people increasingly experience the effects of climate change on their health, well-being and access to education. With climate change set to worsen, we know they are likely to experience more devastating consequences during their lifetimes. For this reason alone, children and young people need to have a greater voice on climate change.

In Nepal, the stakes are particularly high with the country's vulnerability to extreme weather events, such as monsoons, which lead to flooding and landslides. This poses significant risks to Nepali children and their communities. Travelling to school becomes unsafe. School buildings are damaged. Livelihoods and access to food are disrupted so children become undernourished. School facilities become shelters for the community further disrupting children's education.

For girls, interruptions to schooling have a disproportionate impact. They are often exposed to early marriage or forced to do agricultural or housework rather than study. Evidence shows that during climate emergencies instances of gender-based violence and people trafficking increase.



Participants in climate change and women empowerment training presenting their future action plan about practical solution to climate changes.

As Shikha Shrestha, the VSO Nepal Head of Programmes explains,

‘By finding ways to build resilience into the education systems, VSO is working to minimise disruption and ensure that communities are well prepared for the challenges to come. With the right strategies, schools can strengthen awareness of climate change solutions, support children to become more resilient and find innovative ways to adapt to disruption. A crucial part of resilience building is ensuring that interventions are driven by children and that the process is holistic, supporting children, their parents, teachers and the education system more broadly to reduce vulnerability’.

Children and young people have deep knowledge and understanding of their immediate environment, the risks they face and the solutions they need. Funded by UK Aid through the Girls Education Challenge, VSO Nepal's Empowering a New Generation of Adolescent Girls with Education (ENGAGE) Project, is capitalising on this knowledge and supporting children and their communities to build long-term strategies to navigate the impacts of climate change.

As Man Bahadur, the Chairperson of the social development committee in a municipality of Surkhet district in the southern lowlands of Nepal, says

“To mitigate the impact of climate change and find solutions, it's important to involve children, particularly girls, in implementing action plans. This way they will become more responsible about climate change solutions and help to educate others.”



Participants in climate change and women empowerment training presenting their future action plan about practical solution to climate changes.

The ENGAGE project is training networks of peer volunteers who have been supporting girls in 82 schools to undertake climate risk assessments and action planning. VSO volunteers have been accompanying the schools and communities to better understand climate vulnerability and build long-term resilience into the education system. They have also been supporting schools and communities to share their priorities for action with local government to strengthen the local education planning processes as well as climate adaptation and disaster risk reduction planning.

Through this process, girls are identifying priorities for building climate resilience within their school environment. These include strengthening access to early warning systems, evacuation plans, establishing peer to peer support for children to address trauma or access school safely, and making environmental

and physical changes that improve the resilience of school facilities. Many schools have planted trees to provide shade and reduce excessive heat, and six schools have been refurbished to deal with the effects of climate change, with work underway in another 50 schools.

We have suffered unseasonable heavy rains, floods and landslides as a result of climate change. This has made it difficult to travel to school. Together with the members of the network, we have developed an action plan on climate change mitigation so that our education won't be affected too severely. - Bhagawati BK, Secondary school student and member of Girls and Inclusive Education Network.

Realising Rights in Tanzania

Geita and Mara districts in north-western Tanzania are incredibly rich in mineral resources particularly gold and as a result, mining companies are extremely active. Yet despite the mineral riches, little of the wealth is trickling down to ordinary people. Geita and Mara are two of the poorest districts in the country and young people in particular, face many challenges.

“Their mindset tells them they will not be able to achieve their goals,” explains primary actor, Amina Nyamhanga Kiseru, 28, who lives locally. “Others are lacking family support which causes them to abandon their dreams.” Thanks to entrepreneurship training through VSO’s Collective Action for Rights Realisation in Extractive Industry (CLARITY) project, Amina established her spice and food processing business “Brela” in October 2021.

This European Union funded programme addresses challenges preventing women, youth and people with disabilities (PWDs) from benefitting from the extractive sector in Tanzania. Through a partnership with the Lawyers Environmental Action Team (LEAT) and the Tanzanian Women Chamber of Commerce (TWCC), VSO is supporting 4,000 people to hold the industry to account, support official policies put in place across Tanzania, report rights abuses and importantly, to ensure that marginalised groups benefit from the sector through financial support.

Reflecting on setting up her business, Amina says, “Earning trust from customers was the main challenge. Establishing a customer base was also difficult due to the quality of the packaging and the product standard. Some people compared my packaging to one used by a local medicine, so I needed to differentiate my product. VSO volunteers have supported me through various trainings which have contributed to the growth of my business, personal life, and career.”

Today, she produces high quality essential products with modern packaging that she hopes will be stocked in hotels and supermarkets in the future. Her production has shot up from up to 50 units of spices per month to up to 250, after assistance from VSO and the Small Industry Development Organisation (SIDO). Previously, Amina earned up to 30,000 Tanzanian shillings (9.70 GBP) a month, but now



Project beneficiary Amina, who received equipment to start her food business after participating in an entrepreneurship program offered to youth by Geita’s Small Industry Development Organization (SIDO) through a Randstad grant.

earns as much as 150,000 (49 GBP) which means she can now support her family.

Armed with skills and knowledge, Amina is now a volunteer training young people in spice making and food processing. She has also received legal training from VSO on tackling gender-based violence (GBV). As a leader of a paralegal group working closely with local authorities, Amina now works with survivors of sexual abuse to ensure they are referred to the relevant channels for support.

“The CLARITY team believed in me,” says Amina. “I do not think my business would have grown as much as it has done if I had not had the support from VSO, SIDO, and others.”

Barthromew Sunga, a VSO community volunteer speaking to a group of students and using a Talking Book to deliver a lesson to the students, Zambia.



Taking volunteering for development to scale

A key part of our VSO strategy is to make a bigger contribution to delivering the Sustainable Development Goals by scaling up the impact and influence of our work. It is a strength of our volunteering for development methodology that evidence and lessons from our programming can be analysed and applied in different contexts. Over the last year, we have continued to build initiatives that deliver at scale, ensuring that no-one is left behind.



Arthur peer educating fellow workmates on welding skills at a junk yard. Arthur learnt these skills whilst serving time in prison. He is also a well-known peer educator in the community in Zimbabwe.

Reaching Every Child in Rwanda

Like many other countries in sub-Saharan Africa, the Rwandan education system faces significant challenges: large class sizes, a lack of teaching materials, unqualified teachers and high dropout rates. This problem is particularly acute for children with learning difficulties or disabilities, who face stigma as well as physical barriers to accessing education. Some believe that children with disabilities do not have the right to education and that schools cannot meet their needs.

COVID-19 has disrupted education in Rwanda and brought further hardship to poor families. Students fell further behind in their education and the impact was even more pronounced for those with learning difficulties or disabilities.

The Building Learning Foundations (BLF) project is a UK Aid funded partnership between VSO, Education Development Trust, and British Council which is improving basic education in every government-aided primary school in Rwanda, reaching over 4 million children. As part of its work, VSO is leading a pioneering disability intervention in 486 schools across 30 districts.



Attending a BLF Community of Practice session in Rulindo, Rwanda.

With children returning to school after the long COVID-19 lockdown in Rwanda, many children with disabilities enrolled at school for the first time as part of a government Back-to-School campaign. VSO international volunteers have mentored national volunteers who are trained Special Needs Education Coordinators (SNECOs) to support teachers to identify children with learning difficulties, to take action to meet their needs and to teach more inclusively, for example through using bespoke teaching materials. Over 486 teachers in schools supported by VSO's Disability Intervention were supported reaching 90,000 families across all 30 districts in Rwanda, encouraging engagement between home and school and allowing early intervention where developmental delays or learning difficulties were identified for students.

Inclusive Education Focal teacher Jean Baptiste Ndayisaba and inclusive education focal teacher describes the difference this work has made:

“Right now, we can assess the needs of students and use different strategies to provide support so we can teach them at the right level. Girls’ performance has increased because we have been able to pay attention to their needs and the number of enrolled pupils with disabilities has greatly increased due to home visits.”

Before, many students with disabilities were not attending schools. Teachers and school leaders were not skilled on the way to teach and treat students with disabilities and learning difficulties. All community members had mind-sets that children with disabilities had to be enrolled in special schools only, but now they are attending regular schools.”



Dr Kiran Cheedella (centre) is a GP from the UK, volunteering on VSO's Doctors for Development programme in Sierra Leone in partnership with the Royal College of General Practitioners.

Supporting the Development of Volunteering across the African Continent

During 2021/22, VSO signed a Memorandum of Understanding (MoU) with the African Union (AU) with the aim of supporting the AU to integrate volunteerism into its long-term development strategy. This in turn is a response to the adoption by the AU of the United Nations resolution "Integrating volunteering into peace and development: the plan of action for the next decade and beyond" which was adopted by the AU's General Assembly in its 70th session.

Through the MoU, VSO is working closely with the AU to form a Continental Volunteering Platform and the development of a Model Volunteer Policy for all its 55 member states.

Over the last year, the AU with VSO support developed a model national volunteering policy to promote minimum standards and common principles of volunteering in the states, ensuring people are supported to volunteer safely and responsibly.

The model policy framework which was launched in March 2022, is already serving as a "hands-on" guide for states such as Sierra Leone, to design national volunteer policies, ensuring their volunteer programmes and voluntary activities meet minimum standards and use common definitions.

Partnerships for Change

Since 2018, VSO has facilitated a twinning partnership between Lewisham Sexual health services (part of Lewisham and Greenwich NHS trust in the UK) and Nyagatare District Hospital (NDH) in north-eastern Rwanda. The initiative unites two institutions working in the same sector in different parts of the world to share staff knowledge and learn from one another.

When VSO brought together the two institutions, it quickly became clear that they shared many of the same challenges, including high teenage pregnancy rates, low testing rates for sexually transmitted infections (STIs), lack of resources and staff. The twinning arrangement has mobilised volunteers from the UK and from Rwanda and has included nurses, midwives, and consultant doctors, as well as students.

The scheme is highly valued by both Rwandan and UK stakeholders and is unusual in that it explicitly focuses on learning outcomes for both partners. VSO facilitated learning exchange visits were crucial to the project's set-up. These visits supported the twins to build relationships and exposed them to service delivery in another institution.

Whilst the COVID-19 pandemic affected our ability to conduct some of the planned activities over the last year, notable achievements have been made in the first phase of the project. These include the training of 58 clinicians and outreach staff to identify, detect and screen for Sexually Transmitted Infections, 6 midwives trained in Lewisham to provide post-natal contraception to 38 post-partum women, and community outreach activities to almost 5,000 people in Nyagatare, with over 12,000 people tested for STIs.



Staff from Nyagatare run a community outreach programme to sensitise the general public about their work.



A visiting medic from Lewisham and Greenwich NHS trust meets with university students in Nyagatare to discuss training.

This is only the start. In 2022, we will be conducting a survey of youth in both locations. This will give us insight into what the barriers are for young people accessing sexual reproductive health services and what their needs are. Lewisham also plans to replicate the inclusive Sexual Reproductive Health and Rights (SRHR) service provision seen in Nyagatare, including for deaf young people.

This first twinning partnership has provided rich learning for VSO, and we have just completed an evaluation of the project. Our aim is to apply the model to other areas of our health work and beyond. A twinning partnership with NHS Central and Northwest London trust and Zimbabwe Prison and Correctional Services to improve services for people with mental health problems is currently being developed.



Staff from Nyagatare district hospital demonstrate clinical techniques to their fellow medical colleagues from Lewisham and Greenwich NHS trust.



©VSO/Alice Kyiyibanda

Teacher Nyirampuhwe Josephine in her classroom at Boli Nursery School, preparing teaching materials for her numeracy class.

Numeracy for all

The global pandemic and school closures have continued to have a devastating effect on children's learning all over the world. Very few pupils have escaped learning interruptions. But even before COVID-19, in many countries huge numbers of children were not attending school.

The children most likely to miss out on education are girls, those with disabilities, refugees, victims of insurgency and food crises. VSO projects have a particular focus in ensuring that marginalised children have the same chances as other children to learn the basic early childhood education skills of reading, writing and simple communication.

Research shows that a high proportion of children are visual learners. Learning aids such as punch cards, flash cards, abacus, dice and multiplication charts enable children to learn in an engaging and hands on way, identifying images, numbers and words.

Building on the successful approach developed over many years of producing local learning aids, VSO has

been working with national volunteers trained to be 'learning champions'. The champions attend online 'Numeracy for All' training sessions where they learn how to make low-cost learning aids from locally available materials, like cardboard, bottle tops and other materials that are cheap or free. They are also trained in core subjects such as numeracy and literacy, psychosocial support, and monitoring and evaluation.

Numeracy for All training sessions have been held in Nepal, Uganda, Ethiopia, Bangladesh, Nigeria and there are plans for this to be rolled out in Mozambique. So far, over 13,000 teachers and hundreds of thousands of children have benefitted from the training, which will eventually be available in every country where VSO runs education programmes. We are also making this available in national languages and in print and video formats so that we can reach more people. Currently the training guides are available in Nepali, Amharic, Burmese, and Portuguese, with plans to translate into more languages in the coming years.

Working in Fragile Contexts

VSO's strategy is to focus our support on those who are most marginalised and vulnerable. As a result, we increasingly work in what are termed "fragile contexts". These are places where factors such as climate change, conflict, and political instability create greater risk for people living there and where the state, system or community struggle to manage, absorb or mitigate those risks.

Our approach is to look at bridging the long-term development needs of those living in these places and the immediate challenges of living in a vulnerable context.

Working in fragile contexts requires a careful and sensitive approach to ensure that existing tensions are not inflamed, risks are not increased and that any support takes into account the varying needs of those who have been put at risk, displaced or are living with conflict. Our volunteering for development method builds the capability of

primary actors living in fragile contexts so that they are better able to anticipate, plan for and respond to future challenges as well as seeking to meet their immediate needs.

Over the last year, as part of this work, we have responded directly to nine emergencies in places like Ethiopia, Sierra Leone and the Philippines. This work is built on our long-term programme of training and building national volunteer responders in countries around the world using our volunteering for development method.



VSO Big Mother Jinnat, plays with children in a refugee camp, Cox's Bazar, Bangladesh. Jinnat lives with her family in the camp and she is a "Big Mother" on VSO's Education in Emergencies project.

Healing from Ecological Crisis and Conflict

After six decades of conflict between armed groups and government forces, Mindanao, one of the Philippines' most southerly islands, is slowly recovering. Whilst a peace deal was struck in 2014, that peace is still fragile. The Philippines is prone to typhoons, exacerbated by climate change. There is an ongoing concern that devastating economic and ecological consequences of extreme weather could exacerbate existing ethnic hostilities.

The coastal ecosystems around the Philippines are some of the world's most heavily fished. Changing weather patterns and the effects of overfishing mean that daily life is hard for locals, dependent on the fishing industry. Fighting has left Mindanao significantly less developed than other parts of the Philippines. Simmering tensions could lead to conflict once again.

