



# Annual review

2019/20



# Contents

## **Strategic report**

Foreword	2
Our year in numbers	4
2030: The road to a fairer world	6
Our vision and values	12
Doing development differently	14
Sustainability and resilience in a changing world	22
Achieving policy change	27
Modelling best practice in volunteering	30

## **Financial review**

Income	36
Expenditure	39
Reserves	41

## **Trustees' duties**

43

## **Principal risks and uncertainties**

45

## **Governance**

Structure, governance and management	50
Environmental impact assessment	58
Reference and administrative details	60
Statement of Trustees' responsibilities	61

## **Financial statements**

Independent auditor's report	62
Consolidated statement of financial activities	65
Balance sheet	66
Consolidated cash flow statement	67
Notes to the accounts	68

## **Thank you**

87

# Foreword

Volunteering is an essential tool in the struggle to end global poverty and inequality, so this year VSO asked one of its community volunteers, James Lansana, to introduce this annual review. Here he shares his own experiences as one of 1,836 VSO community volunteers helping build a fair world for everyone.

We are used to disasters in my community. If you look at the geography of Bo district, Sierra Leone, you will see it's almost surrounded by rivers. So, it's prone to disasters like flooding, and the risks have been increasing as people cut down the trees for charcoal or logging. What makes it worse is that most people here are illiterate and poorly educated on disaster issues. Until I was trained by VSO, they didn't have the ideas to help them to prepare and stay safe.

Since I was trained by VSO in disaster risk reduction (DRR) in 2018 I have been meeting with the local authorities and formed a DRR club with youths in the community who were interested to learn. We use skits and songs to sensitise people, especially the most marginalised like people with disabilities. Young people are among the most vulnerable here, but they also love to learn and share what they've learned with others, so by targeting them my impact becomes greater.

People in this community are now more aware. They're following our education. People now look at me as a community champion. They even gave me an award. They look to me, they trust me, because of the training I have had. Initially, I was just a community member like them, but now I am highly respected.

In March, we had the opportunity for more training with VSO, this time on mitigating the risks of COVID-19. This was before Sierra Leone had even had its first confirmed case of coronavirus. Once I returned to Bo and shared what I'd learned, people were ready to listen.

Most of the communities I'm travelling to are 10 to 15 miles from the nearest road. You can't reach these places by car, so even the government will not go there. I have been travelling there, demonstrating hand washing, telling people to wear face masks, to use social distancing measures.

COVID-19 is just another risk for us to understand and adapt to, just like flooding in Bo. Disasters and shocks are becoming more common, and they hurt the poorest people worst of all. We need to make sure the most vulnerable people have the information and preparation they need to stay safe.

I am proud to be a volunteer and to play my part in creating a fair world for everyone.



**James Lansana**  
Community Volunteer



# Our year in numbers



**4,158**

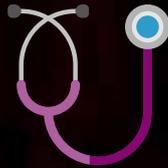
people volunteered with VSO  
in **20** countries



VSO reached more than  
**4.5 million**  
people, including:



over **2.8 million**  
through our education programmes



nearly **785,000**  
through our health programmes



over **120,000**  
through our resilient livelihoods  
programme



and over **796,000**  
through our resilience, inclusion and  
social accountability programmes



# 2030: The road to a fairer world

The year 2020 is a vital landmark on the road towards the Sustainable Development Goals (SDGs). The UN has called for a decade of action to deliver the SDGs before the 2030 deadline. The 17 goals are ambitious – and that's before we take into account the massive additional challenges that have been posed by the COVID-19 pandemic. Towards the end of this year, the coronavirus outbreak began to put huge pressure on fragile health, governance and economic systems around the world.

Now the UN is warning that the current level of action is not at sufficient scale to meet the SDGs. It says "ambitious action" is needed if the goals are to be delivered on time.

That means that the next ten years must be a decade of delivery; a period when the world redoubles its efforts. VSO's unique volunteering for development approach can add a great deal of value in this context. Its unique ability to build relationships and inspire action in local communities is essential in strengthening health, education and livelihood systems, while also controlling the impacts of COVID-19.



# Going to scale

**Over the last 60 years, VSO has worked in over 90 countries with more than 80,000 volunteers and reached over 50 million people.**

We couldn't be prouder of these numbers. Behind each statistic is a story of resilience, determination and humanity. But now heading for a new horizon and scaling up VSO's impact like never before.

In 2019, we set ourselves the objective of reaching an additional 5 million people a year by 2021. To do this, we'll draw on the knowledge and experience we've gathered over six decades to develop the quality and scale of our programming. We'll drive the adoption of our volunteering for development approach to deliver systemic change across sectors and societies.

By replicating and growing our best work and focusing on where we can add value through our Volunteering for Development approach, we have exceeded our expectations and are close to meeting that target in the first year of the plan. VSO has been able to reach more people over the past year than ever before and over the next four years we hope to reach another 16 million more.

We updated our values to help focus our mindset internally, as well as to articulate VSO's modern-day identity, attracting partnerships with like-minded people and organisations that share these values. We invested in our practice areas of health, education and livelihoods, allowing for better strategic oversight and accelerated growth in our global portfolio. Innovation at VSO is now about scaling our work – doing what we know works well, in many more places.

To support this move to scale, we are organising ourselves around a global programme implementation team to ensure quality and consistency. Focusing our technical, programme and business support teams on implementation enables clear prioritisation of work and demonstrates value for money to our donors.

We're in a stronger position than ever to create a fair world for everyone.

## **Building Learning Foundations: Delivering at scale**

There's already compelling evidence of the power of volunteering for development when taken to scale. Our Building Learning Foundations (BLF) programme is currently operating in every government-funded primary school in all 30 districts of Rwanda. The project has improved teaching for 1.8 million children, including those with disabilities and learning difficulties.

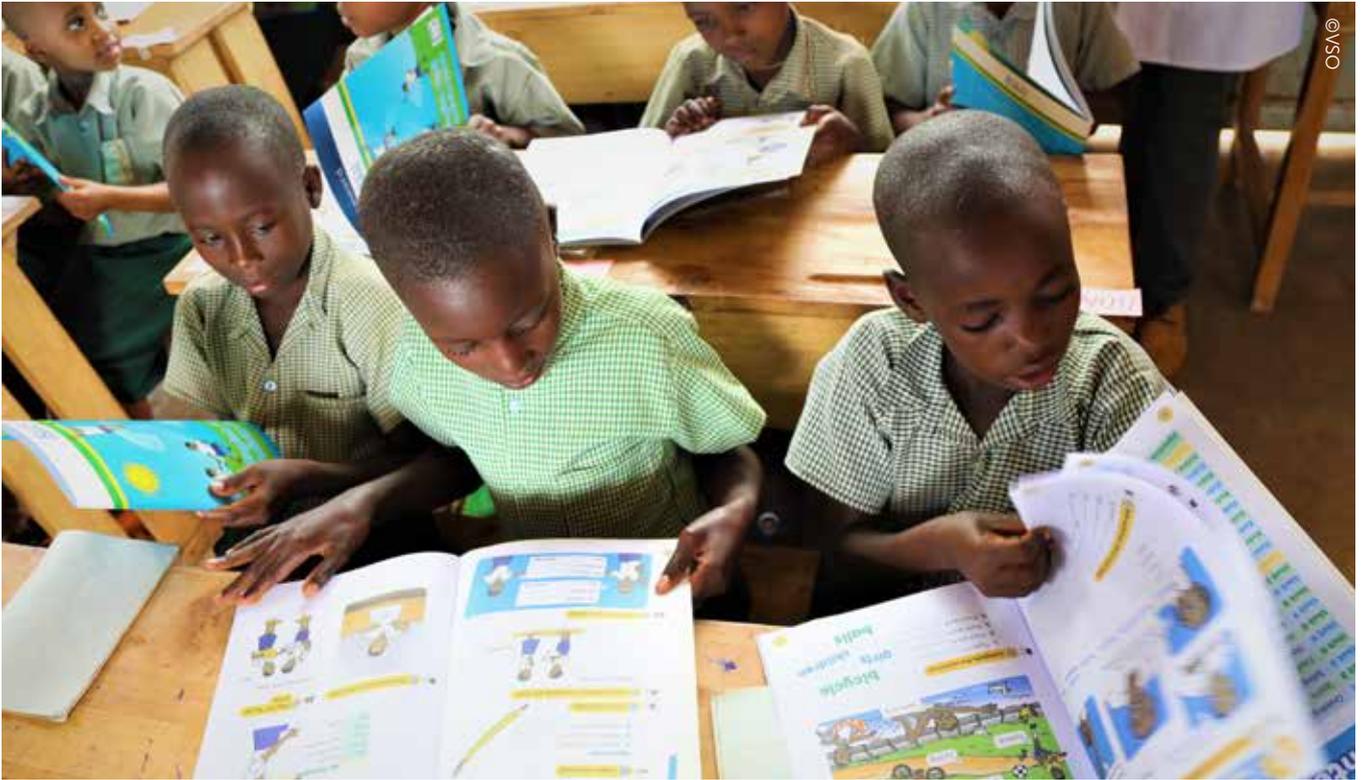
"Before, I wasn't interested in using teaching aids as I thought that children were able to easily understand my lessons," says maths teacher Seraphin. "However, after joining the Building Learning Foundations project, I realised I was wrong".

Now Seraphin uses teaching materials that help to make lessons clearer. An education volunteer visits him once a month to accompany and mentor him as he develops his teaching practise. Seraphin cites these one-to-one meetings and the constructive feedback following lesson observation as the two things that have helped him improve most.

"I have opened my mind and I am more reflective in my lesson delivery. This has allowed me to change the way I teach. I am also making my own essential classroom materials. Now, my pupils always seem interested in my lessons."

Since the 1994 genocide against the Tutsi, Rwanda has been through a period of growth and rapid transformation. This led to a sharp decline in poverty. However, 39% of Rwandans are still living in poverty, and education is a powerful tool for people to improve their own lives.

The Building Learning Foundations programme helps strengthen teacher development, school leadership and governance. It builds inclusive and impactful education for Rwandan children, no matter who they are, where they come from or what support they need.



Many teachers in Rwanda lack adequate training. National volunteers, mentored by international volunteer teaching advisers, are improving the skills of local teachers.

About 5% of Rwandan people are living with disabilities and are often highly stigmatised and marginalised as a result. The Building Learning Foundations programme has a strong focus on reaching children with disabilities as well as those with learning difficulties and other factors that act as a barrier to thriving in school. Expert VSO volunteers have developed an inclusive education guide for teachers, equipping them with the tools and understanding they need to identify and meet the needs of children with disabilities or special educational needs. English and maths toolkits also help promote inclusive thinking and action as part of teachers' daily practice.

It's working. English proficiency levels have almost doubled among third grade students - up from 16% to 28% so far. Teachers are now much more likely to praise and encourage learners.

All this requires coordination on an enormous scale. Every school has a structured support visit from an expert volunteer each month. Each district has a team of volunteers who meet weekly to plan, review, reflect and adapt their approaches. Then, districts meet in groups of three to further scale-up good practice and share learning throughout the country. The project is designed so that lessons learned on the ground are passed on proactively, allowing best practice to be replicated and scaled quickly. Importantly, the Volunteering for Development methodology ensures that teachers and head teachers are supported in their place of work. This means our support is based on a firm understanding of the local context, on the daily challenges that teachers face, day in, day out and those teachers can immediately apply their learning with their pupils. Teachers and head teachers are encouraged to support each other through learning networks that build local capacity and sustainability.

The goal of the Building Learning Foundations programme in Rwanda is to reach 4.2 million children and 42,000 teachers in 2,600 schools by March 2023. We are well on the way. Beyond that, we are building on this experience to deliver inclusive education for children all over the world – developing low-cost, accessible resources; investing in teachers and making sure that no child is left behind.

**30,000**  
**teachers have received**  
**mentoring from 200**  
**Rwandan volunteers**





## Unlocking Talent in Malawi

Chisomo, pictured left, is a student in rural Lilongwe, Malawi. With huge classroom sizes of up to 140 students, he was falling behind at school.

“Chisomo struggled to follow lessons. Because of his struggles with learning, he repeated the same grade twice,” says his mother, Shackra.

With the introduction of the Unlocking Talent project in Malawi, Chisomo started to use a tablet computer loaded with child-focused learning software. He is now learning essential literacy and numeracy skills, in his own local dialect.

The software, developed by VSO’s partner onebillion, gives children instant feedback, which helps slower learners catch up with their peers. Teachers can instantly see which students need extra support. The tablets are solar-powered, and VSO volunteers are training teachers to guide and monitor pupil progress using the technology.