In the Sultan Naga Dimaporo region, the most prominent industries are fishing and seaweed farms, but both are vulnerable to the tropical storms and typhoons which are increasing in intensity. The devastation caused by these natural disasters mean that fishing is often too dangerous and seaweed crops are frequently ruined.

VSO and our local partner organisation, Lanao Aquatic and Marine Fisheries Centre for Community Development (LAFCCOD) are working with fishing households in order for communities to become more self-sufficient. Training and development will allow for other income streams less dependent on weather conditions.

Piloted in 2019, the project was first targeted at women in the fishing community. Participants were trained to make organic biofertiliser from fish waste, vegetables and the seaweed crops ruined by storms and typhoons. The women make an income from selling the biofertiliser, which contributes to protecting their families from the economic shocks caused by changing weather.

The women are working with local rice farmers reliant on buying chemical fertilisers for their crops. The biofertiliser is organic, cheaper than chemical alternatives and supports soil health.



Women from the Philippines take part in a training on biofertilizer production.

Last year, the project expanded to train 100 men, women and youth who were members of the political group Moro Islamic Liberation Front (MILF), the ex-revolutionary group who has successfully forged a peace agreement with the government. The project encourages the indigenous Moro people and non-Moro communities to work together through sharing skills and technology. Taya Delis, a former member, has taken part in the training; "I can't describe how important it is for our community to participate in these income generating activities. It's very relevant for those of us who are older and find it difficult to find work due to our age."

Ernesto Delicano, a community supporter of the marine protected area, has seen the benefits of the initiative; "Both Moro and non-Moros are now working together as a community to protect and maintain our marine sanctuary. This has led to a much better relationship between the two groups.

Whenever there is a misunderstanding amongst us, we bring it to the table to discuss the problem and make sure that we come up with a compromise to resolve the issue."

By collaborating and having the opportunity to learn from one another, the community is beginning to heal the island's ecological crisis while building livelihoods that are more resilient to economic and climate disasters.

Post conflict Recovery in Oromia, Ethiopia

The political instability and internal conflict which has grown in Ethiopia in recent years, has led millions of Ethiopian people to be internally displaced. Since 2020 when fighting has broken out in other areas of the country, the focus has shifted away from those who were displaced much earlier but who are still affected by conflict. This includes the Oromo community displaced from the Somali region of Ethiopia in 2018.

VSO is working in Meiso and Boredede internally displaced people camps, situated in the West Harerge Zone of the Oromia region. Many families are still recovering from the trauma of witnessing conflict and being forced to flee their homes. They have complex psychological needs, which are exacerbated by the stresses of obtaining clean water, healthcare, food, and education, all of which are severely lacking in the camp. Ensuring that displaced families can access the support they need to ensure their wellbeing, and that they are entitled to, requires an integrated approach. In these contexts, community volunteers, trained by VSO, can play a critical role in identifying the most marginalised, who

often tend to be the most vulnerable and voiceless groups in the community, and ensure that they receive information on their right to services, as well as practical support to ensure they can access them.

Our aim in these contexts is to build resilience, by strengthening access to information, social support as well as vital services. At the same time, it is important that we take a conflict sensitive approach as we work with displaced populations and host communities, to ensure that we recognise and address that tensions that may exist or arise, between displaced populations and host communities. This requires a sensitive approach to build relationships and not exacerbate existing tensions, particularly when the incoming population is perceived as being treated preferentially.

In practical terms, this can mean that existing services, such as nearest health centres, need to be supported through the supply of emergency medicines so that they can provide an adequate level of health services for displaced pregnant women and children in both the existing population and



Community Volunteers in Boreded IDP Community play a critical role in identifying the most marginalized, who often tend to be the most vulnerable and voiceless groups in the community and ensure that they receive information on their right to services, as well as practical support to ensure they can access them.



Fatuma and her children are received support from the integrated services like Health, Livelihood and Education.

displaced community. In addition, health workers received training to provide psychosocial support particularly to girls/women affected by gender-based violence. In addition, VSO is facilitating referral through covering all the associated costs in order that women with reproductive health problems, particularly those with fistula cases, are able to get the required medical attention.

Displaced children may have had their schooling interrupted and have suffered psychological trauma from their experience. Specialist support is necessary to ensure that the education environment is inclusive and supportive for displaced children. VSO is providing practical support through two inclusive education resource centres in the public schools, and training teachers in psychological support and social inclusion. School dropout amongst displaced children is also an issue, so 500 children are provided with school uniforms and learning materials to which encourages regular attendance and increases educational outcomes.

Fatuma is one of the primary actors who has been supported by VSO's intervention in Oromia. After being abandoned by her husband, she was left to bring up her nine children alone. Since giving birth to

her youngest child, Fatuma has had health problems due to fistula, which means that performing daily activities are difficult. When inter-tribal fighting broke out in 2018, Fatuma and her children were forced to flee their village and seek safety in the displaced persons camp. "When we were displaced we lost everything and our livelihood. Now, our family income is from selling firewood, so I cannot afford to buy school materials. Since three of my children have had their uniforms and school materials supplied by VSO, this has really helped to boost their self-esteem and they are much happier about going to school. VSO have also given me financial assistance, which I have used to buy food which has enabled me to feed the family. I now know how to access healthcare when I need it as well.

“Getting help for these different problems has improved our quality of life and recover our ability to earn money. I feel much more optimistic about our family’s future now.”

Throughout the intervention VSO has worked in partnership with schools, healthcare providers and local government to strengthen existing systems so that they will be able to sustain the work and continue to better support the complex needs of displaced families.



Children from the IDP (Internally Displaced People) community rejoined primary schooling.

Building Knowledge, Delivering Influence

The voices of the poorest and most marginalised often go unheard, trapping people in poverty, due to systems and societies that have not been built for them.

Our policy and advocacy work takes a bottom-up, evidence-based approach. We work alongside the most marginalised people to ensure their voices are heard on policy and practice decisions that affect their lives. VSO's blended volunteering approach helps to promote the voice of primary actors and build their networks, bridging the gap between government or service providers and marginalised groups. Our volunteers do this by bringing their own expertise and understanding of how to influence policies and systems.



The Sisters for Sisters' Education in Nepal has introduced English and Digital for Girl's Education (EDGE) program, in collaboration with the British Council Nepal.

Over the past year, VSO has supported the development of a range of policy changes including the disaster risk reduction plan in Zimbabwe, advocated for a right-to-food bill in Kenya, supported the Government in Cambodia to develop guidelines to protect vulnerable children from dropping out of schools, and led civil society groups and volunteers in Nepal to influence a new 10-year National Education plan, among other policy influences.

In 2021/22 VSO has ensured that volunteering is adequately recognised and supported through the development of government policy frameworks in Zimbabwe, Bangladesh, Malawi, Mozambique, and Nigeria. In all these countries, progress has been made in developing and implementing national policies to enable and advance volunteering.

During the same period, VSO has partnered with the African Union to develop a continental volunteer policy and to support an Africa wide volunteering platform.

We continue to build VSO's knowledge and thought leadership in volunteering for development progressed with the production and dissemination of 13 reports evidencing the effectiveness of volunteering for development methodology in VSO programmes. Five of those reports were presented at UN and academic conferences. These included papers covering youth and community volunteering, the Global Standard for Responsible & Impactful Volunteering, climate resilience and green jobs, twinning between the UK and Global South health institutions, and the voice and participation of the most marginalised people (primary actors) in VSO programmes.



Malawi National volunteer framework

In 2018, following extensive technical support from VSO, the Government of Malawi adopted a new volunteer and internship framework, which seeks to formalise the structures for volunteering in the country, and provide targeted opportunities for young people.

Since the adoption of the framework, VSO has worked alongside UN, government and civil society partners to ensure that the framework is put into action- bringing in the voices of youth volunteers and primary actors to develop a clear roadmap, and ensuring volunteers are formally recognised for their contributions to the SDGs.

VSO Voluntary Workforce – Together We Are Changemakers

The past three years have seen a significant change in how we work with volunteers at VSO. Rather than the end of a volunteer placement meaning the end of their involvement with VSO's mission, we recognise the benefits of the experience and expertise of our network of returned volunteers to strengthen VSO's capacity to deliver our mission. Our diverse group of returned volunteers located across the globe have a huge range of skills and knowledge.

Many VSO volunteers are leaders in their chosen fields and have decades of experiences and excellent professional networks. We work with agroecology experts, strategic advisors in health, experts on numeracy, specialists on disability and climate change, researchers, training facilitators and experienced people managers and recruiters. Some people volunteer on a regular basis, whilst others lend their expertise for projects on an ad-hoc basis. Over 300 people have actively supported the VSO mission in various capacities in the past year. Although this group consists of very different people, they all have one thing in common – the desire to work with VSO to deliver the shared mission of a fairer world for all.

In 2021/2022 our voluntary workforce led in supporting the delivery of education programmes through curriculum development, coaching and mentoring, research and evaluation into girls' education, psychosocial support and developing learning materials. Education specialist, Mary Watkins, was able to draw on her experiences volunteering in Rwanda to develop a numeracy learning curriculum teaching volunteers to make teaching materials such as abacus and dice from cardboard and bottle tops. Mary has given 'Numeracy for all' training by video conference to head teachers and teacher trainers in Bangladesh, Ethiopia, Nigeria, Uganda and Nepal.

VSO's work is grounded in evidence of the efficacy of our programming, and we continually draw on research to assess how we can best develop our programming. Our Girls Education specialists have fed into VSO's global programme on resilient and effective education system strengthening. Early childhood education specialists have developed 'Learning through play' materials for the projects in Rwanda. Curriculum development specialists have supported the Nepalese Ministry of Education to review and develop their primary education curriculum.

Chris Evans, who first volunteered with VSO over three decades ago, has built a renowned reputation as an agroecology specialist, having established the Himalayan Permaculture Centre on a small grant from VSO. The movement now has a membership of 12,000 farmers across four districts of Nepal. Working in conjunction with Celso Marcatto, another agroecology leader, our rural livelihoods project teams have benefitted from their mentoring support, networks and expertise.



Aasaman staff and volunteers organise community theatres in rural areas of Parsa to educate the community, Nepal.

VSO's new global health programme focusing on Sexual Reproductive Maternal Newborn Child Adolescent Health and Rights benefits from the world-renowned expertise of Dr Anne Kihara and Professor Paul Johnstone. Both leaders in their field, Dr Kihara and Professor Johnstone draw upon their decades of expertise to provide strategic advice and guidance as VSO seeks to position our health programming working with adolescents and young people.

A team of six voluntary research specialists have taken on assignments which support the collection and analysis of programmatic evidence. This evidence is essential to assessing the impact of volunteering for development through the Measuring Impact for Learning and Empowerment (MILE) tool. The researchers gather data through participatory tools including focal groups and interviews with primary actors and partners on the ground in Uganda, Kenya, Thailand, Malawi and Nepal.

VSO has also benefited from practical input from our continued partnership with the London School of Economics Student Union Social Impact Advisory group. 23 undergraduate and postgraduate students have taken part in research projects including evaluating the effectiveness and impact of VSO's Cash and Vouchers Awards work on the livelihoods of youth and vulnerable people. This research was crucial to our response to COVID-19.

Specialists worked with our core approach team to assist us in producing VSO papers on Social Inclusion, and the feminist leadership agenda, while a team of four Disability Experts volunteered to serve as advisers on disability matters.

This way of working is very different to how people volunteered with VSO in the early days but demonstrates the importance of how our voluntary workforce makes a real and material difference to our shared vision of a fairer world for all.

Looking forward



I am grateful to all those individuals, institutions and companies who've worked with us in the last year. Together we've shown we can work with the most vulnerable to change our world for the better. This is the power of our collective action.

There is, sadly, still much to do. Global inequality is rising because of the global pandemic, the impact of the climate emergency and shrinking civil society space. Together, these are threatening the world's ability to deliver the Global Goals. The gap between those who have access to resources and those who don't has never been bigger. At the same time, finances to do this work are increasingly constrained. This is the context in which our new VSO strategy and operating plan must respond.

We know there is a real opportunity to tackle inequity and ensure no-one is left behind. Our ambition remains to bring lasting and positive change to the lives of primary actors by using the transformational power of volunteering.

Over the next six years, we will continue to deepen the impact of our programmes by focusing on ensuring equal access to opportunity and resources for those people who are marginalised by society. We will continue to build the resilience of communities and countries to anticipate and withstand shocks and disasters. We will continue to support the ability of the most vulnerable to hold governments to account and, in turn, to work alongside governments responding to and meeting the needs of their populations. At the same time, we will support the mobilisation of active citizens around the world through volunteering and we will use our knowledge and evidence to build recognition of volunteering as a transformational contribution to the delivery of the Global Goals.

We can be proud of what we have achieved with your support. With your help, we can be confident about fulfilling our plans for the future to leave no one behind.

Philip Goodwin
Chief Executive Officer



Financial Review

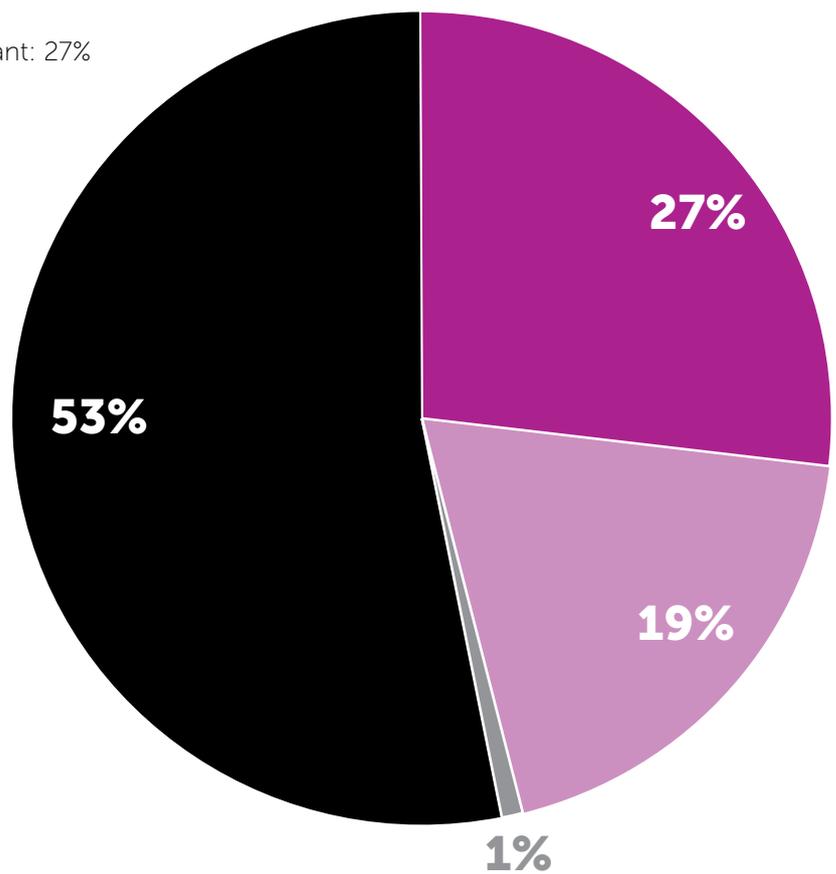
How we raised and spent our money in 2021/22.