“Ever since I started to learn using tablets, I have learned to write, read and draw,” says Chisomo. His mother has seen a marked difference in her son, too. “I have noticed that Chisomo now really loves going to school. He is no longer missing days and is full of joy when he comes home from school.”

More than 150,000 children have already used the tablets to work through a structured course made up of thousands of engaging activities, games, and stories. But that’s barely the beginning for this ambitious programme. VSO and its partners are aiming to roll it out across all of Malawi’s 5,300 primary schools’.

Unlocking Talent is already changing the lives of children in Malawi. Research shows that reading scores in schools using the tablets are twice as high as those in other schools. It’s also won international recognition. In May 2019, the technology behind the project was recognised by the \$10 million Global Learning XPRIZE, a competition to solve humanity’s greatest challenges. In further evidence of our ambition for the programme, pilots were also undertaken during the year to evidence the potential of Unlocking Talent in other settings, including with Dzaleka refugee camp near Lilongwe, and in Ethiopia’s remote Afar region.

## 40,000 active young citizens: A decade of International Citizen Service

International Citizen Service (ICS) is an international youth volunteering programme led by VSO and funded by the UK Government. It builds sustainable development in some of the world's poorest communities whilst improving the skills, knowledge and personal development of each youth volunteer.

The programme is now in its tenth year and has enabled 40,000 young people to contribute to sustainable development programmes, volunteering to deliver results for communities across Africa and Asia.

**“The volunteers have taught us how to solve our own needs, priorities and development. International Citizen Service has taught the community something very important: how to use its own initiative.”**

**District Engineer, Nyinahin, Ghana**

Having joined the ICS programme, young people have formed a series of National Youth Engagement Networks that bring youth together to foster their own initiatives for sustainable change. In 2019, through the network in Bangladesh, young people campaigned against early child marriage and better menstrual health management for schoolgirls. Since this campaign, girls' school attendance increased, since fewer missed school during their period.

In Tanzania last year, more than 2,000 young people came together to raise awareness of the need for greater inclusion for those living with disabilities. Sixty-six people with disabilities contributed to the campaign, with activities including speaking to media outlets, social media campaigns and physical forums to draw attention to the rights of people with disabilities, and the challenges experienced by those in this group.

An independent analysis commissioned by VSO in 2019 demonstrated the value of the ICS programme to the UK economy. It found that for every £1 spent on ICS programming, £4.64 is generated in social value, through the skills developed by young volunteers through the programme, as they work across cultures, and in new contexts. What's more, each UK volunteer

delivers an 'Action at Home' project upon their return, benefiting their home community further.

Evaluation findings showed volunteers end their placements with greater understanding of poverty, inequality and development, and the role that young people can play in tackling these issues.

The ICS programme mixes young UK and national volunteers, which gives UK volunteers a much broader cross-cultural social circle and greater connection to the countries where the programme is operating. The programme has been lauded for its impacts on poor and marginalised communities, for its fostering of active citizenship, as well as for the personal development impacts on young volunteers themselves. The programme has a strong track record and commitment to diversity, with 30% of UK applications from BAME individuals, and 37% representing young people from lower socio-economic backgrounds.

ICS volunteers are particularly good at forming relationships with children and youth, who in turn are more likely to become agents of change in their communities as a result of their time with ICS volunteers. This is the true meaning of active citizenship.



**The ICS volunteers huddled together here worked in a small village in Morogoro, Tanzania, helping local businesses to thrive.**

Our vision

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**A fair  
world for  
everyone**

Our purpose

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**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

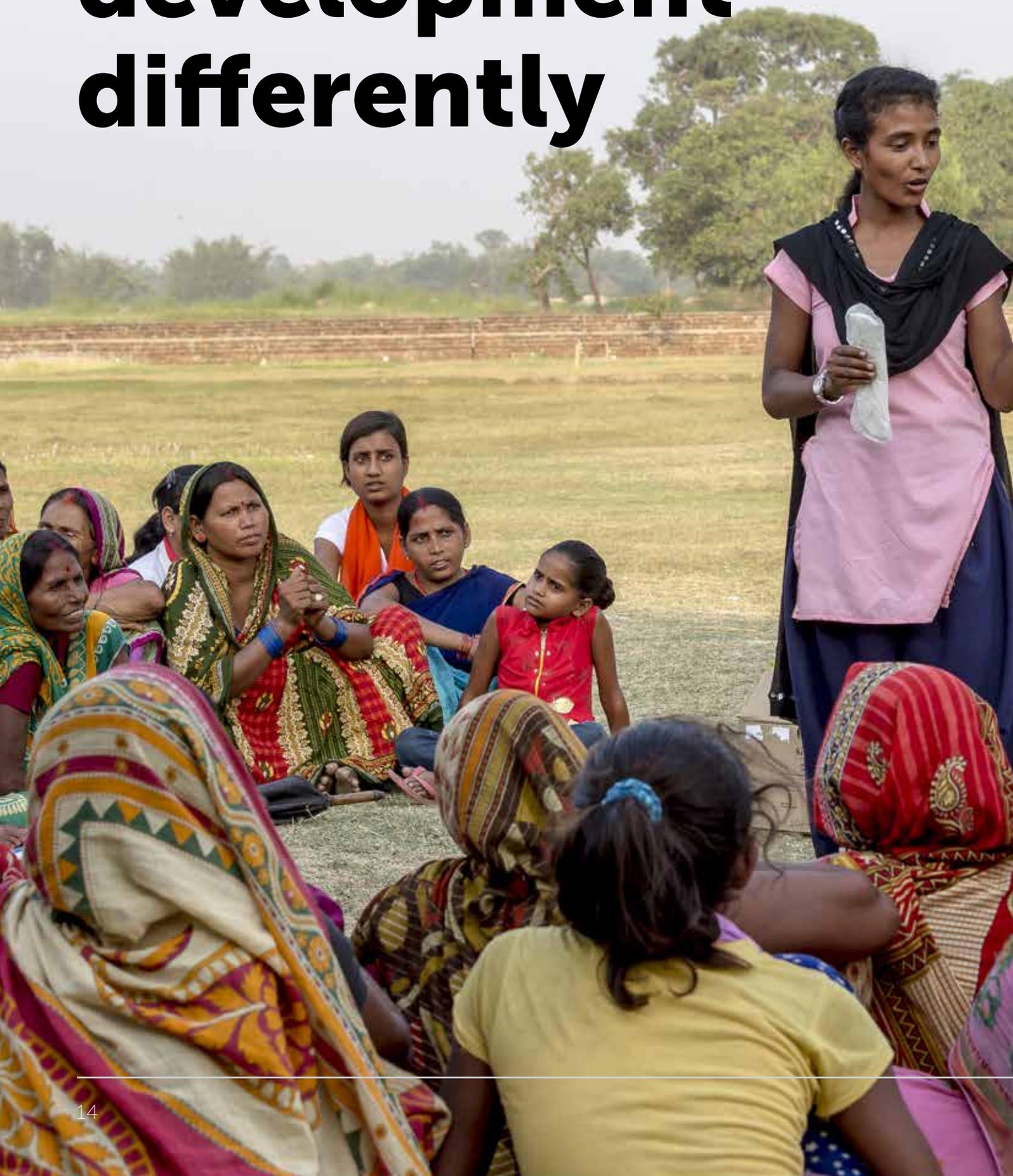
# Inclusion

- 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



**VSO's volunteering model of development puts the most marginalised people first. It's an approach that helps every person involved drive the change they want to see, whether it be better education, improved healthcare, or sustainable jobs. It changes policy and practice at local, national and global levels. And in doing so, it creates the systemic shifts needed to build a fair world for everyone.**



# Putting people at the heart of development

We know that people in developing countries have the power, courage and desire to help themselves. That's why the volunteering for development approach puts the most marginalised people first.

We focus on those who are traditionally left out in society – for example, people who are poor, living with disabilities, ill, female, young, living with HIV, or incarcerated.

These people are not passive recipients of aid, so we don't call them "beneficiaries". They are the primary actors at the heart of our development approach. They are closely involved in every aspect of our programme design and delivery, leading the change, guaranteeing the results benefit the people who need it most.

## What do we mean by primary actors?

Primary actors are the people and communities that we work with. They are the ones engaging in projects, helping us 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 lead the design and delivery of programmes. 'Actors', because they are active agents. VSO doesn't do development to communities, it works with them.



©VSO/Maheder Hallelassefie

Abrehet Assefa, second from right, lost her first baby to a difficult labour. In Ethiopia, VSO is helping women like Abrehet access the healthcare they deserve.



## Encouraging enterprise in Tanzania

“When I started, people had doubts if I had the skills to make wine. Some people in my culture think women should just stay at home and cook so it can be harder for women starting out in business.”

Chany Henry, pictured above is a 27-year-old winemaker from Tanzania. Chany got business support through VSO’s Tanzania Local Enterprise Development (T-LED) project when she set up her own wine shop. VSO volunteers supported Chany to achieve her business goals, training her in record-keeping and encouraging her to improve her packaging, in order to attract more customers to her hibiscus wine.

“The training with VSO gave me the confidence to try new things and expand my business.”

Results shows 76% of the female entrepreneurs who’ve taken part in the T-LED programme say it has improved their negotiation and networking skills. Over 93% say they now feel more assertive about taking on leadership roles and making business decisions.

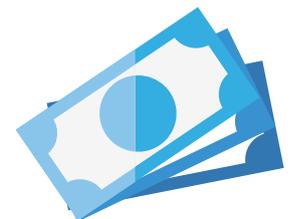
Since the training, Chany has seen her customer base grow and an increase in income. Chany now mentors another winemaker in her area, sharing what she learnt from VSO training. Eventually she wants to

put a portion of her profits towards improving her local school with new buildings and teaching materials.

Tanzania has one of the largest youth populations in the world, with almost half of Tanzanians aged under 25. VSO volunteers are working with these young people to navigate a challenging environment by building their own businesses and creating jobs.

Difficulty accessing capital, business networks and professional advice are some of the issues that hold back young entrepreneurs, especially women. The T-LED project has established three centres across Tanzania which provide market-driven and gender-responsive business development and financial services. This advice comes from a network of national and international volunteers, able to share a wide range of business and technical skills.

**Participants’  
incomes have risen  
by an average of  
65%**



By the end of the five-year programme, the project will have created an estimated 2,500 jobs, with support given to at least 1,300 businesses.

## Peer education in prisons across Southern Africa

Arthur is a 39-year-old father of three and lives in Harare, Zimbabwe. Having been in and out of prison three times, Arthur was losing direction and struggled to cope after learning he was HIV positive.

Arthur committed to volunteering and trained as a VSO peer educator whilst in prison, where he quickly learnt what it really meant to be HIV positive, and how he could educate others around him. He attended VSO trainings around HIV and sexual health, as well as psychosocial support to cope with the double stigma of being both an inmate and living with HIV. This, coupled with skills to improve communication and decision-making, helped him adjust to life outside prison.

"I learnt about the importance of adherence to medication and the importance of acceptance and disclosure."

Arthur now speaks out in his local community to end myths surrounding HIV. It's the sustained effort from committed individuals like Arthur that creates strong, resilient communities, long into the future.

"As a peer educator, I've encouraged others to accept and disclose their status so they can live a happy and healthy life"



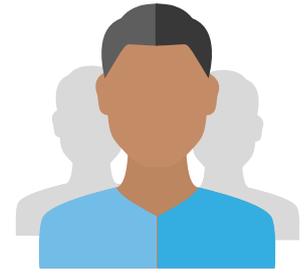
Community volunteers like Arthur are at the heart of our development model.

“Being HIV positive does not mean the end of life. It’s a condition that is manageable. I have left the life of crime and I can now take care of my family and buy medication for myself.”

“I’ve learnt that I can still earn a living just like anyone who is not HIV positive. There’s no stigma against myself or anyone who is HIV positive. This is because I disclosed my status and I’m able to talk freely about my status with anyone and I’m helping others to do the same.”

# 1,782

**volunteers trained  
as peer educators  
across 35 prisons**



©VSO/Peter Caton

# The impact of volunteering

Volunteers build strong relationships and trust because they work with and alongside the communities they serve. They're there to engage with communities. They don't do hand-outs. Instead, they support people to better understand their challenges and opportunities.

Action research (Valuing Volunteering, 2015) into VSO's work in Africa and Asia has demonstrated that volunteers help communities become more inclusive, create more innovation, and generate more social action, all through the strength of the relationships that volunteers build.

VSO's volunteering for development approach brings together volunteers with local partners and communities. At its best, volunteering is about connection, and a network of connected volunteers is a powerful thing.

Most VSO volunteers work in their country of birth. Speaking local languages, understanding the economic, environmental, societal, and cultural issues, local volunteers have an intimate knowledge of what works in their own communities – and what does not. Their commitment to their communities and on-the-ground working locations allow them to continue working even when travel restrictions limit the ability of traditional aid programmes to reach the most isolated and marginalised.