Income

In 2021/22, our income levels reduced for the second year in a row. The decrease is mostly linked to the reduction in institutional donor funding from the UK government. The ending of the International Citizen Service (ICS) contract funded by the Foreign, Commonwealth & Development Office (FCDO) in February 2021, the reduction of the size of Volunteering for Development grant and lower levels of income available for international development from institutional donors during the pandemic, explain most of the decrease. FCDO remains a significant income source, although the overall proportion has decreased, as we have diversified our donor portfolio.

Where our income came from 2021/22

- Institutional Grants: 53%
- FCDO Volunteering for Development Grant: 27%
- Individual giving: 19%
- Other income: 1%



**TOTAL
INCOME
FOR THE YEAR
£33.3m**

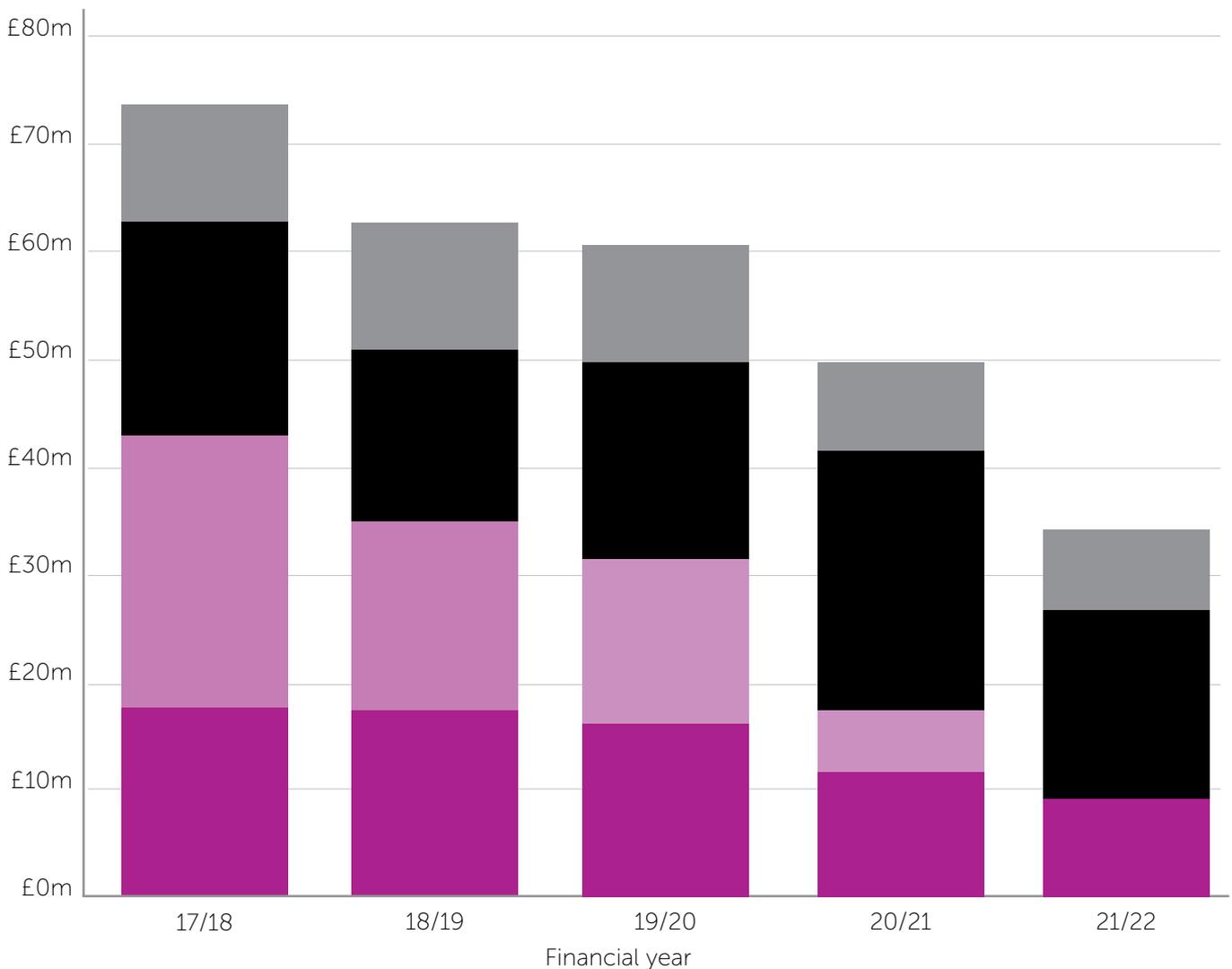
Institutional grants and charitable activities

Volunteering for Development (£8.9 million)

This income contribution from FCDO is through an accountable grant for the delivery of two short term extensions to the Volunteering for Development programme covering the financial year. The work started under this programme continues with reviewed priorities and focus under the new Active Citizenship Through Inclusive Volunteering and Empowerment (ACTIVE) grant which runs from April 22 to March 25. The grant will enable the most

marginalised local people (especially women and girls, the young and people with disabilities) and civil society to lead their own development by exercising the power of collective voice, claiming their rights to better services, and holding people in power and service providers to account. Vulnerable and marginalised local people will be supported with the skills to volunteer, taking ownership and action on issues important to them.

Income by type



■ Governmental income: FCDO Volunteering for Development
 ■ Governmental income: ICS
 ■ Institutional grants
 ■ Other income

Institutional grants

Governmental income: other (£12.8 million):

Many governments reduced international development funding during the pandemic and therefore the number of funding opportunities also decreased. This meant that we secured less income during the year which in turn impacted our ability to renew our portfolio of work. The first quarter of 2022/23 looks promising though, with a significant increase in pipeline opportunities in terms of overall number and value for both government grants and those from non-governmental bodies.

Non-governmental bodies (£4.7 million):

Partnerships with the philanthropic sector play a significant role in deepening the impact of our core programmes. They include support from the Lego Foundation, Robert Carr Civil Society Networks Fund, AmplifyChange, and the Hempel Foundation.

The work with the Bill and Melinda Gates Foundation on a project to establish Emergency Operations Centres in a range of countries in West Africa dealing with vaccine-derived polio outbreaks successfully ended this year, the Emergency Operations Centres having been handed over to local authorities. New partnerships have also been developed this year, in particular with Standard Chartered Bank with whom we deliver entrepreneurship and employment interventions in Tanzania, Uganda and Zambia.

VSO also continues to work closely with a range of private sector partners to access funds, as well as technical skills through corporate employee volunteering. We have resumed volunteering partnerships with Randstad though international volunteers placement which had been impossible last year due to the pandemic.

Other income

Individuals (£5.9 million)

Over 38,000 regular giving donors form the foundation of VSO's individual giving programme. Most of these supporters make consistent, monthly donations. In 2021/22, the VSO Board agreed a 3 year investment plan to increase VSO supporter base and complement the ongoing recruitment of new donors to ensure long term sustainable income for VSO's work: individuals' income is unrestricted and brings the organisation invaluable financial flexibility. Their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact.

Legacies (£0.5 million)

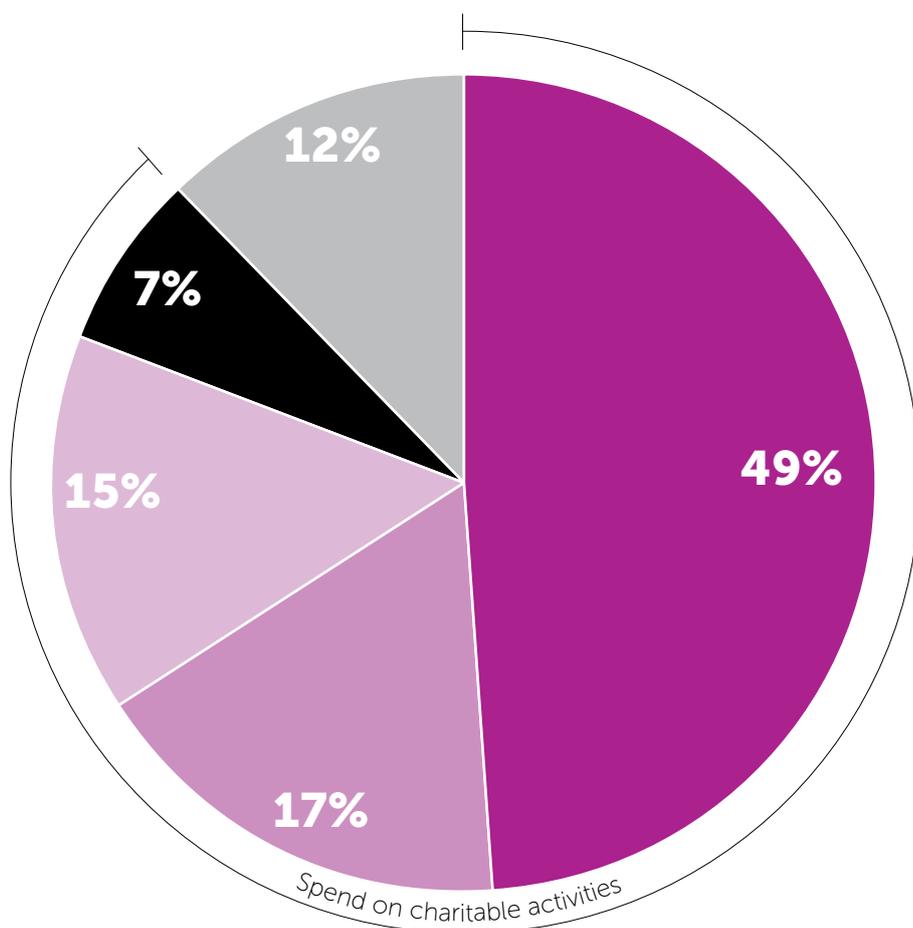
Legacies continued to provide a proportion of unrestricted funds in 2021/22 though at a reduced level compared to 2020/21, the reduction is mostly down to delays at the UK Probate office which is the department that processes wills. We are deeply grateful to the 47 supporters who left a legacy to VSO through gifts in their Wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

For more information: Financial statements, note 2 Income analysis.

Expenditure

How the money was spent 2021/22

- Inclusive Education: 49%
- Health: 17%
- Resilient Livelihoods: 15%
- Core Approaches: 7%
- Raising funds: 12%



**TOTAL
EXPENDITURE
FOR THE YEAR
£38.8m**

Raising funds

Raising funds (£4.6million): Expenditure in raising funds has reduced compared to 2020/21, as cost savings measures were implemented amid the pandemic and reduced calls for proposals from institutional donors. The implementation of the individual fundraising strategy continued to focus on practical, high return channels and products, the best outcomes for the spending was sought at all times, and when results were not as expected, alterations to the spending were made to maximise net benefit of fundraising. As described above, a 3 year investment programme in Public Fundraising has been agreed by the International Board with the aim to recruit 14,000 new donors over the investment period and stop the decline in unrestricted income.

Spend on charitable activities

Total spend on charitable activities in 2021/22 was £34.2 million.

Overall programme spending was significantly impacted by the reduction in institutional donor funding and the stop of the ICS contract in February 2021. But, despite COVID-19 and related lockdown restrictions in many countries in the first half of the year, we managed to implement our programme of work as planned thanks to the change in ways of working and adaptation started in 2020/21.

Expenditure on inclusive education represent 49% of our portfolio of work and has increased this year, while expenditure on health, resilient livelihoods and core approaches programmes decreased compared to 2020/21 spend:

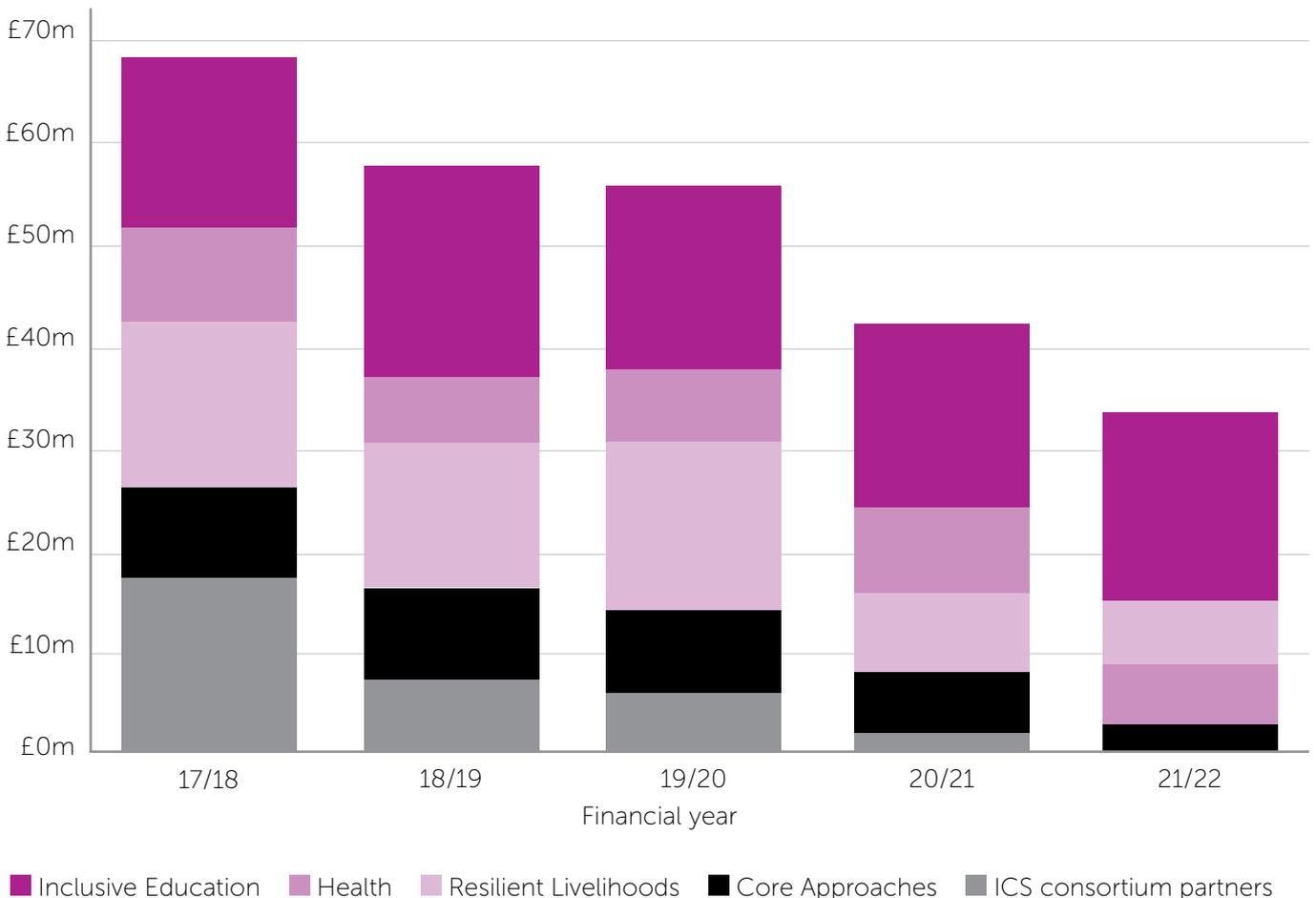
Expenditure on inclusive education (£18.9 million)

has increased by £1.0 million, as we scaled up existing activities implemented under a number of grants including the Learning Through Play grant (Lego foundation) in Rwanda, Empowering Adolescent Girls to Learn and Earn project in Mozambique (Global Affairs Canada), Unlocking Talent (KFW and the Royal Norwegian Embassy) in Malawi and Building Learning Foundations (FCDO) in Rwanda.