Other VSO volunteers bring a mix of perspectives, expertise and ideas from a wealth of different countries, backgrounds and experiences. Each has its own advantages, and each contributes to addressing the unique needs of each community, project or individual.



An all-Deaf team of UK and Kenyan volunteers have been working to tackle disability stigma around deafness in Nandi county, Kenya. They've been supporting parents to learn Kenyan sign language so they can communicate with their Deaf children.

# Inclusion, resilience and social accountability

All our programmes address the root causes of poverty by focusing on three areas that reliably tackle the structures, systems and conditions that keep people in poverty.

## Social inclusion and gender

Around the world, millions of people are discriminated against because of who they are. This may be based on their gender, age, disability, cultural background, sexual orientation, and many other factors. We aim to understand and address the systemic causes of this discrimination.

## Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. This can be especially damaging on those communities that are already marginalised. Our goal is to help communities prepare and adapt to disasters, as well as reducing their vulnerability to shocks and stresses.

## Social accountability

Millions of the poorest people around the world are denied basic rights and entitlements that are guaranteed in law. Yet corruption, fear and power dynamics can stop people from speaking up and demanding what they deserve. VSO is committed to giving people a voice, no matter who they are or where they are from, as well as helping authorities better respond to that voice.



©VSO/Peter Caton

Susan Sesay, 36, with her four-month-old son Joseph. Susan lost three of her four older children to disease. When she became pregnant with Joseph, Susan was able to receive an ultrasound by a VSO-trained midwife, Elizabeth Davies.



# Sustainability and resilience in a changing world

The world faces shocks and stresses of increasing frequency and magnitude, due to global pressures such as climate change, economic crises and political instability. These challenges are multifaceted and intertwined – continued climate change, for example, is likely to cause major economic disruption. This means that the needs of the most vulnerable communities are complex and diverse, calling for an equally multidimensional response.

Poor and marginalised people are often hit the hardest in a crisis. They lack the resources to cushion themselves against shocks and may already face exclusion due to their gender, disability or social status.

At time of writing, every country VSO works in has been significantly impacted by the coronavirus pandemic. Just as we would expect with any other shock, we are seeing that each person's ability to protect themselves from the impacts of the virus greatly depends on the resources available to them. Poor and marginalised people are less likely to have savings to fall back on in an economic downturn, to have secure

housing in which their family can safely quarantine or provide out-of-school education, or to be able to access medical help when they need it. What's more, existing exclusion and stigma can be exacerbated and reinforced during a crisis. VSO rapid assessments in some countries suggest increases in gender-based violence during quarantine, and an uptick in child marriages taking place while schools are closed.

Building resilient communities isn't just about responding to crises as they happen, but building the local ability to pre-empt, prepare for and mitigate potential risks, as well as creating social, practical and financial safety nets to help cushion the impact and speed recovery when disaster does strike.

True resilience does not arise from providing a specific solution to an individual threat. Instead, real resilience lies in building a community's flexibility to identify, prepare for and respond to a range of scenarios. We do this by building the skills and knowledge in recognising both the risk and the action required to mitigate it.

## Surviving Idai: Community volunteering in a crisis

When Cyclone Idai hit Mozambique, Zimbabwe and Malawi in 2019, followed by Cyclone Kenneth just a month later, it had a terrible impact on hundreds of thousands of people, leaving families without food, water or shelter and creating deadly natural hazards during the ensuing flooding.

Suzana Capitaio, pictured right, was at home with her five children, the night that Cyclone Idai struck:

“The storm was so heavy it frightened me. I was crying for my children, as they were not safe. That night we moved out of the house to a nearby school. The roof of my house had blown away and some of the walls were taken down by the storm.”

“We had nothing to eat, but VSO came at the right moment. We were given maize meal, rice, cooking oil, and some relish. All these things came in handy and it helped us to move on with our life. Since the cyclone, volunteers helped in educating us on what we must do in the event of these emergencies. Volunteers are always there, and they help us in every situation. Unlike people who are paid, volunteers belong to our communities.”



©VSO/Jeff Dakoock



©VSO/Bless Ngonhama

Food trucks arriving into some of the worst affected areas after Cyclone Idai



Marta Memba, 67, was one of 13,000 people to receive food aid from VSO after Cyclone Idai

Following the disaster, VSO was able to move faster than many other organisations because it already had hundreds of volunteers on the ground, trained and ready to respond to just such an event. VSO-trained volunteer Carolina Banda, 33, remembers the moment she was called to put her training into practice:

“When I looked outside and saw the strong winds, I was filled with fear. But then I thought of the people without the shelter I had, and this gave me the courage to move outside and rescue others.” VSO’s community volunteers mobilised quickly and distributed a month’s worth of food and essential items.



**180**  
tonnes of food  
was donated

They reached areas considered unreachable by many other agencies.

Community volunteers ran sessions to help vulnerable communities understand the risks they are facing, including examining which areas are most in danger, such as low-lying areas prone to flooding.

Volunteers shared their knowledge around disaster preparedness with the wider community, enabling the identification of people most at risk, such as pregnant women, those who are less mobile and people with disabilities. This makes sure no one gets left behind or forgotten and helps mitigate some of the deadliest effects of such disasters.

A year before Cyclone Idai hit, VSO had begun training this network of community volunteers in resilience and disaster response, shoring up communities to better deal with disasters. By the time it made landfall, 750 volunteers were trained and ready to respond to disaster.

After the initial response, those same volunteers were able to remain in the communities as they began the difficult recovery process – monitoring and reporting on the impact and ongoing needs as people began to rebuild their lives.

## Preparing for disaster in Nepal

“The village was underwater. Most people could save themselves by receiving early warnings of the flood, but others couldn’t save themselves. The resources supported by VSO has helped us save more than 50 lives,” says Arun Kumar Shah, mayor of Durga Bhagwati-5, Rautahat.

Right now, more than 80% of Nepal’s population is at risk of natural hazards like floods, landslides, fires and earthquakes. This is one of top 20 most disaster-prone countries in the world. With extreme weather events predicted to become more frequent due to climate change, it’s vital that vulnerable communities are ready and able to withstand such events.

In 2015, a devastating earthquake impacted more than a quarter of Nepal’s population. Since the earthquake response, VSO has been strengthening Nepal’s ability to respond to disaster, working within communities at a local level, all the way through to supporting governance in planning and preparing for disasters. The Nepali government has now adopted some of this work as policy.

In Terai, a low-lying region in southern Nepal, 400,000 homes were lost to flash floods in 2017. VSO embarked on a two-year project to reduce the

risk and impact of future disasters in the region, including working with schools to introduce disaster management as a compulsory component of the education system.

In Rautahat, south-eastern Nepal, volunteers have been creating preparedness plans in communities most exposed to annual flash floods during monsoon season, as well as leveraging local agricultural expertise and knowledge around water management, to lessen the impact of disasters. This preparation meant that when flash floods hit Rautahat again this year, communities felt better able to manage the crisis.

“In this flood we felt more safe and confident to overcome it compared to the 2017 flood, because we have taken different types of disaster risk reduction training and lifesaving skills, with the support of VSO,” said Lahan Mishra, the volunteer leader of the community search and rescue taskforce in Rautahat.

“Just three weeks ago we practised a flood simulation, which was very effective – in this recent flood we were able to rescue more than 60 people.”



Assessing the damage following the 2015 Nepal earthquake

# Achieving policy change

The voices of the poorest and most marginalised often go unheard, leaving people trapped living in poverty, in systems and societies that have not been built for them. Giving these people a voice to influence decision making and policy is crucial.

This is because while substantial change can happen through local programme activities, at other times entire systems need overhauling, or entire policies need rewriting, to make change possible.

Volunteers help to promote the voice of primary actors, bridging the gap between government or service providers and marginalised groups, and bring their own expertise and understanding of how to make changes to policies and systems.

Policy change is a complex process, which needs consultation with a range of groups including stakeholders, civil society, experts, government and primary actors.

VSO volunteers are helping to facilitate this process and help governments and service providers to truly understand the deep-rooted causes of an issue.

Alongside this, volunteers and primary actors work together to make sure all policy changes are in line with the SDG principle of leave no one behind, and that governments are fulfilling their commitment to the SDGs.

For example, in Zimbabwe, volunteers are tackling SDG 3 – ensure healthy lives and wellbeing for all – to assess the prison healthcare system. Inmates are using community scorecards and mystery visitors to call attention to the need for better healthcare and sexual and reproductive health provision.

Following this, female inmates now have access to cervical cancer screenings in one facility. At another facility, after raising the issue of poor nutrition and lack of protein in inmate diets, prison management are now providing a more balanced diet.

In the last year, we have helped achieve eight policy changes – including a national action plan for

Disaster Risk Management in Nepal and finalising the National Volunteering Bill in Kenya.

As we prepare to scale up our programmes in the coming years, influencing policy will become increasingly important. Working on a larger scale, policy change will make our work possible in guaranteeing that projects will have a long-lasting and wide-reaching impact.

Nepal is one example of policy change strengthening the impact we are able to make. Here we are coupling bridging classes, to help children with disabilities back into formal schooling, with changes to inclusive education guidelines.



ICS volunteers support a rally for International Women's Day 2020 in Lamjung, Nepal.

## Putting policy into practice in Nepal

Fifteen-year-old Kabita, who is living with an intellectual disability, has faced stigma and discrimination all her life. In rural Dhaubini, southern Nepal, many people believe that disability is a result of sin from a previous life.

Her mother has seen a big shift in Kabita since joining VSO-supported bridge classes, giving her the education needed to return to school.

“I used to spend a lot of time taking care of Kabita, and never thought my daughter would be able to read Nepali letters and count numbers one to fifteen. She started going to bridge class regularly, carrying bags and books herself, and talking to friends in the class. I’m so happy Kabita is now going to bridge class regularly, and can spend four hours there without my support,” said Kabita’s mother.

Many children like Kabita, who have disabilities or additional needs, are left out of traditional schooling. These children should have the opportunity to learn.

VSO has supported the government to create an Equity Strategy Implementation Plan (ESIP), outlining ways to ensure all have access to education, alongside nationwide inclusive education guidelines. Despite the Ministry of Education’s endorsement of the inclusive education guidelines and ESIP to support children across Nepal, these weren’t being implemented at a provincial and local level. VSO, working with 40 local governments, aimed to find practical ways to implement the guidelines, and plan to make sure they were used at all levels of decision-making.



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Seven-year-old Puspa Umari is attending bridge classes to rejoin mainstream schooling. Here, she listens to advice from her teacher before reading a book to her grade 5 class in Bhediari, Nepal.

VSO has international and national volunteers to provide support at a local level to implement this plan. Volunteers have been in contact with primary actors to help contextualise this work and develop the plan.

Volunteers collected data to create a database held by local government, with a focus on vulnerable children, such as those who are out of school or children with disabilities. The local level government

has since adopted the database, and is using it to plan inclusive education interventions, based on need.

In addition, 2,525 children received learning materials translated into braille, including those attending the bridge classes. These children were being left behind, and now they have a route into education, where they can learn and grow with their peers.

# Modelling best practice in volunteering



VSO volunteers are held to rigorous standards to ensure their interventions are impactful, beneficial and sustainable.

However, without proper oversight and systems in place, it's possible for both formal and informal volunteering to have a detrimental impact.



# Setting the standard:

## The Global Standard for Volunteering for Development

Volunteering organisations like VSO can be at the forefront of changing the lives of the most poor and marginalised. However, to be impactful, our activities must be responsible, well-planned, transparent and respectful — and based on genuine partnerships and measurable outcomes.

In 2019, VSO led a consultation that heard from hundreds of voices, from 80 different countries. Feedback was gathered from volunteer hosting and sending organisations, volunteers, community voices and government officials. Using this information, the forum launched the Global Standard for Volunteering for Development: a standard of good practice for volunteer organisations.

The Standard was launched at the International Volunteer Cooperation Organisation (IVCO) conference hosted by VSO in Kigali last October, to over 200 delegates from a diverse mix of organisations, and with 57% of attendees from the Global South.

With the global standard in place, volunteers will consistently and safely be able to create measurable impact that truly addresses the needs of primary actors around the world.

It draws on the unique ability of volunteers to work

alongside communities, responding to the needs of communities, as defined by those communities.

The Standard covers four areas: designing and delivering projects, duty of care, managing volunteers and measuring impact.