Expenditure on health (£6.6 million)

has decreased by £1.5 million reflecting mostly the end of the the Polio Emergency Operations centres project funded by the Bill & Melinda Gates Foundation. Other projects have continued notably the multi-country Intersectionality grant aiming at strengthening civil society organisations in their role of lobby and advocacy around sexual and reproductive health rights funded by the Dutch government and the Speak it Loud project in Zimbabwe funded by UN Women.

Spend on charitable activities



Expenditure on resilient livelihoods (£5.8 million)

has decreased by £2.4 million primarily due to several projects closing during the year or the previous year: ICS (FCDO), Bank Asia in Bangladesh and Knowledge Exchange (FCDO).

Expenditure on core approaches (£2.8m) has decreased by £3.0m. VSO's core approaches are social inclusion and gender, resilience and social accountability. Those are now embedded in all education, health and livelihood projects, the decrease corresponds to the organisational strategic intent to focus on the three practice areas described above. This category now also more specifically includes initiatives in working in fragile contexts including peace building initiatives.

Grant-making

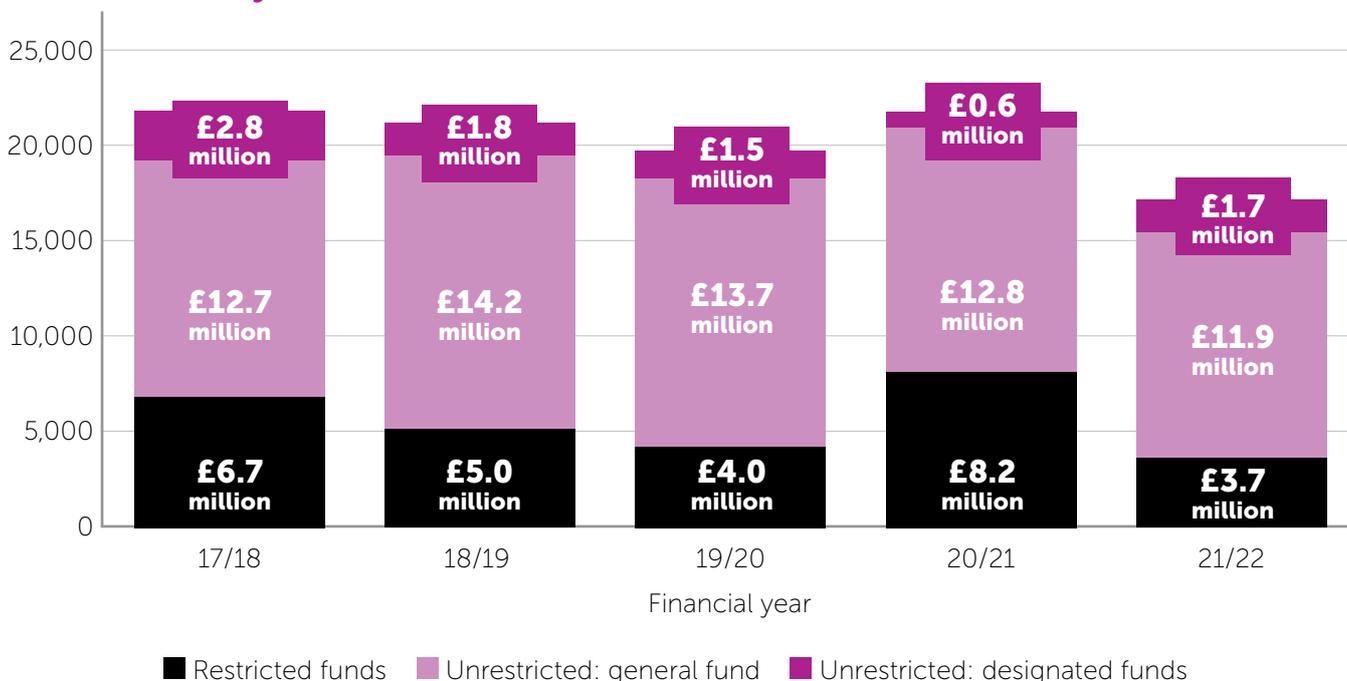
Throughout its programmes, VSO works with and funds in-country partner organisations, for them to undertake agreed activities in pursuit of VSO aims.

ICS was delivered working with a consortium of respected development agencies. Contractual payments to ICS consortium partners was £1.8m last year, with the stop of the ICS programme, this expenditure is now nil.

For more information: Financial statements, note 3 Charitable activities.

Reserves

Funds – multi year view



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps us deal with any setbacks and provides the flexibility to take advantage of strategic opportunities.

Despite the challenges of the past 2 years, our general fund is only 6% lower at the end of 21/22 than four years ago, attesting of VSO's active management of financial sustainability.

Closing reserves position	20/21 £'000	21/22 £'000
Restricted	8,236	3,738
Unrestricted: general fund	12,821	11,882
Designated: fixed asset fund	361	231
Designated: pension deficit	(2,286)	(567)
Designated: change programme	522	365
Designated: income generation	1,983	1,643
Designated (total)	580	1,672
Total Reserves	21,637	17,292

At 31 March 2022, VSO's general reserves stand at £11.9 million, which is £2.9 million above the £9 million target level set out in VSO's reserves policy. This high level has helped us manage the multiple shocks and stresses encountered since March 2020, especially the reduction in available resources linked to the COVID-19 crisis and the political environment in the UK. Trustees have planned to use the surplus in the coming years as the organisation adapts to the current environment. The general reserve will allow to complement the income generation fund to finance a £2.8m investment in Public Fundraising over the next 3 years and the digitalisation of a number of VSO key processes.

The designated change programme fund represents the unrestricted funds the trustees have earmarked to continue to deliver organisational change throughout the organisation.

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan. The deficit has reduced significantly this year following the triennial valuation at the end of September 2020 resulting in a sharp reduction in future contributions necessary to eliminate the deficit. This is the outcome of past year contributions and the de-risking strategy put in place by the Pensions Trust on behalf of participating employers in the Plan (see note 19).

The designated income generation fund is to be invested in income generating activities over the next year. This fund will support unrestricted income growth and the income portfolio diversification.

For more information: Financial statements,

- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Investments

Closing cash and investments position	20/21 £'000	21/22 £'000	Variance £'000
Short-term deposits	14,959	7,001	(7,958)
Cash at bank: UK	5,871	7,125	1,254
Cash at bank: overseas	1,918	1,227	(691)
Total	22,748	15,353	(7,395)

The aim of VSO's investment policy is to preserve capital while holding reserves in liquid or near-liquid assets.

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. The Audit and Risk Committee reviews the policy regularly. VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports to the Audit and Risk Committee at each meeting on the composition of investments held and their maturity profile.

VSO's cash position has decreased this year amid overall decrease in funding over the last two years. In 2020/21, despite the decrease in funding, VSO's cash position had only slightly reduced: donors on most of our large programmes had paid in advance to help charities manage their cashflow in unprecedented circumstances, as a result we are seeing a larger decrease this year. Despite the reduction, VSO's cash position is still adequate for the size of the organisation and its level of activities.

In 2021/22 VSO maintained most of its investments in short-term deposits to ensure that sufficient funds were held in liquid deposits to allow VSO to respond to significant changes in future funding.

Cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available whilst monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Going concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. In light of the ongoing COVID-19 pandemic and the delays and reductions in funding available from institutional bodies, especially governments, VSO continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2022 and going forward. During the year, we used the results of the scenario planning to continue to re-align VSO's cost base to the new level of activities and as a basis from which to formulate a model for strategic planning. As described throughout this report, in 2021/22, as in 2020/21, VSO demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, VSO remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected financial changes and to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Principal risks and uncertainties

VSO's work towards a fair world for everyone is inherently risky. This risk is part of our work, especially in fragile and conflict-prone countries and with our model of working with partners and a range of volunteers. Our trustees recognise that the acceptance and management of risk is necessary to achieve our objectives and have put in place appropriate systems and processes to manage risks.

Over the last year, we continued to face considerable financial risk from the UK government's decision to reduce funding for Overseas Development Assistance. However, the renewal of our accountable grant funding for three years from 2022/23, although at reduced levels, ensures that the strong and longstanding strategic relationship with the FCDO continues.

The impact of the COVID-19 pandemic also continued to affect VSO operations. It changed the operating environment for our work and affected many of our donors. However, our distributed leadership model and the high degree of organisational comfort in online and remote working ensured that we were able to maintain our operations throughout the pandemic. Our long-term strategy continues to be to maximise the adaptability of our operating model.

Through good strategic management and a long-standing focus on sustainability, VSO has the financial reserves in place to help it withstand shocks such as the pandemic. We also have an operating culture that allows us to respond and adapt quickly. This is demonstrated by the way we continued to respond to the global pandemic during the year. We will continue to adapt and manage resources carefully, particularly our unrestricted spend, to enable us to deliver our mission for the longer-term.

Risk Management

The trustees are responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in the furtherance of VSO's objectives. The trustees have ultimate responsibility for identification of the risks to which VSO is exposed.

The system of internal control within VSO is intended to manage risks appropriately, rather than eliminate them and to give reasonable, rather than absolute assurance. The risk management framework approved by the trustees includes the following measures:

- The Audit and Risk Committee reviews the strategic risk register at each meeting, assesses the risks facing VSO and the measures put in place to mitigate them, and reports its findings to the International Board of Trustees.
- Critical risks are monitored on an ongoing basis by the Executive Board, a process which includes a monthly review of the strategic risk register. The Chief Executive Officer regularly updates the Chair of the Audit and Risk Committee on any significant new risks that may emerge.
- The Board of Trustees is updated on and reviews risks facing the organisation and effectiveness of mitigating actions at each of its Board meetings by the Chair of the Audit and Risk Committee. It formally approves the strategic risk register on an annual basis.

- Risk management is embedded across the organisation through use of local risk registers, and an online system for escalating global risks which are monitored in 'real time', reviewed by senior staff, and inform the strategic risk register.
- Each risk is analysed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.
- The internal audit function undertakes risk-based audits across all VSO operations. Their programme of work is based on an annual internal audit plan that is approved by the Audit and Risk Committee.

The table below captures the principal strategic risks and uncertainties and the mitigating strategies in place to manage these risks. The residual risk of other significant risks is considered lower than the risks presented here and the management actions relating to them are subject to regular review by the Executive Board and Audit and Risk Committee.

We are also clear about our duty of care responsibilities, ensuring that we have in place high standards of medical and security practice and consider safeguarding to be a principal risk. As a result of the mitigating controls we have in place, the residual risk in these areas is considered lower than the other strategic risk presented below.

Risks	Mitigation Strategy
Financial Sustainability	
There is a risk that VSO is not able to raise sufficient funds to continue to invest in its growing programme of work. This will undermine the long-term sustainability of the organisation.	<p>We will continue to make strategic investments in public fundraising and increase unrestricted income by building on our existing individual donors base, recruiting new regular givers and focusing more on legacies and cash appeals.</p> <p>We will also:</p> <ul style="list-style-type: none"> • nurture existing relationships with institutional donors, trusts, and foundations, • cultivate new donor relationships and, • focus on the quality of our bids to attract more restricted income to deliver our portfolio of work.

Risks	Mitigation Strategy
Compliance	
<p>Whilst we embed systems and processes for full cost recovery on grants, contracts and programmes, there remains a risk that all costs related to donor funded programmes are not covered by donors. This impacts negatively on our general reserves and is not sustainable.</p>	<p>Key performance indicators have been developed and are being monitored on an ongoing basis. These include a periodic review of the percentage of unrestricted costs that are not recovered from donors and overhead recovery as a percentage of total project costs.</p> <p>Our portfolio of work, overall cost management and potential for cost recovery will continue to be monitored.</p> <p>Our business pursuit strategy to continuously nurture, cultivate and maintain quality in our work will also continue to mitigate some on the risks associated with cost recovery.</p>
Operations and Implementation	
<p>With the introduction of new ways of working in project implementation, there is a risk that we fail to realise the benefits of the changes due to poor design and implementation. This would impact on our ability to achieve planned outcomes, impact and reach and maintain the quality of our work.</p>	<p>We will continue to monitor the success of our new ways of working in implementation through regular reviews.</p> <p>More specifically, our global implementation team is:</p> <ul style="list-style-type: none"> • establishing an effective planning and management system, • working on standardising monitoring and reporting processes, and, • aligning core business processes across the organisation to mitigate some of the risks associated with service quality, design and implementation.
Operating model and governance	
<p>Our ability to grow, maintain financial stability and deliver VfD programmes at scale could weaken because of national governance restrictions, organisational design and failure to adhere to our policies and values.</p> <p>There is also a risk that a global event such as the pandemic creates long-term disruption that impedes our ability to secure new income, deliver our programme of work, and undermine the well-being of VSO people.</p>	<p>We will continue to monitor the operating environments within which we work on an ongoing basis, respond as necessary and try to continue to deliver our portfolio of work with minimal disruption.</p> <p>We are satisfied with how we have responded to the global pandemic. This gives us confidence in our systems and our approach. However, we will ensure that VSO learns lessons from this and ensure that we are well prepared for any future shocks that could destabilise its operations.</p>
Reputation	
<p>VSO specific news coverage from a significant incident or public / social media or press scrutiny of charities could lead to reputational damage and compromise our leadership in the sector.</p>	<p>We will continue to scan the horizon for areas that we think may lead to reputational risk and put in place mitigating strategies as necessary.</p> <p>Our investment in integrity systems and processes that are aligned to our values will also reduce the likelihood of incidents that could impact on our reputation. For example, we recently launched a refreshed compliance training module on preventing criminal practices, safeguarding, data protection and cyber security, procurement and the VSO code of conduct. Training is mandatory for all VSO people and will be repeated annually.</p>

Governance

Structure, governance and management

Our organisational structure

Voluntary Service Overseas (VSO) is a company limited by guarantee, registered in England and Wales (registration number 00703509). VSO is also registered as a charity in England and Wales (registration number 313757).

VSO operates through the following subsidiary entities:

- Voluntary Service Overseas (Ireland) Company Limited by Guarantee, incorporated and registered as a charitable entity in Ireland.
- Stichting VSO Nederland BV, a Dutch charitable organisation
- Voluntary Service Overseas USA, Inc. a US corporation with US 501 (c) (iii) status.
- VSO Trading Limited whose principal activity was the delivery of non-charitable activities for the purpose of raising funds. It is now dormant.

Otherwise, VSO operates internationally largely through branch offices. This structure of branch offices and subsidiaries assists us to effectively deliver VSO's mission globally by extending the reach of our work and building opportunities for income generation.

We have binding agreements with our subsidiaries to govern their use of the VSO brand and trademarks and setting out how they operate within the global organisational structure. Appointment of directors to subsidiaries and branch offices is subject to Governance Committee approval in accordance with the VSO's Schedule of Delegations.





Our governance and management

VSO is governed by its International Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation’s values, and ensure we meet our objectives. Trustees’ duties are described in more detail on page 48.

In 2021/22, the International Board met five times. Three of the meetings were hybrid meetings with some board members attending in person and others via video link and two were held via an online platform. The Board formally resolved at its March 2022 meeting to move to a Schedule of at least four formal meetings in the calendar year 2022. Board members receive management information on organisational performance on a quarterly basis.

Trustees

The International Board members are all unpaid trustees. Trustees serve terms of office as provided in VSO’s Articles. They are usually appointed to the International Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. There is provision in VSO’s Articles for the Chair to serve a third three-year term if appointed as Chair when already a trustee.

Trustees are not remunerated but their expenses are reimbursed in accordance with VSO’s expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office. When travel permits, they participate in visits to VSO programmes and act as expert advisers to VSO working groups. No Board travel to VSO programmes took place in the last year, a virtual programme visit took place. Programme visit has been scheduled for September 2022, for those board members able to travel.

VSO’s trustees are committed to compliance with the Charity Governance Code and regularly review VSO’s charitable purposes as well as trustee roles and time commitment. Review of performance of the International Board is a continuous process. Feedback on board performance is regularly sought from Board members and the senior executive team. An annual review is undertaken by the Chair with Individual trustees also making annual commitments to VSO over and above their responsibilities as directors and members. This year, the Board has commenced the process of recruiting a new Board Chair, taking the opportunity to look at board member roles and responsibilities. With the appointment of a new Chair, an independent review of effectiveness will be undertaken to assist in discussing improvements for the future.

International Board of Trustees



Sam Younger CBE *
Appointed 18 November 2014
Chair

Chair of CILEx Regulation; Chair of the Consumers' Association



Aditi Thorat
Appointed 14 July 2020

Director of Development, Global Witness.



Christopher Muwanguzi ^
Appointed 19 September 2019

Chief Executive, Child's i Foundation.



Geoffrey Skingsley *
Appointed 1 November 2020

Non-executive Board Member Médecins sans Frontières Foundation; Chairman, L'Oréal UKI; Member of the Global Leadership Council of the Said Business School in Oxford; member of the London Council.



Guus Eskens
Appointed 18 July 2018
Chair, VSO Netherlands Supervisory Board

Board member of Health Net TPO, Amsterdam; Board member of the Netherlands Society for Tropical Medicine and International Health (Utrecht); Board member of the Knowledge Centre Global Health (Utrecht).



Julia Lalla-Maharajh OBE *
Appointed 14 July 2020

Interim Chief Partnerships Officer, Tostan; Chair, Under One Sky; Founder of the Orchid Project.



Lara Naqushbandi ^
Appointed 1 November 2020

Director, Lifestyle Retail, Google UK.



Maurice Makoloo ^
Appointed 1 November 2020

Regional Director, Habitat for Humanity.



Susan Hickey ^
Appointed 14 July 2020
Vice Chair, Honorary Treasurer and Chair of Audit and Risk Committee

Non-executive board member of The Good Economy Partnership, LandAid, Saltaire Housing.

Former members International Board of Trustees

Amanda Rowlatt ^ (resigned July 2021)

Chris Merry ^ (resigned July 2021)

Susan Wardell CBE * (resigned January 2022)

* Governance Committee member ^ Audit and Risk Committee member

Trustees' duties

The trustees fulfil their duties both under charity law and company law through a formal governance framework which includes board approval of the strategic direction, operating and expenditure plan, formal review of risk and mitigations and key policies, and monitoring performance data. They also approve and monitor constitutional change and the appointment of the CEO.

They delegate certain board functions to board committees and through a Schedule of Delegations, daily decision making is delegated to the Chief Executive Officer and the Executive Board. VSO's formal organisation and Board Committee structure and membership is set out on page 46.

Board capability is reviewed regularly considering how the organisation is adapting to the changing operating environment. As trustees come to the end of their maximum permitted terms of office this presents opportunity for reviewing the need for new trustees particularly where specific gaps in capability are identified and bearing in mind the need for board diversity. No new appointments were made this year and one trustee resigned. In the coming year, we will be recruiting a new Chair of the Board as the current Chair's term ends in 2023.

A nominated board trustee has specific responsibility for supporting the executive on issues of duty of care and in explicitly ensuring all board members are diligent in their attention to this issue. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

During their tenure with VSO, trustees are briefed on their duties by the Chair of the Board and through professional advice either from the Company Secretary or if they judge it necessary, from an independent adviser. Trustees are supplied with online access to all relevant governance documents and contact details.

In keeping with our approach to learning, all trustees have permanent access to our VSO Learning Platform. They can access the key organisational documents from the trustee pathway; their role description, memorandum and articles, delegation of authority, organisation structure, committee terms of reference This also signposts them to the most recent UK Charity Commission guidance for trustees.

During the year, trustees have fulfilled their duties regarding the following:

The likely consequences of any decision in the long term

All key strategic decisions with long-term impact on VSO's future are discussed in the relevant Board Committee and then by the Board as a whole. Each Board agenda will give time for an update on how long-term projects are progressing and all Board members are actively encouraged to raise their questions and any concerns, so that appropriate actions can be taken under the Board's oversight.

The interests of the company's employees

The Board defines VSO people as inclusive of employees, volunteers, consultants, suppliers and partners.

The Board ensures that the interests of the employees are considered through regular updates at Board and Committee meetings. The impact of major decisions on staff are discussed by the Board and its committees who also receive regular updates on staff pay, employee pensions scheme, health and safety, and safeguarding.

Over the last year, the Board has sought to engage with the wider VSO community of employees, volunteers and primary actors through virtual project visits, briefing on key programme themes and attending the annual Volunteer Impact Awards as well as participation in fundraising events.

In line with VSO's inclusive approach, VSO global communications are available with captions to be inclusive of those who are hard of hearing.

Since the previous annual report, the Board has reviewed several of VSO's core policies including:

- Preventing Criminal Practices Policy (July 2021)
- Reserves Policy (November 2021)
- Global Safeguarding Policy (March 2022)
- Global Code of Conduct (March 2022)
- Global Whistleblowing Policy (March 2022)

The need to demonstrate inclusive ways of working between trustees

All Board members are recognised equally as trustees and directors and given opportunity to raise questions and issues. All have access to the CEO, Company Secretary, and one another. Communication directly between board members and members of the executive team, or VSO colleagues is actively encouraged.

To contribute to the ongoing review of board effectiveness the Board Chair maintains regular contact with all trustees to ensure they can raise concerns and questions. A dedicated appraisal conversation happens at least annually.

The need to foster VSO's business relationships with supporters, implementing partners and suppliers

Our Knowledge, Evidence and Learning team systematically reviews and evaluates relationships with partners and primary actors and brings relevant issues to the attention of the Board through quarterly performance reviews. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. The Board discusses key partnerships, donor relationships, and strategic suppliers as part of its Board meetings. Suppliers' interactions are supported by the Global Procurement Policy, ensuring transparent and fair selection processes. In addition to assessment through donor and statutory audits, VSO's internal audit function reviews procurement activity and shares outcomes with the VSO Board via the Audit and Risk Committee.

The impact of the company's operations on the community and environment

As part of its ongoing programme of work, VSO trains its programme teams, volunteers and partners to undertake risk assessments and resilience action planning to identify and reduce human, social, environmental, physical and economic vulnerabilities to climate change. The Board is regularly updated on the positive impacts that are being made in communities and through our reporting on duty of care, our ability to deliver against the principle of "do no harm". As part of its annual reporting process, the Board reviews the environmental impact of VSO's activities. The environmental impact of our work is captured in detail in the Environmental Impact Assessment detailed on page 57. The Board and the Executive have set robust targets for reducing VSO's carbon footprint.

The desirability of the company maintaining a reputation for high standards of business conduct

High standards of business conduct are underpinned by VSO's value of Integrity – taking a zero-tolerance approach to any form of wrong-doing, abuse and harm, treating others with respect and being open, transparent and accountable in what we do. The Board is keenly aware of the moral requirements of our mission.

All key stakeholders, partner organisations; donors, employees, volunteers, consultants are subject to a range of background checks prior to engagement. Strict procurement guidelines are in place for the selection of suppliers. The key processes are audited by the Internal Audit team.

Management through the Executive Board and the Strategic Leadership Group

The International Board delegates VSO's day-to-day management to the Executive Board. The Executive Board has operational oversight of VSO's work globally. There are four members of the Executive Board, the Chief Executive Officer, and three Executive Directors, they jointly hold accountability for the delivery of the VSO Operating Plan, leading across Programmes, People, Corporate Services and Business Pursuit.

The Executive Board meets at least weekly to oversee implementation of strategic and operational activity, allocate resources, set, and monitor standards and determine core approaches to how VSO works. The Executive Board undertakes a formal Quarterly Performance Review against VSO's operational and financial objectives. This is done with colleagues across the organisation and specifically the Strategic Leadership Group. The Executive Board reports back on quarterly performance to the International Board through a regular performance report.



Dr Philip Goodwin
Chief Executive Officer



Donn  Cameron
Executive Director VSO,
Programmes



Kathryn Gordon
Executive Director VSO, People
and Organisation Development



Fabienne Arminjon
Executive Director VSO,
Finance and Corporate Services

The Directors on the Executive Board work with a wider Strategic Leadership Group who have collective responsibility for developing and delivering the VSO strategy and operating plan.

The members of the Strategic Leadership Group are:



Duty of care

One of VSO's significant risks is the appropriate balance of moral and legal obligation whilst ensuring the safety and well-being of those who engage with VSO and VSO employees and volunteers whilst maintaining our commitment to do no harm. The duty of care and focus on supporting resilience that arose from the global COVID-19 pandemic has become a cornerstone in our ability to pivot programming in an emergency response.

Our main methods for mitigating duty of care risk are:

- Assess the risk in the context of the programme/location.
- Equip the team with the necessary capability – capacity within roles in a project team or support from a global team.
- Maintain an environment that promotes reporting, covering not only significant incidents but also minor concerns.

VSO uses a professional managed data source to assess security risk and support the business pursuit team assess opportunities, both where we work currently and where we may in the future.

We insure in two areas:

- Health and medical insurance – where there is no government funded health service, we provide comprehensive cover to employees and international volunteers to cover the costs of treatment of illness or injury.
- We have employers' liability insurance to cover the risk of legal action from employees or volunteers who incur injury or illness due to their working environment.

VSO has continued its involvement with intra-agency networks such as the INGO Safeguarding Leads Network. VSO influenced the development of a reference sharing scheme now registered as the Misconduct Disclosure scheme and continues to work in this area with FCDO and Interpol to strengthen background checking. Colleagues in Nepal are amongst the first to participate in the joint training between Interpol and local law enforcement agencies.

Our medical clearance assessment process remained in its post COVID-19 adapted form as the risk remained high. This considers increased personal risk and risk to others of travel as well as the organisational risk of individuals quarantining or falling ill where there is no local support network available to them.

Working with the WHO guidance, our medical advisors took the decision to add the COVID-19 vaccine to the essential vaccines list for VSO people travelling internationally, a list that already included diphtheria, tetanus, polio, typhoid, hepatitis A, hepatitis B, measles and rabies. Medical, Security and Safeguarding incident categories are defined at VSO to aid appropriate response and consistent reporting.

We continue to provide some of the support on mental health and development of personal resilience utilising an assistance programme whose scope was broadened this year. This helps our people deal with the adapting international development landscape and VSO response to it and is available confidentially to all employees and volunteers and their dependants.

Recognising a global trend of burnout and lowered resilience following the COVID-19 pandemic, climate change and geo-political uncertainty, three main staff initiatives were put in place:

- VSO people were able to disconnect from the schedule of back-to-back meetings and conversations for an allocated “recharging” day.
- Specific wellbeing sessions were established for those working in fragile spaces where there is no end to a specific incident in sight.. These sessions built on previous psychosocial trauma

support provided by trained counsellors; and in keeping with our volunteering for development approach the training of peer supporters in psychosocial first aid. These peer trainers now run sessions which follow the pattern of discussion, providing think time, small group conversations, relaxation/mindfulness exercises and signposting to professional support where appropriate.

- Sessions were facilitated by a professional psychotherapist to build resilience for volunteers and employees.

Medical, security and safeguarding incidents reported 2021/22	Medical	Security	Safeguarding
Across the whole VSO global portfolio of work	36	20	15

In addition to this we have responded to 184 medical cases and provided medical clearance to nearly 300 people, the majority of whom then joined the VSO global healthcare scheme.

Monitoring of COVID-19 outbreaks across VSO office locations has continued throughout the year, with one severe case requiring a crisis response. 4 other critical incidents included injuries from road traffic and occasions of serious illness requiring hospitalisation.

We continue to monitor the implications of the security situation and increased fragility of the

environment in Ethiopia and Myanmar, adapting delivery and practice as appropriate.

Our safeguarding culture continues to grow with a healthy number of reports of concerns and incidents. Each concern receives a VSO response, and where an investigation is required, this is completed with the support of our global safeguarding team. During this year 4 historic cases were reported, and support of a protection nature was provided to individuals who raised a concern with VSO. Preventative action following investigation was taken in 6 of the incidents.

Reporting and whistleblowing

VSO has zero tolerance of corrupt practices of any type or in any circumstances.

We aim to maintain the highest standards of openness, decency, integrity, and accountability in our work. Everyone who works with or for VSO must be vigilant for signs of wrongdoing or criminal activity and have the obligation to report suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work in accordance with our whistleblowing process. Our Whistleblowing Policy encourages anyone to report any serious concerns they have, without fear of punishment or unfair treatment.

VSO's systems to protect confidentiality and offer anonymity aim to keep a whistle-blower safe. To ensure the safety of whistle-blowers, VSO treats all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's Policy on Preventing Criminal Practices underpins our operational practice in the areas of fraud, bribery and corruption or any other wrongdoing. The Policy requires all such allegations to be reported regardless of financial materiality and ensures a consistent approach to fraud awareness, prevention, reporting, and investigations across VSO.