**“An important consideration in constructing the standards has been that they encourage uptake, that they are relevant to all volunteering-involving organisations whatever their size and wherever they are located in the world, and that, most importantly, they clearly help organisations contribute towards the delivery of the sustainable development goals.”**

**Philip Goodwin, Chief Executive**

The Standard is currently being tested and validated by 28 organisations from around the world, whose experience and feedback will be incorporated into the final stage of development before being made available to the wider sector. VSO will encourage and support other organisations to adopt the Standard and set the benchmark for impactful and responsible volunteering for development.



Last year, the VSO London Action Group held a panel discussion on 'Resilience, Conflict and Natural Disaster: Can Volunteers Have an Impact?', held at London South Bank University.

# Responsible volunteering

Keen to have a unique experience while “giving back”, many well-meaning backpackers are attracted to volunteering opportunities in orphanages while travelling in developing countries. Some pay thousands to do so.

Over the past year, VSO has contributed to a campaign raising awareness of the damaging practices that can arise through unregulated and irresponsible volunteering schemes.

These schemes prioritise the experience of the volunteer and the revenue they generate, rather than the wellbeing of primary actors – such as in the case of so-called ‘voluntourism’ in orphanages.

This is at odds with what responsible and impactful volunteering should look like: opportunities should be ethical, sustainable and always in the best interest of the community.

Research shows that orphanages can be harmful when used as a long-term solution. Yet, the industry of voluntourism creates an economic incentive to keep orphanages open. Vulnerable families are

encouraged to place children in care, exposing them to serious harm. Children within institutions lack stability and are often cared for by volunteers who lack the proper skills, experience and background checks to work with young children.

VSO’s vocal network of 40,000 young people who have volunteered on the International Citizen Service (ICS) programme have spoken out against orphanage voluntourism, sharing resources on how to volunteer responsibly.

**"There have been decades of research showing that children are better cared for in family setting and growing up in institutions has all types of long-term detriments. Almost 80% of children in these long-term residential institutions aren't orphans at all but have at least one living parent, who are often encouraged to put children into institutional care due to factors including extreme poverty"**

**Clare Hawkes, VSO Responsible Volunteering Specialist**

## ICS alumna Elena Ricci shares her perspective:

ICS alumna Elena Ricci shares her perspective: I spent my childhood in a small village outside Benin City in southern Nigeria. Growing up, I would see many western tourists come into my village and join voluntary projects.

What stayed with me was how weird it was that these volunteers would hug and take pictures with children they’d never met before. It felt like their actions were motivated more by making their Instagram look good than ‘doing good’. Often, some of these children would disappear for a few days or weeks. I learnt they were being taken to orphanages – despite having loving families around them. The reason? Their parents were poor, and they believed that by ‘orphaning’ their children, they would have a better chance of an education and regular meals.

Witnessing this left me with a deeply personal experience of the white saviour complex. I read a lot about ICS and VSO before I applied. I loved how young people work alongside long-term professional volunteers to ensure that the change would be sustainable. Other programmes lacked this and were more about taking a gap year and having a holiday.

People who want to volunteer abroad should do their research. Make sure that, like ICS, the organisation is focused on making a sustainable impact. Understand why you want to volunteer and how that work is going to continue once you leave.

# Our voluntary workforce at VSO

Many of the active citizens we work with continue engaging with VSO over a lifetime. Each year, hundreds of people give up their time to help VSO in the mission to create a fair world for everyone, as part of VSO's voluntary workforce. This year over 350 highly motivated individuals, passionate about making a difference, donated 13,840 hours working alongside employees in teams around the world.

Thomas Meredith, an ICS volunteer, is part of the VSO voluntary workforce in the UK:

"Coming back from my ICS placement in 2017, I was saddened by the thought of saying goodbye to the programme for good. Being able to encourage and guide new rounds of volunteers has been an invaluable opportunity to further my own leadership and speaking skills. It has shown me that my true passion lies within the development sector.

"The most rewarding part of being a trainer comes at the end of each training weekend, when I watch the new volunteers file out the door, because I then begin to imagine the amazing experience that they are about to embark on, and I know that I played a small part in it."

VSO voluntary workforce volunteers take on a variety of roles:

**Facilitators** share their knowledge and experiences, helping volunteers gain a better understanding of VSO's work as they prepare to embark on their VSO placement,

**Researchers** and **community workers** feed into programme design through workshops with partners and other stakeholders.

**Enumerators** interview and collect data from primary actors for evidence-based impact assessment of VSO's interventions.

**Auditors** complete internal audits across our practice.

Our **International Board of Trustees** provide guidance and support to the executive board in their leadership and stewardship of VSO.

## Sharing best practice

This year VSO added a new dimension to its voluntary workforce. Fifteen highly respected education professionals joined VSO to provide technical expertise across four areas:

- Education in Emergencies
- Early Childhood Care and Education
- Inclusive Education
- Numeracy Teaching Material Development

These volunteers support the professional development of teachers in many different classroom-based and non-classroom contexts.

These experts review programme proposals, give input into programme design and develop research tools, educational resources and guides. For example, VSO education specialists created an open-source guide for people working in young children's education in extremely challenging contexts, which volunteers adapted for use in Rohingya refugee camps.

Resources like this are used widely by our programme partners to support teachers' personal development and raise teaching standards.

The input of these education experts means that VSO interventions are led by best practice.

For example, as coronavirus developed into a pandemic and traditional schooling was disrupted, VSO education specialists adapted learning materials to support children in continuing to access education.

We've since continued to recruit and train volunteers to support VSO worldwide, as we prepare to scale up our work. Our volunteer selectors provide us with insights that ensure our recruitment methodology and practice stays relevant as we respond to changes and deliver on our operational plan.

We are grateful to these selectors, who continue to play a huge part in assessing applicants and identifying the people with the right skills, knowledge, values and attitude.



# Financial Review

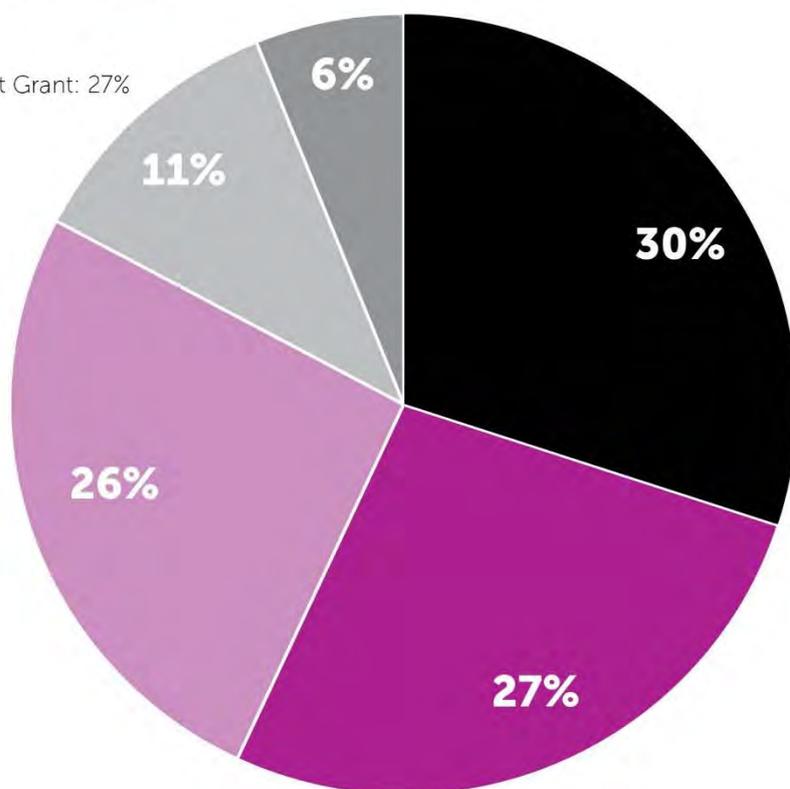
How we raised and spent our money in 2019/20.

## Income

In 2019/20, our income levels reduced but remain healthy. Most of the decrease is linked to a reduction of our ICS contract income. The Department for International Development (DFID) (now the Foreign, Commonwealth & Development Office or FCDO) remained a main income source, although the overall proportion has decreased. We continued to diversify our income portfolio with the support of other institutional donors, companies and individuals, as reflected by an increase in grants from other institutions.

### Where our income came from 2019/20

- Institutional Grants: 30%
- FCDO Volunteering for Development Grant: 27%
- ICS 2 Contract: 26%
- Individual giving: 11%
- Other: 6%



Total income for the year

**£60**

million

## Institutional grants and charitable activities

### Volunteering for Development (£16 million)

This income contribution from FCDO is through an accountable grant for the delivery of the final year of a three-year Volunteering for Development programme. As a result of the pandemic, this has been extended on a short-term basis into the next year. There is an agreement in principle with FCDO for continuation of this work with a new four-year grant, however recent events have resulted in a delay in the finalisation of this agreement.

### ICS contract income (£15.4 million)

ICS is a payment-by-results contract. The payment point is measured against each UK volunteer that achieves set stages on their volunteer journey.

VSO manages and oversees the contract, working with two respected development agencies -Raleigh International and Restless Development - to deliver life-changing impact through UK youth volunteers and their national counterparts. VSO is preparing

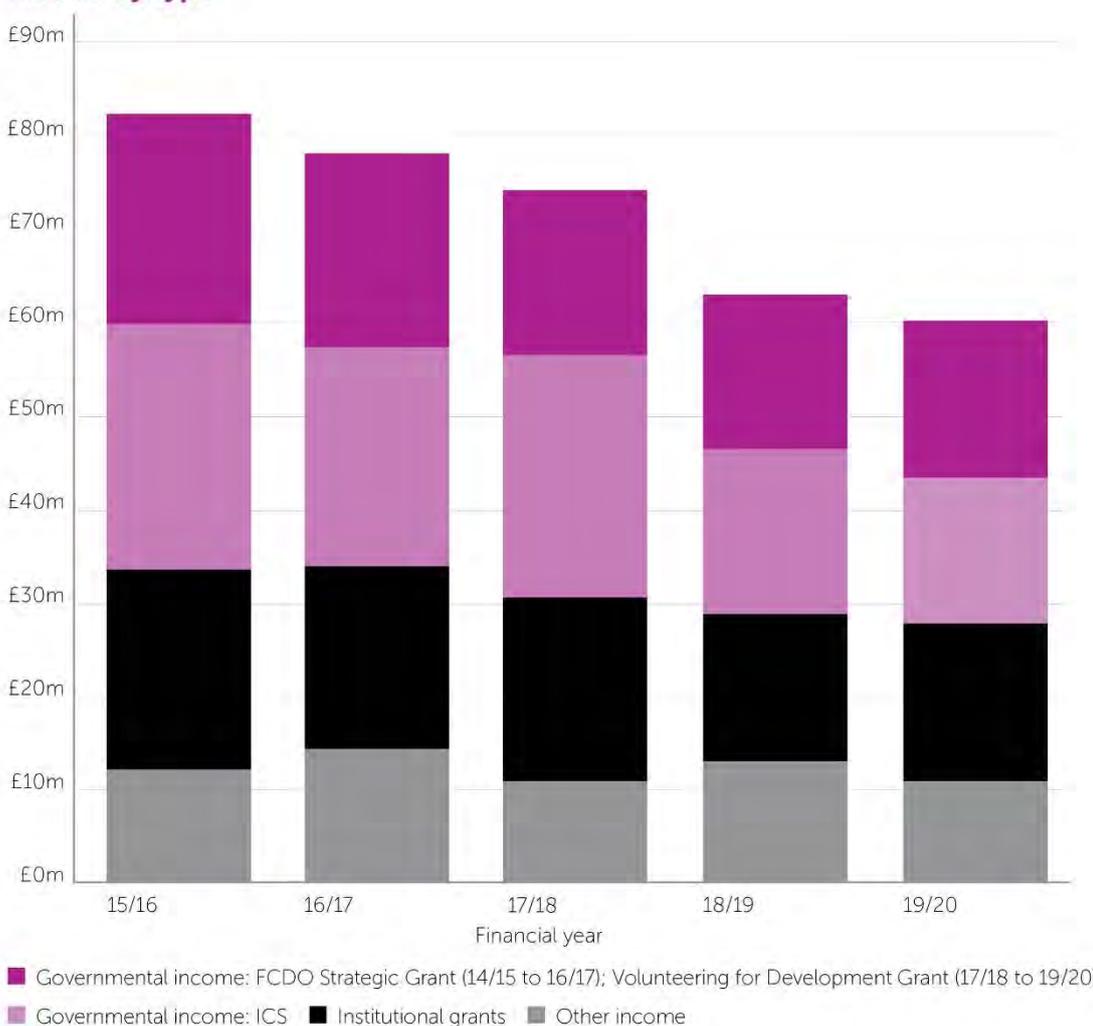
to bid for a new contract for the delivery of work through the ICS programme, but the request for tender for this contract has been delayed.