We have mandatory online training on preventing criminal practices and whistleblowing for all staff and volunteers. The Executive Board and Senior managers often remind People of their duty to report any wrongdoing through various channels, so the process of reporting is fully understood.

Serious incidents are also reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with the VSO serious incident reporting protocol.

Despite our enhanced approach to fraud prevention, the reality is that from time to time we will be victims of corrupt practices. During the year, 22 cases of potential irregularities were reported and investigated. Of these, 7 cases led to reported fraud and losses of £22,061. These included incidents of false accountabilities, equipment losses, travel and volunteer allowance fraud.

Our approach to pay

Our pay philosophy is based on the principles of fairness, internal equity, and external competitiveness to support the wider agenda of equity, ethical reward, transparency, and sustainability.

We have eradicated the dual pay system; all employees are hired on national terms and conditions in their place of work. We are a signatory to the principles of Project FAIR, supporting fair pay in the international development sector. To realise on these principles, we pay the appropriate rate for the role in each country where we operate. VSO does not operate a bonus scheme.

External competitiveness is achieved by benchmarking each individual salary every year against actual pay for similar positions in comparable organisations, in the location of the work.

The banding level for each role is determined by considering:

- job purpose – the scope, depth, and difficulty of the work,
- level of engagement – communicating and connecting with others,
- delivery – level of planning and organising necessary to successfully execute the role, and how the role fits within the team or function.

Our leaders and managers work with our employees to support their performance and development in role. Our recruiters and hiring managers discuss with applicants the rationale behind the way in which our pay practice is linked to dismantling the broader historical and colonial dynamics of power and privilege within the sector.

We recognise and incentivise our people to perform by designing purposeful roles, creating a positive working environment with support for collaboration and discovery to maintain interest and fulfilment. Our operating model and organisation design have at their heart a distributed leadership model. In this model, leadership and accountability sits with post holders with collaboration key to achieving high performance.

VSO is an accredited UK Living Wage Employer and ensures all our staff are paid at least the living wage in the UK where there is an official calculating body. In other countries, we look for Living Wage data from other organisations to assess our employees' remuneration against. In any case, VSO ensures that all our employees are paid at least the official minimum wage in all the locations where we operate.

Gender pay gap reporting for UK employees

The UK government require gender pay reporting – the difference between pay to women and men, for organisations with more than 250 UK based employees. VSO employed 98 people in the UK in April 2022.

To demonstrate transparency VSO has reported its gender pay gap in the UK, since 2017.

On 5 April 2022 the difference in mean (average) pay between female and male employees in the UK was 5.3% (compared to 8.62% to 5 April 2021). The difference in median pay between female and male employees in the UK is –0.33%.

In line with our view of organisation design, to ensure we are shaped to successfully deliver on our mission, VSO monitors our pay ratios on a regular basis, aiming not to increase the current level when pay bench-making adjustments and pay awards are made. Our CEO is employed on a UK contract, reporting the CEO pay ratio identifies the ratio from CEO pay to lowest pay in the UK as 5:1.

Modern slavery statement

Modern slavery is an abhorrent abuse of human rights, and includes practices such as forced labour, debt bondage, human trafficking, and child labour.

VSO has a zero-tolerance approach to modern slavery and in line with the UN Sustainable Development Goal 8.7, is committed to ensuring that there are no instances of modern slavery or human trafficking occurring within our global organisation or our supply chains.

VSO is raising awareness about modern slavery within the organisation and with its delivery

partners, we have in place policies, procedures and processes to combat the risk of modern slavery. We also recognise that more can be done to combat this risk and VSO strives to continually improve processes.

Further information about the framework VSO has in place to combat the risk of modern slavery and the actions VSO plans for the next financial year can be found in VSO's Modern Slavery Statement:

vsointernational.org/about/policies-and-statements/statement-on-modern-slavery

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's policy can be found at vsointernational.org/privacy.

VSO adheres to the Charities (Protection and Social Investment) Act 2016. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition, we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

VSO has a safeguarding policy which guides us on how to respect people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

We aim to inspire our supporters to help us tackle poverty and seek to raise funds from a diverse range of sources. In our recruitment and retention of supporters in 2021/22 we used the following channels: direct mail, telemarketing, email communications, face to face fundraising and digital advertisement.

VSO continues to report to the Fundraising Regulator on the number of complaints received in response to our fundraising activity. In 2021/22 this number totalled 5. Those were minor negative feedback which informed future work. Our Supporter Care team examines every complaint, responding within three working days. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2021/22.

We must invest in our fundraising to achieve our plans to increase our scale, influence and impact to create a fair world for everyone. We monitor our spending in all areas of fundraising activity to measure our impact and returns. We recognise that growth is dependent on sound investment.

We are introducing a single supporter view of all VSO's individual supporters. This will enable us to make significant improvements to communications effectiveness through testing and supporter insight and improved targeting and tailoring.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector and has in place a Global Ethical Fundraising policy.



Imbere Heza project in Rwanda is designed to empower marginalized adolescents to enjoy their health rights.

Our approach to data protection

We are committed to protecting the personal data of all individuals whose personal data is processed by us. We ensure that we use it only for clear and stated lawful reasons, and that we store and transfer it safely in line with the requirements and principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. Our data protection policy was reviewed by the Board in the year.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of VSO induction and we monitor compliance. All VSO people are required to renew their data protection training annually.

As part of our programme design process, we complete detailed privacy impact assessments prior to processing personal data in cases where that processing may give rise to high risks to data subjects. In this way we ensure that we know that the processing is lawful and that we can mitigate risks. We integrate data protection into our programmes and in so doing we consider the likelihood and impact of our processing on the rights and freedoms of data subjects.

We monitor complaints and take on board feedback to help us improve our fundraising approach, our systems, and internal processes, as well as the work undertaken for us through external agencies.

During the year, we discovered no data breaches. In cases even of minor breach, we always speak to the Information Commissioner's Office to check that we have taken the correct approach. We record the details of all breaches on our data breach log and conduct learning sessions where relevant to mitigate the risks of a similar breach occurring in future and to embed learnings.

Environmental impact assessment

VSO is committed to embedding resilience, including environmental resilience and sustainability throughout its programmes and organisational practices.

By measuring our carbon footprint, we seek to understand the impact we have on the environment with a commitment to reduce it. Because of this commitment, we have gone beyond the minimum reporting obligations under Streamlined Energy and Carbon Reporting (SECR). SECR requires us to report our UK energy use relating to gas, electricity, and transport fuel. But as a volunteer international organisation where a large part of our carbon is attributed to air travel, we have also reported on carbon emissions from all our project locations across the world, including optional scope 3 emissions from business travel.

Ambitious targets

Using pre-pandemic (i.e., 2019/20) levels as a base, we aim to reduce our emissions by 66% for the same turnover over 5 years, a more ambitious target than the one we had previously worked to. We are seeing the impact the environmental crisis has on the most marginalised people we work with and want to reduce our own emissions to as little as our operations allow.

Because our carbon depends on the volume of work we deliver, a useful indicator of our performance in managing our footprint, is the intensity ratio which considers our carbon emissions in relation to our income. This year's measurement of 39 tCO₂e / £ million compares with last year's intensity ratio of 9.3 tCO₂e / £ million, a significant reduction relative to our 2019/20 base line of 107 tCO₂e / £ million.

Calculating our carbon impact

To calculate our 2021/22 emissions, we have used the Green House Gases (GHG) Protocol which supplies the world's most widely used greenhouse

gas accounting standards. The table below details the carbon emissions from the 28 countries in which we worked this year. It includes:

- Business travel (road, rail and air travel for our staff and volunteers).
- Energy consumption (gas and electricity use from our global office locations).
- Fuel (petrol and diesel for VSO's owned and hired vehicles and for electricity generators).

The table below summarises VSO's GHG statement from 2019/20 when recording began. Scope 1 emissions are caused by VSO's operations and released from directly controlled assets. Scope 2 emissions are indirect greenhouse gases released from the energy purchased from a utility provider. Scope 3 emissions are all other associated indirect emissions. Scope 3 emissions arising from business travel in rental cars where VSO purchases the fuel and upstream emissions from purchased fuel and energy are mandatory. Other scope 3 emissions from business travel – air, road and rail are optional and reported in the total emissions figure.

	19/20	20/21	21/22
Energy consumption (kWh)	3,255	826	2,028
Scope 1 & 2 emissions (tCO ₂ e)	842	263	589
Total mandatory reported emissions (tCO ₂ e)	1,193	330	710
Total emissions including optional scope 3 (tCO ₂ e)	6,440	461	1,293
Intensity ratio (tCO ₂ e/£m)	20	7	21
Intensity ratio (tCO ₂ e/£m) including optional scope 3	107	9	39

VSO International's GHG statements (in tCO₂e), as follows:

Streamlined Energy and Carbon Reporting	Current reporting year 2021/22			Comparison reporting year 2020/21		
	UK '000	Non-UK '000	Global '000	UK '000	Non-UK '000	Global '000
Energy consumption: (kWh)						
- Electricity	220	307	527	170	213	383
- Gas	76	9	85	4	-	4
- Transport fuel	-	1,338	1,338	-	439	439
- Fuel for electricity generation	-	78	78	-	-	-
Total energy consumption	296	1,732	2,028	174	652	826
Emissions (tCO₂e)	UK	Non-UK	Global	UK	Non-UK	Global
Scope 1						
Emissions from combustion of gas in buildings	14	2	16	1	-	1
Emissions from combustion of fuel for transport purposes	-	316	316	-	104	104
Emissions from combustion of other stationary fuels	-	19	19	-	-	-
Scope 2						
Emissions from purchased electricity - location-based*	47	191	238	40	118	158
Scope 1 & 2						
Total Scope 1+2 emissions – location-based	61	528	589	41	222	263
Scope 3						
Category 3: Upstream emissions from purchased fuel and energy - location-based**	20	101	121	9	58	67
Total emissions for mandatory reporting – location-based	81	629	710	50	280	330
Intensity (tCO₂e / £ million turnover)						
Revenue £m			33.3			49.5
Intensity ratio: tCO ₂ e / £m (location-based)			21			6.7
Emissions (tCO₂e)	UK	Non-UK	Global	UK	Non-UK	Global
Optional Scope 3						
Emissions from business travel - air	-	163	163	19	105	124
Emissions from business travel - road	-	420	420	-	7	7
Total emissions from business travel (third-party vehicles)	-	583	583	19	112	131
Total emissions (including optional scope 3) – location-based	81	1,212	1,293	69	392	461
Intensity including optional scope 3 (tCO₂e / £ million turnover)						
Intensity ratio: tCO ₂ e / £m			39			9.3
Methodology	GHG Protocol Corporate Accounting and Reporting Standard 2014					

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

**Emissions from upstream transmission and distribution losses, and excavation and transport of fuels not included in scopes 1 and 2

Our continuous drive towards greater sustainability

Last year, we saw a significant drop in our carbon emissions, largely attributed to the restrictions on travel and lockdowns in most of the countries where VSO operates. This year we have seen an increase in business air travel, which reflects the gradual lifting of international travel restrictions, and a marked increase in road business travel and energy consumption, following the gradual resumption of operations and re-opening of offices in project locations across the world. This results in a rise of 180% between this year and 2020/21 due to the extremely low carbon consumption in 2020/21 amid the pandemic. But despite a progressive return to normal, pre-pandemic activities, our emissions remain at 20% of 2019/20 figures and we are on track to meet our new target.

As a volunteer organisation that focuses on having the right people in those places that their skills can have the maximum impact, air travel is essential to our mission. Predictably, air and road travel, account for 45% of our carbon footprint. However, by making changes in how we think, book, and track our business travel, we can significantly reduce our impact in this area.

To gain greater control of business travel emissions, we have reassessed our ways of working and improved our remote working capabilities, by leveraging digital tools available

to us, so that international travel is no longer the only option for international collaboration. We have also made changes to our travel policy, encouraging people to make the most carbon efficient choice. Finally, we are introducing carbon budgets that will allow managers to consider the carbon impact of delivering their programmes at the beginning of the project.

In other areas, we have downsized our office space with many of our colleagues transitioning to home working arrangements, eliminating the need to commute. And where possible, we have switched to renewable energy solutions for our premises.

We continue to consider future carbon reducing initiatives, such as assessing the carbon efficiency of fleet vehicles and in our procurement activities.

Measuring our operations' impact on the environment is only one aspect of our efforts, additionally, we are developing longer term environmental strategies for delivering more sustainable programmes. A cross organisational team has started integrating environmental sustainability into the volunteer standards. We have also defined our environmental sustainability process for programme design which will be piloted in the next programme period.



©VSO/Cesar Lopez Balan

Volunteers on VSO's IMA4P project help support farmers to grow rice that is sustainable and provides a stable income for their families. Using a range of different experiences and skills sets, national and international volunteers work together, Cambodia.

Reference and administrative details

Charity name: Voluntary Service Overseas (VSO)

Charity registration: 313757 (England and Wales)

Company registration: 00703509

Registered office: 100 London Road, Kingston upon Thames KT2 6QJ

Company secretary: Jenny Owen

Objects

VSO's objects, for which the charity was established, are to:

- advance education and aid the relief of poverty in any part of the world
- promote the effective use of resources for the purpose of advancing education or relieving poverty in any part of the world
- promote the voluntary sector.

Public benefit

VSO is a registered charity which acts at all times in accordance with its Articles. The activities undertaken by VSO to further its purposes for the public benefit are described throughout this Report.

The trustees have at all times had due regard to the Charity Commission's guidance on public benefit.

Governing document: Voluntary Service Overseas (limited by guarantee) is governed by its Articles of Association.

Royal patron: HRH The Princess Royal

Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP

Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

For more information

Website: www.vsointernational.org

Facebook: www.facebook.com/vso.international

Twitter: www.twitter.com/VSO_Intl

Instagram: www.instagram.com/vsointernational

YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500

Email: enquiry@vsoint.org

Statement of Trustees' responsibilities

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Company law requires the charity 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 the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements 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 group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable group's transactions, disclose with reasonable accuracy at any time, the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, and the provision 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.

Statement on disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware.
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors. The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

By order of the Board of Trustees



Sam Younger
Chair
11 August 2022

Financial Statements

Independent auditor's report

to the members and trustees of Voluntary Service Overseas

Opinion

We have audited the financial statements of Voluntary Service Overseas ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise the consolidated statements of financial activities, the consolidated balance sheet, the consolidated cashflow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 March 2022 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 61, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income and major donations and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance

with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
30 August 2022

Consolidated statements of financial activities

for the year ended 31 March 2022

Income and expenditure	Note	Unrestricted funds	Restricted funds	Total Unrestricted funds	Restricted funds	Total
		2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Income						
Donations and legacies						
Institutional grants	2a	73	17,435	17,508	107	23,878
Other donations	2b	6,565	3	6,568	7,968	53
Charitable activities						
FCDO Volunteering for Development grant	2c	-	8,928	8,928	-	11,507
ICS contract with FCDO		-	-	-	5,647	-
Other trading activities	2d	276	-	276	265	-
Bank interest receivable and similar income		30	-	30	9	-
Total income		6,944	26,366	33,310	13,996	35,438
Expenditure						
Raising funds	3	4,568	-	4,568	5,071	-
Charitable activities						
Inclusive education		1,933	16,960	18,893	3,064	14,807
Health		660	6,010	6,670	1,552	6,557
Resilient livelihoods		429	5,389	5,818	2,991	5,189
Core approaches*		454	2,393	2,847	1,146	4,693
ICS consortium partners		-	-	-	1,819	-
Interest payable and similar costs		13	-	13	62	-
Operating expenditure		8,057	30,752	38,809	15,705	31,246
Net income/(expenditure)		(1,113)	(4,386)	(5,499)	(1,709)	4,192
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes on consolidation	19	1,154	-	1,154	(78)	-
Net movement in funds		41	(4,386)	(4,345)	(1,787)	4,192
Transfer of funds	13	112	(112)	-	-	-
Reconciliation of funds						
Total funds brought forward		13,401	8,236	21,637	15,188	4,044
Total funds carried forward		13,554	3,738	17,292	13,401	8,236

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 68 to 86 form part of these financial statements.

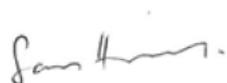
Balance sheet

As at 31 March 2022

	Note	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Fixed assets					
Intangible assets	8b	18	18	36	36
Tangible assets	8a	213	197	325	298
Investments	9	-	2,892	-	2,892
Total fixed assets		231	3,107	361	3,226
Current Assets					
Debtors	10	6,772	7,047	6,316	6,829
Short-term cash deposits		7,001	7,001	14,959	14,959
Cash at bank and in hand:					
In the UK and held by group subsidiaries		7,125	4,174	5,871	2,010
Overseas		1,227	1,227	1,918	1,918
Total current assets		22,125	19,449	29,064	25,716
Liabilities					
Creditors: amounts falling due within one year	11a	(3,312)	(3,124)	(4,062)	(3,894)
Net current assets		18,813	16,325	25,002	21,822
Total assets less current liabilities		19,044	19,432	25,363	25,048
Creditors: amounts falling due after one year	11c	(370)	(370)	(399)	(399)
Provisions for liabilities	12	(1,382)	(1,382)	(3,327)	(3,327)
Total net assets		17,292	17,680	21,637	21,322
Restricted funds					
Income funds	13,15	3,738	2,780	8,236	6,732
Unrestricted funds					
General fund	14,15	11,882	13,248	12,821	14,037
Designated funds	14,15				
Pension deficit repayment plan fund		(567)	(567)	(2,286)	(2,286)
Change programme fund		365	365	522	522
Fixed asset fund		231	211	361	334
Income generation		1,643	1,643	1,983	1,983
Total unrestricted reserves		13,554	14,900	13,401	14,590
Total funds		17,292	17,680	21,637	21,322

The notes on pages 68 to 86 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 11 August 2022.



Susan Hickey

Honorary Treasurer on behalf of the Trustees

Consolidated cashflow statement

for the year ended 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities		(5,859)	340
Cash flows from investing activities			
Interest received		30	9
Proceeds from sale of assets	8	13	40
Purchase of property, plant and equipment	8	(1,579)	(510)
Net cash used in investing activities		(1,536)	(461)
Change in cash and cash equivalents in the reporting period			
		(7,395)	(121)
Cash and cash equivalents at the start of the reporting period		22,748	22,869
Total cash and cash equivalents at the end of the reporting period		15,353	22,748
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		(5,499)	2,483
Adjustments for:			
Depreciation charges	8	1,709	705
Gains on disposal of fixed assets	2d	(13)	(40)
Interest received		(30)	(9)
(Increase) / decrease in debtors	10	(456)	6,969
Decrease in creditors falling due within one year	11a	(750)	(9,028)
Decrease in creditors falling after one year and provisions	11c,12	(1,974)	(662)
Accounts related to the defined benefit pension scheme included within the statement	19	1,154	(78)
Net cash provided by operating activities		(5,859)	340
Analysis of cash and cash equivalents			
Cash at bank and in hand		8,352	7,789
Short-term cash deposits		7,001	14,959
Total cash and cash equivalents		15,353	22,748

Notes forming part of

the financial statements for the year ended 31 March 2022

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the group's ability to continue.

Group financial statements

The consolidated financial statements incorporate the financial statements of the charity, including overseas branches, and its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included line by line in the statement of financial activities. Balances and transactions between the charity and its subsidiary undertakings are eliminated on consolidation. The overall results of the group are materially the same as those of the parent charity, therefore the charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).
- Overseas tax liability – The charity has recognised a liability based on prudent estimations provided by tax advisers (see note 12).
- Revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in income recognition accounting policy.

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves policies are given on page 39-40 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 14 and 15).

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), VSO has chosen to report its charitable expenditure by the four thematic areas and core approaches as set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is apportioned across thematic areas based on the

proportion of direct costs incurred across those practice areas.

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3). Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Grants for development programmes tend to be given on a three-year basis. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. VSO also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

VSO is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to VSO each year.

Where VSO is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of VSO's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction. Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are considered in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight-line basis over the term of the lease, adjusted for lease incentives where applicable.

Fixed and intangible assets and depreciation

Fixed and intangible assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is charged over the useful economic life of an asset on a straight line basis as follows:

Assets held in the UK and subsidiaries

	Length of the lease
Leasehold improvements	
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years

Assets held overseas

All categories	Fully in the year of acquisition
----------------	----------------------------------

The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use outside of the UK in the year of acquisition, in view of the uncertainty of conditions in the operating environment. It is the charity's policy to record these assets as disposals after three years.

Investments

The only investments VSO currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Netherlands) Limited	Stated at cost
100% ownership of Voluntary Service Overseas USA, Inc.	Stated at cost

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

VSO has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and the debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Provisions

Provisions are recognised where VSO has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Going Concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. In the aftermath of the COVID-19 pandemic and the delays and reductions in funding available from institutional bodies, especially governments, VSO continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2022/23 and going forward. During the year, we used the results of the scenario planning to continue to re-align VSO's cost base to the new level of activities and as a basis from which to formulate a model for strategic planning. As described throughout this report, in 2021/22, as in 2020/21, VSO demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, VSO

remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected financial changes and to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Income analysis

a. Institutional grants	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Governmental bodies				
British Council	-	68	68	344
FCDO – other funding	-	5,361	5,361	6,360
European Union	-	854	854	975
Global Affairs Canada	-	886	886	855
Global Partnership to End Violence Against Children	-	-	-	650
Irish Aid	-	-	-	(3)
KfW	-	3,619	3,619	2,350
Ministry of Foreign Affairs of the Netherlands	-	579	579	1,612
Norwegian Embassy	-	83	83	724
Scottish Government	-	-	-	71
UK HMRC Coronavirus Job Retention Scheme	-	24	24	692
UN Agencies	-	1,252	1,252	1,260
USAID	-	84	84	67
Other public funding	-	2	2	158
Total governmental bodies	-	12,812	12,812	16,115
Non-government bodies				
Companies	11	208	219	196
Trusts and Foundations	48	1,696	1,744	6,481
Other charitable organisations	14	2,719	2,733	1,193
Total non-government bodies	73	4,623	4,696	7,870
Total Institutional grants	73	17,435	17,508	23,985

2. Income analysis (continued)

b. Other donations	Unrestricted funds	Restricted funds	Total	Total
	2022 £'000	2022 £'000	2022 £'000	2021 £'000
Individuals	5,865	3	5,868	6,348
Legacies	510	-	510	1,525
Gifts in kind and pro bono services	190	-	190	148
Total donations and legacies	6,565	3	6,568	8,021

c. Charitable activities	Unrestricted funds	Restricted funds	Total	Total
	2022 £'000	2022 £'000	2022 £'000	2021 £'000
Volunteering for Development	-	8,928	8,928	11,507
ICS	-	-	-	5,647
Total charitable activities income	-	8,928	8,928	17,154

d. Other trading income	Unrestricted funds	Restricted funds	Total	Total
	2022 £'000	2022 £'000	2022 £'000	2021 £'000
Lettings	263	-	263	172
Community projects	-	-	-	3
Events	-	-	-	6
Volunteer fundraising	-	-	-	44
Sale of assets	13	-	13	40
Total other trading income	276	-	276	265

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2022 £'000	Total costs 2021 £'000
By practice area						
Inclusive education	1,350	5,493	9,676	2,374	18,893	17,871
Health	1,021	1,948	2,875	826	6,670	8,109
Resilient livelihoods	749	2,322	2,261	486	5,818	8,180
Core approaches*	597	1,106	664	480	2,847	5,839
ICS consortium partners						
Raleigh International	-	-	-	-	-	1,087
Restless Development	-	-	-	-	-	732
Total ICS consortium partners	-	-	-	-	-	1,819
Total	3,717	10,869	15,476	4,166	34,228	41,818

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

Charitable activities (excluding apportioned support costs) include pro bono services valued at £19,000 (2021: £24,000).

b. Analysis of support costs

	Governance costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2022 £'000	Total costs 2021 £'000
Inclusive education	404	462	275	680	554	2,375	2,122
Health	138	163	100	227	197	825	961
Resilient livelihoods	57	116	69	114	130	486	965
Core approaches	81	92	56	137	114	480	697
Apportioned support costs - charitable activities	680	833	500	1,158	995	4,166	4,745
Raising funds	78	89	54	131	107	459	662
Total apportioned support costs	758	922	554	1,289	1,102	4,625	5,407

Apportioned support costs include pro bono services valued at £171,000 (2021: £119,000).

4. Net incoming resources

Net movement in funds is stated after the following charges:

	2022 £'000	2021 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	38	39
Fees payable for the audit of the charity's subsidiaries	30	32
Fees payable for grant-specific audits	-	21
Fees payable for overseas tax consultancy	5	2
Fees payable for VAT services	-	2
Other services	-	22
Total fees payable to the charity's auditors	73	118
Depreciation		
Assets in the UK and held by group subsidiaries	312	195
Assets held overseas	1,397	510
Total depreciation charges	1,709	705
(Gain)/loss on exchange rate movements (realised and unrealised)		
Realised gains	(269)	(180)
Unrealised (gains)/losses	(70)	709
Total (gain)/loss on exchange rate movements	(339)	529

Unrealised gains and losses on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2021: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to £1,000 (2021: £nil), paid to five trustees (2021: 9).

6. Employee benefits including the cost of key management personnel

	2022 £'000	2021 £'000
Salaries and wages*	13,185	17,671
Social security costs	863	1,098
Pension costs	860	1,103
Other employee benefits	772	1,227
Temporary staff	9	75
Total	15,689	21,174

* Excluding overseas tax provision - see note 12

The 2022 wages and salaries figure above does not include an amount of £244,000 (2021: £778,000) relating to termination costs. ICS project closure in 2021 resulted in termination of all project roles, as was planned with reserves designated in previous years. The pension figures do not include £1,141,000 of amendments to the defined benefit plan's contribution schedule (Note 19).

The table below shows the number of individual staff whose employee benefits, excluding employer pension costs, were in bands during the financial year:

	2022 £'000	2021 £'000
£60,001 - 70,000	13	19
£70,001 - 80,000	5	7
£80,001 - 90,000	2	7
£90,001 - 100,000	1	7
£100,001 - 110,000	2	-
£110,001 - 120,000	2	1
£120,001 - 130,000	2	-
£130,001 - 140,000	-	2
£140,001 - 150,000	1	-
Total	28	43

Total benefits, excluding employer pension costs, disclosed in the above bands include termination costs of £35,000 (2021: £255,000), and health benefits, housing, dependents' education, relocation / travel allowances totalling £118,000 (2021: £301,000).

The key management personnel comprise the trustees who make up the International Board, and the executive team led by the Chief Executive Officer. All trustees serve VSO voluntarily. They do not receive any employee benefits, only payment for reimbursement of out-of-pocket expenses (see note 5).

The executive team is made up of four members including the Chief Executive Officer. The total compensation costs, including employer's National Insurance contributions, pension and termination costs were £575,000 (2021: £608,000).

The Chief Executive Officer's salary, excluding pension contribution and taxes, for the year was £142,000 (2021: £135,000). As part of the Covid-19 response, the Chief Executive Officer's salary was reduced for part of 2020/21.

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2022 Headcount	2022 FTE	2021 Headcount	2021 FTE
UK and subsidiaries based	136	124	198	185
Overseas based	382	380	462	461
Total	518	504	660	646

8. Fixed assets

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and Fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2021	1,324	201	1,389	2,067	4,981
Additions	-	18	164	1,397	1,579
Disposals	-	-	-	(669)	(669)
At 31 March 2022	1,324	219	1,553	2,795	5,891
Accumulated depreciation					
As at 1 April 2021	1,039	182	1,368	2,067	4,656
Charge for the year	132	25	137	1,397	1,691
Disposals	-	-	-	(669)	(669)
At 31 March 2022	1,171	207	1,505	2,795	5,678
Net book value					
At 31 March 2021	285	19	21	-	325
At 31 March 2022	153	12	48	-	213
Held by parent charity	153	-	44	-	197
Held by subsidiaries	-	12	4	-	15

8. Fixed asset (continued)

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2021	72	72
As at 31 March 2022	72	72
Accumulated depreciation		
As at 1 April 2021	36	36
Charge for the year	18	18
As at 31 March 2022	54	54
Net book value		
As at 31 March 2021	36	36
As at 31 March 2022	18	18

Intangible assets are all held by parent charity.

9. Investments

	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Market value at the beginning of the year	-	2,892	-	2,892
Market value at 31 March 2022	-	2,892	-	2,892

Investments held by the charity at 31 March 2022 comprise £2 held in VSO Trading Limited, £953,000 held in Voluntary Service Overseas (Ireland) Limited and £1,939,000 held in Voluntary Service Overseas (Netherlands).

VSO Trading Limited, Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost; other subsidiaries have nil value (see note 17).

10. Debtors

	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Trade debtors	2,578	2,263	2,114	1,796
Amounts due from VSO Ireland	-	54	-	47
Amounts due from VSO Netherlands	-	-	-	-
Amounts due from VSO USA	-	656	-	466
Other debtors	668	650	849	1,146
Accrued income	2,795	2,778	2,691	2,631
Prepayments	731	646	662	743
Total	6,772	7,047	6,316	6,829

All amounts above are due within one year, with the exception of £4,000 relating to non-current prepayments (2021: £2,000), and £40,000 relating to lease deposits (2021: £58,000).

Legacies of which we have been notified, but not recognised as income, are valued at £175,000 (2021: £92,000).