### Institutional grants

#### Governmental income: other (£15 million):

VSO has made progress in diversifying its income from governments, scaling up existing work with our main donors: FCDO, Department of Foreign Affairs & Trade Australia (DFAT), European Union, and UN agencies, while building relationships with new partners, such as Kreditanstalt für Wiederaufbau (KfW, a German development bank) which is supporting the Unlocking Talent Through Technology education project in Malawi; and Global Affairs Canada, with a programme to empower adolescent girls in Mozambique, increasing access to education, improve literacy, numeracy, business and life skills and enhance the economic empowerment of adolescent girls and young women, particularly those married with children, living with a disability or affected by HIV and AIDS.

Income by type



### **Non-governmental bodies (£3 million):**

VSO 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 continued valuable volunteering partnerships with Randstad and Citigroup as part of our Knowledge Exchange – our corporate employee volunteering platform to engage companies with the Sustainable Development Goals.

Partnerships with the philanthropic sector also play a significant role in deepening the impact of our core programmes. They include support from Robert Carr Civil Society Networks Fund, Dubai Cares, Mastercard Foundation, AmplifyChange and a new partnership in inclusive education with the Hempel Foundation.

### **Other income**

#### **Individuals (£6.8 million)**

Over 59,000 regular and single-gift donors form the foundation of VSO's individual giving programme. Most of these supporters make consistent, monthly donations. In 2019/20 VSO launched a new strategy focused on practical, high return channels and products with significantly lower cost structure. These changes should reflect a long-term impact on fundraising efforts, with opportunities to adjust for market shifts. For instance, in March 2019 VSO launched a successful emergency appeal in response to Cyclone Idai, which tore through southern Africa in March 2019. A COVID-19 emergency appeal launched in April 2020 has had even more success. A significant number of our donors were VSO volunteers themselves, often many years ago. Now their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact.

#### **Volunteer Fundraising (£1.6 million)**

Over 1,700 young people fundraised in their local communities for VSO and consortia member charities as part of their ICS journey. Many VSO professional volunteers also contributed to this fundraised income.

#### **Legacies (£0.8 million)**

Legacies continued to provide a proportion of unrestricted funds in 2019/20. We are deeply grateful to the 42 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.

#### **VAT rebate (£0.9 million)**

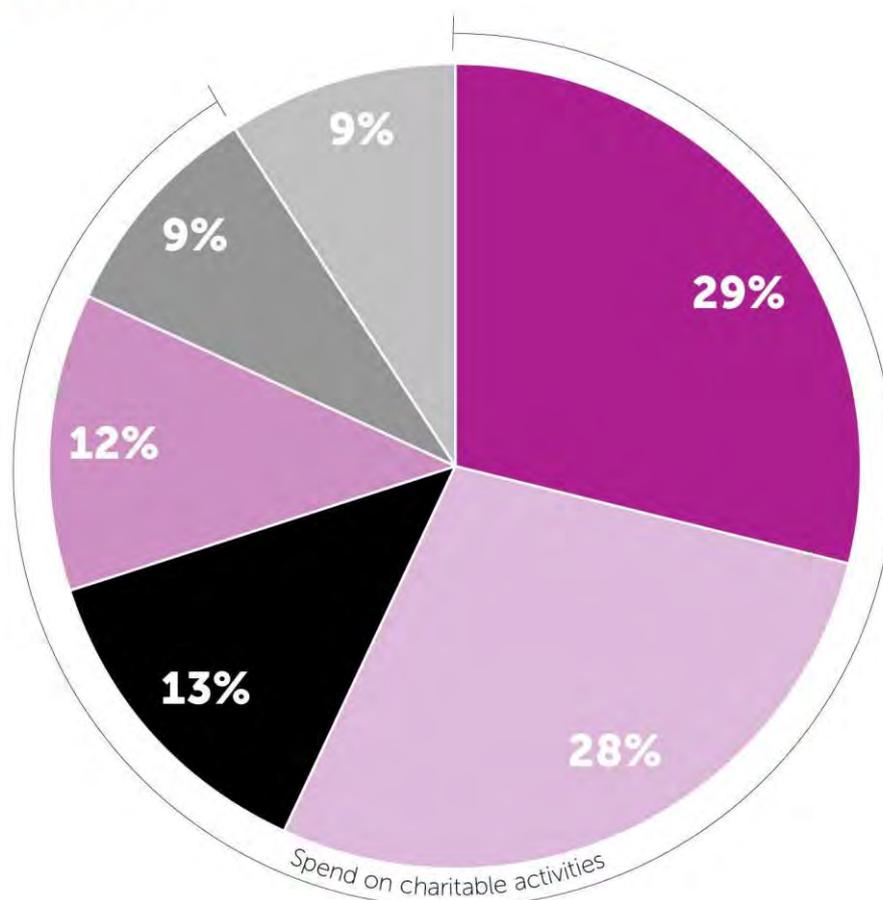
In 2019/20, VSO conducted an extensive review of the VAT reclaimable under previous year filings and received a rebate from HMRC for under-reclaimed amounts in previous years.

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

# Expenditure

## How the money was spent 2019/20

- Inclusive Education: 29%
- Resilient Livelihoods: 28%
- Core Approaches: 13%
- Health: 12%
- ICS consortium partners: 9%
- Raising funds: 9%



### Raising funds

**Raising funds (£5.9 million):** Expenditure in raising funds is comparable to 2018/19, as efforts to diversify institutional donors continued, and a new individual fundraising strategy focused on practical, high return channels and products with significantly lower cost structures. Efforts were made to focus on the best outcomes for the spending, and when results were not as expected, alterations to the spending were made to maximise net benefit of fundraising.

### Spend on charitable activities

Total spend on charitable activities in 2019/20 was £56.8 million.

Expenditure on our resilient livelihoods and health programmes has increased compared to 2018/19; while inclusive education and core approaches programmes decreased compared with 2018/19 spend. Significant areas of change in our expenditure include the following:

**Expenditure on health (£7.2 million)** has increased by £1 million reflecting the full year for grants started previously in Uganda (maternal and newborn health), expanding prisons health programming in Zimbabwe and improving sexual health messaging throughout southern Africa.

**Expenditure on resilient livelihoods (£17.3 million)** has increased by £2.7 million with various projects, such as redesigning online job boards for greater accessibility of young people in Kenya, Rwanda and Tanzania and increased activity in Uganda related to youth career guidance programming.

**Expenditure on inclusive education (£18.5 million)** has decreased by £2.9 million, related to the delayed timing of starting up some projects in Malawi and Mozambique, with offsetting increases related to continuation of grants funded by FCDO (such as Leave No Girl Behind in Nepal and Kenya, which aims at:

- Improving education and life choice for children with disabilities aged 10-19
- Increasing equitable access to primary and secondary education in Rwanda
- Improving the quality of basic education for children, especially girls, in Malawi using evidence-based innovations in education technology.

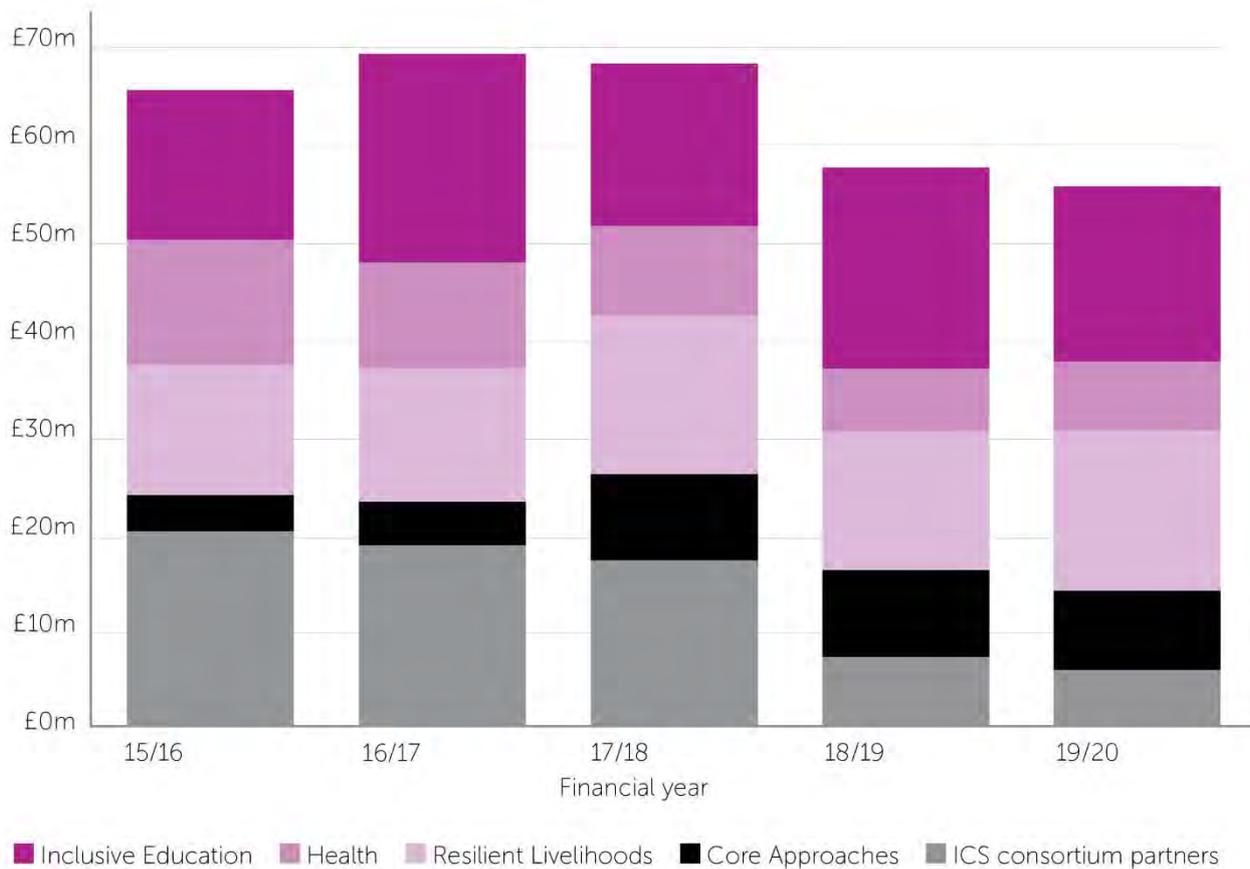
### Grant-making

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

ICS is delivered working with a consortium of respected development agencies. Contractual payments to ICS consortium partners (£5.8 million) for delivery against the ICS contract have reduced by £1.9 million compared to 2018/19. The ICS extension has operated with two consortium members, Raleigh and Restless Development since the middle of 2018/19, compared with eight members previously.

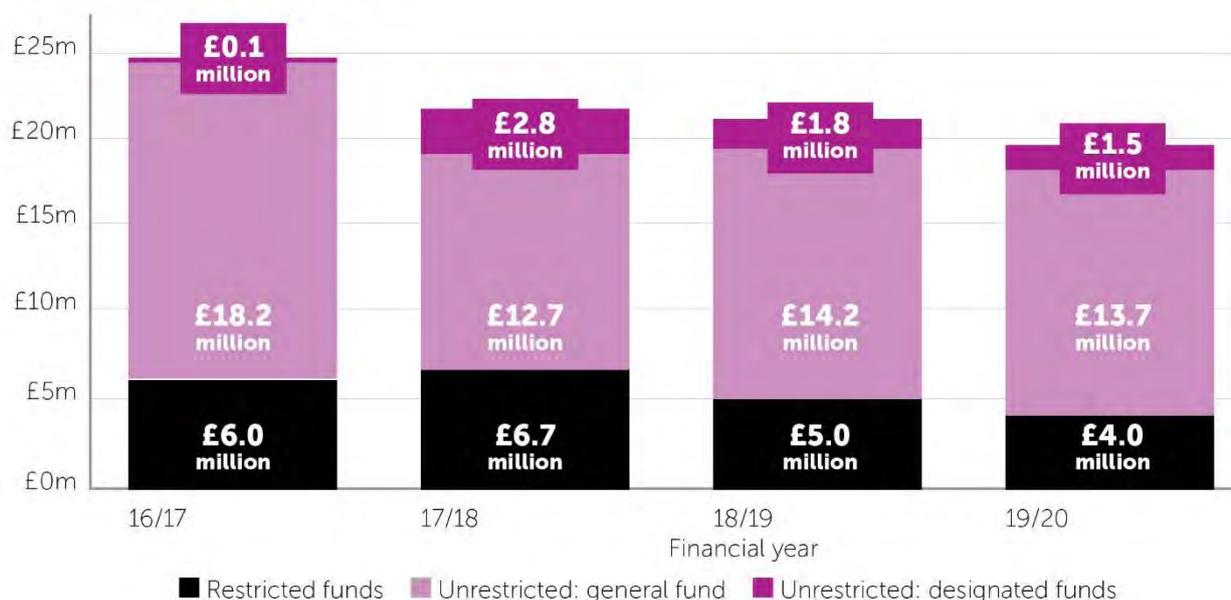
For more information: Financial statements, note 3 Charitable activities

### Spend on 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.

At 31 March 2020, VSO's general reserves stand at £13.7 million, which is £1.7 million above the 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. Trustees have planned to use the surplus in the coming year as the organisation adapts to the current environment.

Closing reserves position	18/19 £'000	19/20 £'000
Restricted	4,973	4,044
Unrestricted: general fund	14,185	13,657
Designated: fixed asset fund	738	556
Designated: ICS	500	500
Designated: pension deficit	(3,285)	(2,708)
Designated: change programme	951	868
Designated: income generation	2,847	2,315
Designated (total)	1,751	1,531
<b>Total Reserves</b>	<b>20,909</b>	<b>19,232</b>

The designated change programme fund represents the unrestricted funds the trustees have earmarked to continue to deliver organisational change throughout the organisation. The designated ICS fund is to cover end-of-contract costs (see note 14).

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 (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

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 annually. VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports regularly to the Audit and Risk Committee on the composition of investments held and their maturity profile.

Closing cash and investments position	18/19 £'000	19/20 £'000	Variance £'000
Short-term deposits	11,856	11,891	35
ICS working capital advance	4,716	3,429	(1,287)
Cash at bank: UK and subsidiaries	6,585	4,454	(2,131)
Cash at bank: overseas	2,001	3,095	1,094
<b>Total</b>	<b>25,158</b>	<b>22,869</b>	<b>(2,289)</b>

In 2019/20 VSO maintained its position 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. Changes in funding resulted in a reduction of cash balances.

The ICS contract provides a working capital advance for the consortium. This advance is held by VSO and paid to consortium partners in line with agreed requirements. At 31 March 2020, £4.5 million was held by VSO. This cash is only for use on the ICS contract and will be repaid in full to FCDO on completion of the extended contract.

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 current COVID-19 pandemic and the delays in funding related to the merger of DFID and the UK Foreign & Commonwealth Office, VSO has undertaken a scenario-planning exercise of income and planned expenditure, including financial and cashflow projections, to forecast how various outcomes might affect VSO's operations in 2021, taking into account the risk of decreased income from various sources and the ability of VSO to implement its activities across the globe. The results of the scenario planning have been used as a basis from which to formulate a model for strategic planning. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected changes in income and expenditure to allow us to adjust our cost base and continue activities. We will continue to monitor the situation and manage our finances accordingly. The results of the scenario planning, together with VSO's current level of unrestricted reserves, and a continuation to shift to a more adaptable unrestricted cost structure, indicates that VSO has sufficient resources to continue in operational existence for the foreseeable future.

The trustees therefore 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, and 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.

# Trustees' duties

The directors of Voluntary Service Overseas are also its only trustees.

The trustees fulfil their duties partly through a governance framework that delegates daily decision making to the Chief Executive Officer and the Executive Board in accordance with VSO's Schedule of Delegations. The VSO Schedule of Delegations reserves certain named decisions to the Board, sometimes following the recommendation of a Board Committee, it is updated regularly.

VSO's Board Committee structure and membership is set out on pages 50 and 51.

As part of their induction, VSO trustees are briefed on their duties and they can access professional advice either from the Company Secretary or if they judge it necessary, from an independent adviser.

During the year, trustees have fulfilled their duties in regard to 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 taken into account 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.

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

## **The need to foster the company's business relationships with supporters, implementing partners and suppliers**

Our Knowledge for Impact team systematically reviews and evaluates relationships with partners and primary actors, reporting results to the Board regularly. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. At each Board meeting plans for key partnerships, donor relationships, and strategic suppliers are reported to the Board. 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.

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

VSO has been training its programme teams, volunteers and partners across livelihoods, education and health sectors 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 updated with the positive impacts that are being made in communities. The Board also supported a global environmental impact assessment, receiving analysis of two years' worth of information. The results from this are being evaluated by management to propose plans to improve and reduce overall environmental impact. For the first time this year, VSO has published our global carbon footprint, see page 58.

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

The Board is aware that the nature of VSO's work and the sources of its funding make it imperative that VSO maintains very high standards of business conduct and that its reputation is protected. Reputational risk is discussed as part of the Board's discussions on the VSO Risk Register which identifies mitigating actions. An internal audit of VSO's culture is underway, results will be shared with the Board in 20/21.

During the year the Board has reviewed several of VSO's core policies including:

- Data Protection
- Tax
- Criminal Practices
- Whistleblowing
- Risk Management
- Diversity and Inclusion
- People Resourcing
- Safety and Security

### **The need to act fairly between trustees**

All Board members are treated equally and given equal opportunity to raise questions and issues. All have equal access to the CEO, Company Secretary and Chair. In order to ensure that all trustees have the ability to raise concerns and questions the Board Chair maintains regular contact with all trustees and conducts individual annual appraisal discussions with each of them.

# 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 due to 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 key objectives**

The COVID-19 pandemic is having a significant impact on all organisations and VSO is no exception. Over the past couple of months, we have focused on three things:

- First, on making sure that our VSO people - our volunteers, employees and the primary actors we serve - are safe
- Second, finding ways of continuing to deliver our existing programmes in education, health and livelihoods
- Third, adapting our global portfolio of work to respond to the challenges of COVID-19

Through good strategic management and a long-standing focus on the adaptability and sustainability of the organisation, VSO has the financial reserves in place to help it withstand shocks such as this. We also have an operating culture that allows us to respond and adapt quickly. Nevertheless, given the scale of the disruption, we must continue to adapt and manage resources carefully, particularly our unrestricted spend, if we are to be able to deliver our mission for the longer-term.

The VSO Medical team monitored the initial reports of COVID-19 from January 2020, escalating to active medical and security risk mitigation from March 2020 which included the repatriation of nearly 1000 volunteers to their home countries in a three-week period.

We have undertaken scenario planning to better understand the potential impact on VSO and we have put in place plans and taken action to mitigate the risks to the organisation. The Executive Board have managed this through a strategic risk management process. The Executive Board meet weekly and report directly to the International Board of Trustees through an online meeting monthly.

## 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 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 is intended to manage 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 organisational 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 quarterly review of the organisational risk register. The Chief Executive Officer regularly updates the chair of the Audit and Risk Committee on any significant new risks or other changes to the register.
  - Global Functional teams and Country Office teams maintain operational risk registers which are reviewed regularly by senior staff members who use them to inform the organisational 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 carries out a programme of audits across all operations and activities based on an annual internal audit plan approved by the Audit and Risk Committee.

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

The table below captures the principal strategic risks and uncertainties after mitigating controls currently in place. 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 Audit and Risk Committee.

<b>Risk and potential consequences</b>	<b>Risk management actions</b>
<b>Restricted Funding Opportunities</b>	
<p><b>Loss of restricted funding opportunities</b> due to the inability to articulate the relevance and value add of VSO. This would have a significant impact on volunteering for development and could lead to VSO not identifying and realising income opportunities which, in turn, undermines the delivery of our strategy.</p>	<p>The COVID-19 pandemic has increased the risk of funding pipeline delays both for global programmes and bilateral programmes in VSO's country offices. New mitigating actions to reduce this risk include:</p> <ul style="list-style-type: none"> <li>• Actively pursuing top priority programme opportunities, including COVID-19 response and recovery projects.</li> <li>• Early engagement with donors and implementing partners to continue driving live programme proposals.</li> <li>• Tracking all top priority programmes in development to identify and respond to delays.</li> </ul> <p><b>Controls in place</b></p> <ul style="list-style-type: none"> <li>• Proactive approaches and systems by Business Development to reinforce VSO's position as the leader of volunteering for development.</li> <li>• Impact statements and quantitative outcome ambitions to reflect the value of volunteering for development. These are used to position VSO and increase our visibility in the global marketplace.</li> <li>• Business development country teams that effectively and consistently communicate VSO's value to stakeholders.</li> </ul> <p><b>Progress in the year</b></p> <ul style="list-style-type: none"> <li>• VSO has diversified its funding base to include additional donors and is now less reliant on one donor.</li> <li>• A strategic review of VSO's activities, our brand and positioning in the market was completed and a clear definition of our value proposition developed.</li> <li>• Higher performing business pursuit team structures with new positions in the UK, US and Netherlands enabling wider branding, positioning and access to new donor markets.</li> <li>• Empowering all country directors to be more externally facing, enabling them to spend more time on business pursuit.</li> <li>• Country-level mapping exercises were undertaken and our portfolio of work with donors' strategies fully set out.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>• Country-level mapping exercises drive external engagement at a country level and inform portfolio development.</li> <li>• Enhancing all country director responsibilities to include additional country representative roles, dedicated to building strong partnerships and increasing country and regional portfolio of programmes.</li> </ul>

**Insufficient Unrestricted Income**

**Insufficient unrestricted income**  
to invest in organisational growth and guarantee organisational independence.

**Controls in place**

- Regular monitoring of operating expenditure to reduce costs, improve effectiveness and maximise value for money.
- Support plans for fundraisers that include clear asks from supporters for unrestricted funds as an element of lifelong engagement
- Budgeting performance and monitoring systems that ensure use of unrestricted funds is maximised.
- Careful reserves management and scenario planning.
- Commercial pricing models that ensure appropriate margins whenever possible, including during commercial contract negotiations.
- Robust cost recovery procedures consistently applied across VSO.
- Investment funding for new unrestricted fundraising initiatives.

**Progress during the year**

- Updated business pursuit system to include procedures for effective decision making, including the need for firming up consortia, bid/no bid decisions and decision to submit applications.
- Integrating pricing and negotiation strategies in the business pursuit system.
- Additional investment funding for new fundraising initiatives over the next three years.
- Commercial contracting capabilities and donor financial proposal development have been strengthened in order to meet our full cost recovery requirements.

**Further actions**

- Ongoing efforts to refine and target VSO's support networks, including return volunteers.
- Pursuing additional income-generating projects, such as mass donor recruitment supported by digital events to enable higher participation and engagement.
- Increased focus on emergency and COVID-19 appeals, including ongoing supporter care engagement to maximise regular giving and minimise donor attrition rates.

Risk and potential consequences		Risk management actions	
<b>Political Uncertainty</b>			
<p>The merger of the Department for International Development (DFID) and the Foreign Office (FO) <b>in the UK disrupts our relationship</b> with our major donor and impedes our ability to deliver on our strategy and operating plan.</p>		<p><b>Controls in place</b></p> <ul style="list-style-type: none"> <li>VSO has an excellent track record of successfully implementing a global portfolio of work reflective of VSO's existing value proposition.</li> </ul> <p><b>Progress in the year</b></p> <ul style="list-style-type: none"> <li>Urging the UK Government to ensure that the UK aid budget remains focused on helping those in poverty.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>VSO will work with the new Foreign, Commonwealth and Development Office and with organisations throughout the sector to ensure that the needs and voices of the most vulnerable continue to be championed in the UK.</li> <li>Continue with the strategy of positive engagement with all UK government departments.</li> <li>Seek to influence the new Foreign, Commonwealth and Development Office on issues around volunteering for development and learning from our practice areas.</li> </ul>	

Risk and potential consequences		Risk management actions	
<b>Engagement with Supporters and Return Volunteers</b>			
<p><b>A failure to engage effectively with supporters and returned volunteers</b> increases the attrition rate of individual givers, undermines our return on investment in fundraising and weakens our ability to deliver our engagement strategy in support of our programmes.</p>		<p><b>Controls in place</b></p> <ul style="list-style-type: none"> <li>Return volunteer engagement strategy targeting all VSO's supporter networks.</li> </ul> <p><b>Progress in the year</b></p> <ul style="list-style-type: none"> <li>The introduction of a new system that provides a consolidated view of supporter data and an improved interface with supporter communication channels.</li> </ul> <p><b>Further actions</b></p> <ul style="list-style-type: none"> <li>Clarifying senior leadership and accountability of VSO's engagement agenda to include supporters and returned volunteers.</li> <li>Establishing a clear engagement plan with agreed actions and outputs.</li> <li>Establishing additional data sources to enable VSO to broaden and deepen this support to more functions within VSO.</li> </ul>	

**COVID-19**

**Global pandemic** creates long-term disruption that impedes our ability to earn income and to deliver our programme of work. The disruption is heightened by the possible sporadic restrictions on working.