11. Creditors

a. Amounts falling due within one year	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Trade creditors	780	778	481	480
Amounts due to VSO Netherlands	-	181	-	17
Other creditors	769	536	890	853
Pension contributions payable	92	74	14	8
Tax and social security	151	149	386	389
Accrued expenditure	870	854	1,206	1,189
Deferred income	159	159	478	453
Accrual for compensated employee leave	491	393	607	505
Total	3,312	3,124	4,062	3,894

Income is deferred when it is received ahead of income recognition criteria being met.

b. Movement on deferred income during the year	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Balance brought forward	478	453	656	656
Released to income	(319)	(294)	(203)	(203)
Received in year	-	-	25	-
Balance carried forward	159	159	478	453

c. Amounts falling due after one year	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Other creditors	370	370	399	399
Total	370	370	399	399

No interest is incurred on any of the above creditors.

12. Provisions for liabilities – group and charity

	As at 1 April 2021 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2022 £'000
Overseas tax	744	-	(193)	(157)	394
Volunteer flights	11	8	-	-	19
Dilapidations	286	116	-	-	402
Pension deficit	2,286	-	(578)	(1,141)	567
Total	3,327	124	(771)	(1,298)	1,382

Overseas tax

A liability across VSO's global portfolio has been identified in relation to overseas taxes. This has been provided for and is being managed with relevant authorities and expert services.

Volunteer flights

Provision is made in the financial statements for the cost to the charity of return airfares for volunteers on placement at the end of the financial year.

Dilapidations

The provision for dilapidations is to cover the probable future costs of restoring properties to their required condition at the end of their lease.

Pension deficit

VSO participates in the Pensions Trust Growth Plan, a multi-employer defined benefit scheme in the UK. The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure the scheme has sufficient assets to meet its past service liabilities.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid £579,000 (2021: £562,000) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

13. Restricted funds

a. Movement on restricted funds		Opening balance	Incoming resources	Resources expended*	Closing balance	Opening balance	Incoming resources	Resources expended	Closing balance
		2022 £'000	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000
Volunteering for Development	FCDO	(56)	8,928	(8,872)	-	(101)	11,508	(11,463)	(56)
Unlocking Talent Primary Education	KFW	534	3,619	(4,153)	-	207	2,350	(2,023)	534
Building Learning Foundations	FCDO	5	3,074	(3,079)	-	5	2,633	(2,633)	5
Empowering a New Generation of Adolescent Girls	FCDO	(3)	1,201	(1,197)	1	(63)	963	(903)	(3)
Empowering Adolescent Girls to Learn and Earn	Global Affairs Canada	474	886	(843)	517	251	855	(632)	474
Education for Life	FCDO	96	773	(797)	72	84	590	(578)	96
Learning through Play	Lego Foundation	155	716	(415)	456	-	155	-	155
Inclusive Education in Baglung	Hempel Foundation	18	586	(205)	399	31	-	(13)	18
Challenge Fund for Youth Entrepreneurship	Dutch MOFA	55	553	(649)	(41)	71	288	(304)	55
Enhancing Youth Entrepreneurship and Employment	Standard Chartered	-	411	(236)	175	-	-	-	-
Preventing Gender Based Violence	UNFPA	-	373	(344)	29	-	-	-	-
Emergency Operation Centers -Polio Project	Bill & Melinda Gates Foundation	-	333	(333)	-	-	-	-	-
Integrated Peace, Safety, Security and Justice (SHAHAJ)	FCDO	103	305	(408)	-	174	1,220	(1,291)	103
Unlocking Talent	Hempel Foundation	206	300	(505)	1	-	321	(115)	206
Promoting Inclusive Resilience and Accountability through Youth Association Strengthening	European Commission	221	275	(276)	220	334	-	(113)	221
Strategic Opportunities Fund 2	Aidsfonds	75	217	(294)	(2)	-	162	(87)	75
All Pupils Learning for Ultimate Success	UNICEF	-	212	(212)	-	-	-	-	-
Strengthening Civil Society for Resilient and Inclusive Education Governance in Nepal	European Commission	175	205	(92)	288	-	177	(2)	175
Youth Empowerment and Employment Project	Randstad	17	204	(221)	-	-	56	(39)	17
Voice of Youth	European Commission	12	181	(182)	11	199	-	(187)	12
Other Grants	Various donors	6,149	3,014	*(7,551)	1,612	2,852	14,160	(10,863)	6,149
Total restricted funds		8,236	26,366	*(30,864)	3,738	4,044	35,438	(31,246)	8,236

*includes £112k transfer from restricted to unrestricted funds.

The presentation of restricted funds has changed during 2022 from country to significant grant which more accurately reflects the organisational structure and decision-making processes. The top twenty grants for 2021/22 and their prior year comparators are shown.

The closing balance of the restricted funds comprises the unexpended balances of donations and grants held for specific purposes. It is anticipated that any surpluses on funds will be expended during the coming financial year.

13. Restricted funds (continued)

b. Movement on contracted funds	Opening balance	Incoming resources	Resources expended	Transfer of funds	Closing balance	Opening balance	Incoming resources	Resources expended	Transfer of funds	Closing balance
	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000	2021 £'000
International Citizen Service (ICS)	-	-	-	-	-	500	5,647	(5,417)	(730)	-

Income and expenditure relating to the above contract is recorded under the unrestricted column on the Consolidated Statement of Financial Activities. The International Citizen Service contract ended in February 2021.

14. Unrestricted funds

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Total £'000
As at 1 April 2020	13,657	(2,708)	868	500	556	2,315	15,188
Surplus / (deficit) for the year	(1,761)	422	(346)	230	-	(332)	(1,787)
Transfer between funds	925	-	-	(730)	(195)	-	-
As at 31 March 2021	12,821	(2,286)	522	-	361	1,983	13,401
Surplus / (deficit) for the year	(602)	1,140	(157)	-	-	(340)	41
Transfer from restricted	112	-	-	-	-	-	112
Transfer between funds	(449)	579	-	-	(130)	-	-
At 31 March 2022	11,882	(567)	365	-	231	1,643	13,554

Designated funds:

Pension deficit repayment plan fund

The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 19).

Change Programme fund

The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country. The balance is carried forward to fund the ongoing programme of transformational change.

ICS fund

As the ICS contract was concluded during 2021, all remaining costs of the contract, including redundancy costs of employees, were expended during the year. No further fund balance has been designated.

Fixed asset fund

Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Income generation fund

In March 2019, the trustees designated a £3.0m fund to support unrestricted income growth and income portfolio diversification over the next three years. The priorities and programmes for this fund continue to be revised based on returns and the investment timeframe has been extended.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2021 were represented by:							
Tangible fixed assets	-	-	-	361	-	-	361
Current assets	18,318	-	522	-	1,983	8,241	29,064
Current liabilities	(4,057)	-	-	-	-	(5)	(4,062)
Long term liabilities and provisional	(1,440)	(2,286)	-	-	-	-	(3,726)
Total net assets	12,821	(2,286)	522	361	1,983	8,236	21,637

	General fund £'000	Pension Deficit Repayment Plan £'000	Change programme £'000	Fixed assets £'000	Income generation £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2022 are represented by:							
Tangible fixed assets	-	-	-	231	-	-	231
Current assets	16,366	-	365	-	1,643	3,751	22,125
Current liabilities	(3,299)	-	-	-	-	(13)	(3,312)
Long term liabilities and provisional	(1,185)	(567)	-	-	-	-	(1,752)
Total net assets	11,882	(567)	365	231	1,643	3,738	17,292

16. Operating leases

As at 31 March 2022 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below.

	2022 £'000	2021 £'000
In the UK:		
Within one year	536	536
Within two to five years	48	582
Overseas:		
Within one year	158	204
Within two to five years	64	169
In more than five years	-	31
Total	806	1,522
Lease expense	905	1,208

16. Operating leases (continued)

As at 31 March 2022 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2022 £'000	2021 £'000
In the UK		
Within one year	71	71
Within two to five years	9	80
In more than five years	-	-
Total	80	151

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building which is due to end May 2023.

17. Subsidiary companies

	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000	VSO Ireland 2021 £'000	VSO Netherlands 2021 £'000	VSO USA 2021 £'000
Total income	319	3,058	1	341	4,174	111
Total expenditure	294	3,594	192	421	3,120	389
Net income / (expenditure)	25	(536)	(191)	(80)	1,054	(278)
Retained profit / (loss) for the year	-	-	-	(80)	1,054	(278)
Total assets	935	2,620	26	892	2,986	31
Total liabilities	72	347	658	59	167	472
Total funds	863	2,273	(632)	833	2,819	(441)

As at 31st March 2022, the VSO Group comprises the parent charity (VSO), three active subsidiary undertakings and one dormant subsidiary undertaking. A further subsidiary Beijing VSO Consultancy Company Limited ceased to be in existence during the 2020/21 financial year.

Voluntary Service Overseas (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799. Registered address: Ten Earlsfort Terrace, Dublin 2, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

The principal activity of the subsidiary is to advance education and to aid in the relief of poverty in any part of the world; they do this by supporting programmes that deliver sustainable change in VSO's three thematic practice areas: Inclusive Education, Health and Resilient Livelihoods.

Voluntary Services Overseas (VSO Netherlands)

A charitable foundation Stichting VSO Nederland; registration number 41155934. Registered address; Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company is a wholly owned subsidiary and was acquired on 1 April 2019.

Voluntary Service Overseas USA, Inc.

A US corporation with US 501 (c) (iii) status; registered in the state of Delaware; registration number 82-4699627. Registered address: 700 K Street NW, Suite 4-143, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018.

17. Subsidiary companies (continued)

VSO Trading Limited

A company limited by share capital incorporated in England and Wales (company number 02315724, 100 London Road, Kingston upon Thames, KT2). VSO Trading Limited is wholly owned by VSO.

The principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO. The net taxable profit of the subsidiary is transferred by Gift Aid to VSO. In 2021, this company was made dormant, as this type of activity is not planned for the foreseeable future.

Beijing VSO Consulting Company Limited

A decision was taken in 2014/15 to wind down Beijing VSO Consulting Company Limited which was completed in financial year 2020/2021.

This was a company limited by share capital incorporated in People's Republic of China in June 2012 (company number 110000450208624 and registered address Chao Wai Avenue, Building 1, 5th Floor, Room 62, Chaoyang District, Beijing).

The registered capital of the company was initially valued at US\$210,000. The investment held by VSO in Beijing VSO Consulting Company Limited was recorded as impaired in prior years and based on its future expected value was written down to US\$ nil in financial year 2015/16.

18. Related party transactions

There have been no related party transactions that require disclosure, other than the transactions with subsidiary companies detailed below:

	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000	VSO Ireland 2021 £'000	VSO Netherlands 2021 £'000	VSO USA 2021 £'000
Payments received for services	55	-	-	35	-	-
Sub-grants paid to	-	140	190	-	60	131
Sub-grants received from	-	758	-	216	486	-

19. Pension costs

The primary scheme for the charity's UK employees is a Scottish Widows defined contribution scheme. Auto-enrolment has been available for all eligible UK employees since February 2014. A variety of other suppliers provide schemes for staff based in the rest of the world.

The following table shows the impact to the consolidated statements of financial activities in 2022 and 2021.

	2022 £'000	2021 £'000
Contributions to defined contribution schemes	816	867
Contributions to defined benefit scheme - The Pension Trust	31	96
The Pension Trust – deficit reduction liability: unwinding of discounting	13	62
The Pension Trust – deficit reduction liability: impact of any change in assumptions	(13)	78
The Pension Trust – deficit reduction liability: amendments to the contribution schedule	(1,141)	-
Total	(294)	1,103

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 638 non-associated participating employers. The Plan is a defined benefit scheme in the UK which has been closed to new VSO entrants since October 2009.

19. Pension costs (continued)

As at 31 March 2022, VSO employed 8 (2021: 10) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme, so it is treated as a defined contribution scheme.

The Plan is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

The rules of the Plan give the trustees the power to require employers to pay additional contributions to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as technical provisions.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the trustee has asked the participating employers to continue paying contributions to the scheme until 31 January 2025. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement, the employer must recognise a liability for this obligation.

Future contributions for VSO as at 31 March 2022 are as follows:

Financial Year	£'000
2022/23	206
2023/24	206
2024/25	172

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed below. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2022 £'000	2021 £'000	2020 £'000
Present value of provision	566	2,286	2,708

19. Pension costs (continued)

Reconciliation of opening and closing provisions	2022 £'000	2021 £'000
Provision at start of period	2,286	2,708
Unwinding of the discount factor (interest expense)	13	62
Deficit contribution paid	(579)	(562)
Remeasurements – impact of any change in assumptions	(13)	78
Remeasurements – amendments to the contribution schedule	(1,141)	-
Provision at end of period	566	2,286

Income and expenditure impact of defined benefit scheme	2022 £'000	2021 £'000
Interest expense	13	62
Remeasurements – impact of any change in assumptions	(13)	78
Remeasurements – amendments to the contribution schedule	(1,141)	-
Cost recognised in the SOFA	(1,141)	140

Assumptions

	2022 % per annum	2021 % per annum	2020 % per annum
Rate of discount	2.35	0.66	2.53

These discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Plan is classified as a 'last-man standing arrangement', so VSO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme although participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Thank you

Our work wouldn't be possible without the dedication and support of thousands of people, partners and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising.

From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work – and all those who generously choose to leave a gift in their Will.

The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you.

Here are just some of the individuals and organisations who made a vital contribution to our work in 2021/22.

African Union
AmplifyChange
Amplio
ARM
Avert
British Council
Citi Group
Civil Society and Indigenous People's Mechanism of the Committee on World food security
Dubai Cares
Education Cannot Wait
Education Consortium
Education Development Trust
European Commission
ERIKS
Foreign, Commonwealth & Development Office
Global Affairs Canada
Global Campaign for Education
Global Partnership for Education
Greg Dyke and Sue Howes
GSRD Foundation
Hempel Foundation
Imagine Worldwide
Institute of Development Studies (IDS)
International Civil Society Centre (ICSC)
International Forum for Volunteering in Development
Irish Aid
Jersey Overseas Aid
KfW
Lego Foundation
London School of Economics
Mastercard Foundation

Medicor Foundation
MESH Guides (Education Future Collaboration)
Ministry of Foreign Affairs of The Netherlands
NHS Lewisham and Greenwich Trust
Nyagatare Hospital in Rwanda
Onebillion
Pan African Climate Justice Alliance (PACJA)
Population Services Kenya
Randstad
Robert Carr Civil Society Networks Fund
Royal Norwegian Embassy
Scottish Government
Southern Africa Network of Prisons (SANOP)
Standard Chartered Foundation
Tackle Africa
The Bill & Melinda Gates Foundation
The British Asian Trust
UNESCO
UNFPA
UNICEF
United Nation Girls Education Initiative (UNGEI)
UNOCHA
UN Trust Fund
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University of Northumbria
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Wees een Kans
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WHO

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