**Controls in place**

- Senior management preparing for and identifying the risks of a second- or third-wave outbreak of coronavirus until a vaccine is available.
- Dispersed leadership model and a high degree of comfort in online and remote working which has served us well during the current pandemic.

**Progress in the year**

- Review of funding arrangements with donors to confirm charging arrangements if programme delivery is disrupted.
- Pandemic scenario modelling to recognise all possible programme, finance and funding implications of coronavirus for VSO.
- Regular risk assessments to ensure a safe place of work for employees and contractors.

**Further actions**

- Long-term strategy to create a more adaptable operating model.
- Reviewing the need for office space or more flexible office space arrangements.
- Reviewing the impact on staff wellbeing if coronavirus results in longer-term changes to working practice.
- Continues scenario analysis to examine and stress test liquidity.

# 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) and as a Scottish cross-border charity (registration number SC039117).

VSO's activities in Scotland are the same as those carried out in England and Wales. As required by the Office of the Scottish Charity Regulator, VSO is reporting on its Scottish activities as an integral part of this report.

VSO operates through the following entities:

- Voluntary Service Overseas (Ireland) Company Limited by Guarantee, incorporated 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 – the principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO.

VSO operates otherwise internationally largely through branch offices.

This structure of branch offices and subsidiaries assists us to effectively deliver VSO's mission globally. It helps us respond quickly to challenges and opportunities as well as reducing duplication of work and administration and to take advantage of tax exemptions where legally available.

Where relevant binding agreements are put in place with our subsidiaries to govern their use of the VSO brand and trademarks and to protect and preserve financial controls. Appointment of directors to subsidiaries and branch offices is subject to Governance Committee approval in accordance with the VSO Schedule of Delegations.





## Our governance and management

VSO is governed by an 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. Some tasks of the International Board are delegated to board committees, which operate under clear terms of reference and reporting processes.

The International Board approves and monitors the implementation of VSO's long-term strategy, operational plan, objectives, budget, key policies, constitutional changes and the appointment of the Chief Executive Officer. They carry out their duties through a formal Schedule of Delegations, which specifies reserved decisions and records how operational authority is maintained.

The International Board usually meets three times a year in person and three times a year via telephone. The members receive management information on organisational performance on a quarterly basis. In the period of operating during the COVID-19 crisis, the International Board has met more frequently, at times bi-weekly, to receive reports from the Executive Board on the risks, impact and mitigating actions applied as a result of the crisis and to monitor VSO's position on cash and reserves levels.

As part of our approach to inclusion, we had appointed two youth observers, Felix Owino from Kenya and Takiyiwa Danso from the UK, to help and advise our International Board. Both were volunteer team leaders as part of the ICS programme. They attended meetings and took part in all International Board activities, but without voting, legal or fiduciary responsibilities. Their voices were an important part of our decision-making process. Having seen the impact of these

youth advisers, we have now appointed a trustee to the International Board and the Audit and Risk Committee, Christopher Muwanguzi, who has youth experience and expertise.

## Trustees

The International Board members are all volunteer trustees. 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. 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. They participate in country visits to VSO programmes and act as expert advisers to VSO working groups.

VSO's trustees are firmly committed to compliance with the Charity Governance Code and regularly review VSO's charitable purposes and our trustee roles and time commitment.

Review of performance of the International Board is a continuous process. Feedback is requested by the Chair of the board from each trustee and the executive after each board meeting. This then contributes to the planning of the next meeting. This combines to an overall review and evaluation by the Chair. Individual trustees also make annual commitments to VSO over and above their responsibilities as directors and members.

# International Board of Trustees

## **Sam Younger CBE \***

### **Chair**

Chair of CILEx Regulation, Chair of the Consumers' Association

## **Chris Merry ^**

### **Honorary Treasurer**

Chief Executive Officer, Stonehage Fleming.

## **Amanda Rowlatt CBE ^**

Senior UK Civil Servant, UK Department for Transport.

## **Guus Eskens**

Board member, VSO Netherlands; Chair of Supervisory Board of I+ Solutions Woerdex; board member of Health Net TPO, Amsterdam.

## **Christopher Muwanguzi ^**

Trustee of the Uganda Board for Child's i Foundation

## **Aditi Thorat**

### **Appointed 14 July 2020**

Director of Development, Global Witness

## **Susan Hickey ^**

### **Appointed 14 July 2020**

Executive and Non-Executive Director

## **Susan Wardell**

### **Appointed 14 July 2020**

Board Member, Family Counselling Trust and Strategic Adviser, CHASE Africa

## **Julia Lalla-Maharajh OBE**

### **Appointed 14 July 2020**

Consultant and Founder of the Orchid Project

## **Former members International Board of Trustees**

**Charles Abani \*** (resigned May 2020)

**Stephen Pidgeon ^** (resigned July 2019)

**Hardeep Jhutti** (resigned July 2019)

**Biranchi Upadhyaya** (resigned May 2019)

**Noerine Kaleeba** (resigned July 2020)

## **Jose Gonsalves ^**

Left his role as co-opted member of the Audit and Risk Committee in September 2020.

\* Governance Committee member ^ Audit and Risk Committee member

## The Executive Board



**Dr Philip Goodwin**  
Chief Executive Officer



**Donné Cameron**  
Executive Director of Programmes



**Kathryn Gordon**  
Executive Director of People



**Fabienne Arminjon**  
Executive Director of Finance  
and Corporate Services



**Scott Desmarais**  
Executive Director of  
Strategic Partnerships

## Management through the Executive Board

The International Board delegates VSO's day-to-day management to the Executive Board. The Executive Board has operational oversight of VSO's global work. As well as the Chief Executive Officer, the Executive Board includes four Executive Directors, each responsible for a functional area of VSO's work: Programmes, Business Development, People, and Finance and Corporate Services.

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 Business Review of performance against VSO's operational and financial objectives. This is done in collaboration with colleagues across the organisation. The Executive Board reports back on performance to the International Board through the Quarterly Business Review process.

## Duty of care

VSO approaches duty of care as a fundamental element of how we operate, guided by our Code of Conduct, our approach to risk, our Safeguarding, Security and Safety, Anti-Bullying, People Resourcing, and Data Protection policies and the sector standards promoted by the UK government, Global Volunteering for Development Standards, Keeping Children Safe Standards.

Our mandate is to implement development programmes with volunteers and partners in fragile and resource-scarce environments. Ensuring our employees, volunteers, partners, vendors, operations and programmes do no harm is a prime responsibility for VSO. We build trust with those people through reinforcing our commitment to physical and psychological health and safety in their engagement with VSO.

We will take all reasonable steps to ensure that

- we do not expose children, young people and other vulnerable people to the risk of discrimination, neglect, harm and sexual exploitation, abuse and harassment.
- we protect our employees and volunteers when they are vulnerable or at risk of harm.

One of our seven key programming pathways ensures that all actors in the change process are safe and protected from harm. Project design is obliged to look at this from the individual, family

and community, system and policy levels. Context analysis and risk assessment is undertaken by the design team. Safeguarding training and mitigating actions that combine informed protection procedures and well thought through preventative measures are developed at set-up and inception stage.

The Volunteering for Development core approach of resilience is actively integrated into our approach to duty of care, identifying risks, vulnerabilities and capacity, communicating the interventions available and providing support through practical guidance, support from professionals and training for first responders and those who liaise with families, manage incidents.

Our duty of care team of professionals in safeguarding, security and medical continue to adapt to the varied and fast-changing environments in which we deliver Volunteering for Development. Their approach is consultative and collaborative in generating individual and programme plans and responding 24/7. Specifically with regard to safeguarding this is across People Management, People Resourcing, Programme Implementation, Medical, Safety and Security with the safeguarding team proactively sharing between practitioners.

A nominated board trustee has specific responsibility for ensuring that audit and risk committee members and all board members are explicit in their attention to duty of care. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

To support the continuous drive to learn, adapt and improve, VSO has invested in its organisational safeguarding capacity. As well as trained safeguarding focal points in each of the countries in which we implement, VSO recruited two additional Global Safeguarding Officers, based in the UK and Nigeria.

A rolling programme of face-to-face safeguarding training across all VSO countries has continued as well as bespoke training for specific groups, for example volunteer managers, medical trainers and safeguarding focal points. As well as face-to-face training across the year, online safeguarding workshops and awareness raising sessions have been facilitated through various digital platforms. Further online training and awareness content has been generated to inform of the risks associated with online and remote working during the global COVID-19 pandemic.

The use of the Medgate online case management system has been refined and improved over the course of this year ensuring greater reliability of data, reporting and efficient case management.

VSO has continued to learn from and contribute to inter-agency support networks, safeguarding working groups, conferences and workshops. The VSO Executive and Global Safeguarding Team have presented at a number of conferences globally and are active contributors to the INGO Safeguarding Leads Network. VSO is registered with the Misconduct Disclosure Scheme and contributing to the development of the sector initiatives to develop further strength in background checking.

Security support was provided in the run-up to General Elections in South Africa, Malawi and the Philippines (May 2019), Pakistan (July 2019) and Mozambique (October 2019).

Medical clearance assessments were provided for over 4400 people to determine suitability for working or volunteering for development opportunities with VSO. Each of the clearances are designed to specifically take account of the identified risk associated with the individual and the local environment. During the year this work extended to cover employees in Myanmar, Zimbabwe, Ghana.

Medical, security and safeguarding incident categories are defined at VSO to aid with appropriate response and consistent reporting.

Medical incidents can vary from minor illness, which keeps a person off work for a few days, to serious illness or injury which requires hospitalisation, transfer to another country with better medical facilities or return home.

Safety and security incidents can range from nonviolent robbery or police detention, political or civil unrest near to volunteer locations, natural disasters, accidents and potentially hazardous conditions which can include fragile and hostile environments.

Safeguarding incidents are defined as any act of discrimination, neglect, harm or abuse. They can include sexual harassment (unwelcome sexual advances without touching), sexual assault (sexual touching without consent), sexual exploitation and rape. VSO places a mandatory obligation on all employees, volunteers, contractors and partners to report safeguarding concerns, suspicions, allegations and incidents that indicate actual or potential abuse or exploitation of vulnerable people. Twenty-one safeguarding investigations were commissioned during the year. Seventeen of these were completed in the year, with seven of them resulting in dismissal of volunteers or employees.

Medical, security and safeguarding incidents reported 2019/20	Medical	Security	Safeguarding
Across the <b>whole</b> VSO global portfolio of work (including the ICS programme)	97	103	89
International Citizen Service Programme (ICS) <b>only</b> (subset of total data)	59	45	59

## 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 are encouraged 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 undertakes to treat all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's Criminal Practices Policy underpins our operational practice in the areas of fraud and risk. This Policy requires all incidents or allegations of fraud, loss, and bribery 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 criminal practices and whistleblowing for all staff and volunteers so the process of reporting is fully understood.

Serious incidents have been reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with 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, 27 suspicions were reported and investigated of which 9 were found to be unsubstantiated, 12 were substantiated, and 6 are under investigation. These include incidents of falsification of expenses by staff, inflated procurement and collusion by staff with vendors, and false beneficiary information. In total the cost to VSO in matters related to fraud and losses after recovered amounts was £3,850.

## Our approach to pay

To deliver our mission, VSO attracts high quality, committed people who can drive organisational performance.

Our pay philosophy is based on the principles of fairness, internal equity and external competitiveness. VSO does not operate a bonus scheme.

To realise on these principles, we pay the appropriate rate for the role in each country where we operate. External competitiveness is achieved by benchmarking salaries against actual pay for similar positions in comparable organisations, in the location of the work, this is done annually.

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. They do this by encouraging them to use their skills and experience to the best of their abilities, in a purposeful way and to keep on learning together.

We recognise and incentivise our people to perform by creating a positive working environment and providing interesting and purposeful roles. We are working through an organisational redesign to generate increased responsibility for project implementation from within a core team.

## Gender pay reporting for pay ratios

Gender pay reporting is a statutory requirement in the UK for employers with more than 250 UK based employees.

To demonstrate transparency VSO has reported its gender pay gap in the UK, in the statutory form, for three years now. We have introduced a further degree of transparency as we are transitioning to distinct project teams and will now be informed by pay gap and pay ratio data for project teams to highlight the consequences of decisions and to help us take corrective measures when required.

## UK employee gender pay gap data

On 5 April 2020 VSO employed: 144 females and 73 males in the UK. The difference in mean (average) pay between female and male employees in the UK in the period to 5 April 2020 was 7.43% (compared to 11.59% to 5 April 2019). This is less than the average figure of 10% for UK organisations with 250–499 employees, or 9.6% for the total UK average.

During the year 2019/20, the number of females in the top quartile of pay has increased from 50% to 63%, reducing the median pay gap.

## 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 committed to the ethical treatment of suppliers and partners and is in adherence with the International Labour Organisation (ILO) Standards, the Ethical Trading Initiative (ETI) and the UN Global Compact.

VSO recognises that focusing on tackling modern slavery not only protects vulnerable workers, but also helps to prevent and remedy severe human rights violations.

VSO is focused on ethical and responsible business practice in our global supply chains and will continue to learn, review and adapt our processes to ensure best practice.

In keeping with VSO's vision of a fair world for everyone, wherever possible we source goods and services locally in the countries we operate. Our supplier base is broad and diverse and is comprised of organisations best able to meet our requirements. If an existing supplier were to be suspected of having links to involvement in modern slavery, interaction with that supplier would immediately cease.

VSO operates several policies that assist in the prevention of slavery and human trafficking in our operations:

- **Whistleblowing:** VSO encourages all its employees, workers, agency workers, volunteers, partner organisations, donors, suppliers and other business partners to report any concerns

related to our direct activities and our supply chains without fear of retaliation.

- **Global Code of Conduct:** VSO strives to maintain the highest standards of conduct and ethical behaviour when operating abroad and managing its supply chain. All VSO employees and volunteers must abide by the Global Code of Conduct.
- **Global People Resourcing Policy:** background and suitability checks are conducted for all VSO staff prior to commencing work. As part of VSO's onboarding process, all staff are required to provide proof of their identity and their right to work in the country in which they are hired.
- **Global Procurement Policy:** requires all staff and volunteers, regardless of their role and for all procurement whatever the value, to follow the procurement principles of fairness, transparency, ethical behaviour, compliance and value for money. The Policy also states 'Procurement activity must not support organisations involved in criminal activity such as fraud, corruption, forced labour (modern slavery) and other human rights abuses. The Procurement Policy demands that whoever is involved in procurement must also refer and adhere to our other relevant Core Policies.

VSO expects suppliers to be ethical in the treatment of their workers and suppliers: working conditions and relationships should not involve abuse or exploitation, workers and suppliers should be paid fair wages, and on time. Before contracts are awarded, due diligence checks are done on suppliers. Due diligence is carried out at country office-level and includes, but is not limited to, numerous sanctions, list checks (which contains names of individuals or organisations who are known to be involved in financing crime or terrorism), reference checks and site visits where appropriate.

VSO staff are reminded that they must be vigilant and aware of the possibility of human rights abuses such as modern slavery taking place in suppliers' businesses and supply chains. Any concerns regarding suspected modern slavery practices are required to be reported internally.

When making purchasing choices, VSO strives to purchase from organisations which have similar visions and values to its own. Gender equality and inclusion are cross-cutting for all VSO's programmes and suppliers that promote these values (e.g. women-owned enterprises, organisations providing employment opportunities to marginalised groups such as individuals with disabilities) are invited to bid where possible.

VSO is an accredited Living Wage employer, which means that VSO staff and suppliers who provide services to VSO are paid a living wage in the UK.

Training to heighten awareness of modern slavery and how to report it is incorporated into our criminal practices awareness training, which is mandatory for all VSO people as part of their induction.

### **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](https://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 2019/20 we used the following channels: direct mail, telemarketing, email communications, face to face events and digital advertisement.

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.

VSO continues to report to the Fundraising Regulator on the number of complaints received in response to our fundraising activity. In 2019/20 this number totalled 27. 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 2019/20.

We must invest in our fundraising in order to achieve our ambitious plans to increase our scale, influence and impact to help us fight poverty. We monitor our spending in all areas of our fundraising activity to measure our impact and returns. We recognise that growth is dependent on sound investment.

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.

### **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

We have reviewed and updated our data protection policy and our privacy notice during the year. We have also reviewed our data retention and other relevant policies to ensure we retain personal data only as needed.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of the VSO induction and we monitor compliance.

As part of our programme design process we complete 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.

During the year we reported one data breach to the Information Commissioner's Office. No action by the ICO followed. In this matter and in the small number of occasions where a minor data breach has occurred, we have recorded the details on our data breach log and have in each case conducted a learning session to mitigate the risks of a similar breach occurring in future.

# Environmental impact assessment

## Our environmental commitment

The alarming collapse in global biodiversity and the escalation of climate change impacts disproportionately affects the poorest and most marginalised. Environmental sustainability and effective management of natural resources is a prerequisite for sustainable development.

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.

While Streamlined Energy and Carbon Reporting (SECR) requires only that we report on the carbon emissions of our UK operations, as part of our commitment we have included measures related to our operations across the 20 countries in which we work.

## 2019/20 Streamlined Energy & Carbon Reporting

Energy consumption: (kWh)	UK '000	Non-UK '000	Global '000
Electricity	275	389	664
Gas	39	3	42
Transport fuel	-	2,157	2,157
Fuel for electricity generation	-	392	392
<b>Total energy consumption</b>	<b>314</b>	<b>2,941</b>	<b>3,255</b>

Emissions (tCO <sub>2</sub> e)	UK	Non-UK	Global
Scope 1			
Emissions from combustion of gas in buildings	7	3	10
Emissions from combustion of fuel for transport purposes		517	517
Scope 2			
Emissions from purchased electricity (location based method *)	70	245	315
<b>Total Scope 1&amp;2 emissions</b>	<b>77</b>	<b>765</b>	<b>842</b>
Scope 3			
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	-	130	130
Emissions from upstream transport and distribution losses and excavation and transport of fuels	18	203	221
<b>Total emissions for mandatory reporting</b>	<b>95</b>	<b>1,098</b>	<b>1,193</b>

Intensity (tCO <sub>2</sub> e / £ million turnover)	UK	Non-UK	Global
Revenue £m			60
Intensity ratio: tCO <sub>2</sub> e / £m			20
Optional Scope 3			
Emissions from business travel - air	2,788	1,916	4,703
Emissions from business travel - road	0	498	498
Emissions from business travel - rail	46	0	46
Total emissions from business travel (third-party vehicles)	2,834	2,414	5,248
<b>Total emissions for Scopes 1, 2, &amp; Scope 3 (Categories 3 &amp; 5)</b>	<b>2,929</b>	<b>3,512</b>	<b>6,440</b>

Intensity (tCO <sub>2</sub> e / £ million turnover)	Global
Intensity ratio: tCO <sub>2</sub> e / £m	107

\*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.

## Calculating our carbon impact

The previous figures cover the periods of 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020. It details the carbon emissions from the 20 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)

## Our target is to reduce our carbon footprint by 20% in 20/21

We aim to do this by implementing carbon-reduction initiatives. COVID-19 has forced us to review our ways of working and travel practices and we intend to build on those changes to keep our carbon emissions low. We will continue to:

- Adapt our ways of working, improving our video conferencing facilities and digital collaboration tools to reduce the need for face-to-face meetings

- Assess travel needs to international meetings and events in a systematic way and allow for only essential travel
- Find alternatives to large international conferences by more frequent, digital collaboration
- Raise awareness through regular reports on our travel. Raise awareness through regular reporting on the scale and impacts of business travel
- Shift away from paper printing towards digital files and communications, monitor paper usage and reduce waste.
- Conduct annual carbon assessments and share the results with all our employees

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 and reviewing our procurement policies and setting minimum environmental standards for our suppliers.

# Reference and administrative details

**Charity name:** Voluntary Service Overseas (VSO)

**Charity registration:** 313757 (England and Wales), SC039117 (Scotland)

**Company registration:** 703509

**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](http://www.vsointernational.org)

**Facebook:** [www.facebook.com/vso.international](https://www.facebook.com/vso.international)

**Twitter:** [www.twitter.com/VSO\\_Intl](https://www.twitter.com/VSO_Intl)

**Instagram:** [www.instagram.com/vsointernational](https://www.instagram.com/vsointernational)

**YouTube:** [www.youtube.com/user/vsointernational](https://www.youtube.com/user/vsointernational)

## Have a question or feedback?

Tel: (+44) 20 8780 7500 Email: [enquiry@vsoint.org](mailto:enquiry@vsoint.org)

# Statement of Trustee's 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  
22 October 2020

# 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 for the year ended 31 March 2020, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of 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 of 31 March 2020, and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland)

Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

### 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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
- 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 the 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 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us
- the financial statements are not in agreement with the accounting records and returns
- certain disclosures of trustees' remuneration specified by law are not made
- 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 group's or 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**

We have been appointed as Auditor under section 44(1)(c) of the Charities and trustee Investment (Scotland) Act 2005 and under the Companies Act 2006, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

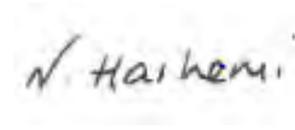
A further description of our responsibilities for the Audit of the financial statements is located on the Financial Reporting Council's website at [frc.org.uk/auditorsresponsibilities](http://frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

## **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, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006.

Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees 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

26 October 2020

# Consolidated statements

of financial activities for the year ended 31 March 2020

Income and expenditure	Note	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total 2020 £'000	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000
<b>Income</b>							
<b>Donations and legacies</b>							
Institutional grants	2a	166	17,790	17,956	286	15,759	16,045
Other donations	2b	7,349	505	7,854	7,615	262	7,877
<b>Charitable activities</b>							
FCDO Volunteering for Development grant	2c	-	16,006	16,006	-	17,059	17,059
ICS contract with FCDO		15,366	-	15,366	17,818	-	17,818
Other trading activities	2d	1,941	4	1,945	2,173	31	2,204
Bank interest		118	-	118	85	-	85
VAT rebate		941	-	941	-	-	-
Integration of subsidiary	9	-	-	-	1,939	-	1,939
<b>Total income</b>		<b>25,881</b>	<b>34,305</b>	<b>60,186</b>	<b>29,916</b>	<b>33,111</b>	<b>63,027</b>
<b>Expenditure</b>							
Raising funds	3	5,916	-	5,916	5,986	-	5,986
<b>Charitable activities</b>							
Inclusive education		4,243	14,212	18,455	7,324	14,031	21,355
Health		2,650	4,542	7,192	1,112	5,060	6,172
Resilient livelihoods		6,929	10,385	17,314	4,565	10,055	14,620
Core approaches*		1,910	6,095	8,005	3,507	5,430	8,937
ICS consortium partners		5,797	-	5,797	7,675	-	7,675
Interest payable and similar costs		45	-	45	58	-	58
<b>Operating expenditure</b>		<b>27,490</b>	<b>35,234</b>	<b>62,724</b>	<b>30,227</b>	<b>34,576</b>	<b>64,803</b>
Exceptional item	12	(776)	-	(776)	(711)	-	(711)
<b>Total expenditure</b>		<b>26,714</b>	<b>35,234</b>	<b>61,948</b>	<b>29,516</b>	<b>34,576</b>	<b>64,092</b>
<b>Net operating income/(expenditure)</b>	<b>4</b>	<b>(1,609)</b>	<b>(929)</b>	<b>(2,538)</b>	<b>(311)</b>	<b>(1,465)</b>	<b>(1,776)</b>
<b>Net income/(expenditure)</b>		<b>(833)</b>	<b>(929)</b>	<b>(1,762)</b>	<b>400</b>	<b>(1,465)</b>	<b>(1,065)</b>
<b>Other recognised gains/(losses)</b>							
Actuarial gains/(losses) on defined benefit pension schemes	19	73	-	73	(81)	-	(81)
Exchange translation difference arising on consolidation		12	-	12	(82)	-	(82)
<b>Net movement in funds</b>		<b>(748)</b>	<b>(929)</b>	<b>(1,677)</b>	<b>237</b>	<b>(1,465)</b>	<b>(1,228)</b>
Transfer of funds	13	-	-	-	249	(249)	-
<b>Reconciliation of funds</b>							
Total funds brought forward		15,936	4,973	20,909	15,450	6,687	22,137
<b>Total funds carried forward</b>		<b>15,188</b>	<b>4,044</b>	<b>19,232</b>	<b>15,936</b>	<b>4,973</b>	<b>20,909</b>

\*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 2020

	Note	Group 2020 £'000	Charity 2020 £'000	Group 2019 £'000	Charity 2019 £'000
<b>Fixed Assets</b>					
Tangible assets	8a	502	466	691	662
Intangible	8b	54	54	47	47
Investments	9	-	2,892	-	2,892
<b>Total Fixed Assets</b>		<b>556</b>	<b>3,412</b>	<b>738</b>	<b>3,601</b>
<b>Current Assets</b>					
Debtors	10	13,285	14,068	12,558	12,899
Short-term cash deposits		11,891	11,002	11,856	11,000
Cash at bank and in hand:					
In the UK and held by group subsidiaries		4,454	1,787	6,585	4,215
ICS working capital advance		3,429	3,429	4,716	4,716
Overseas		3,095	3,095	2,001	2,001
<b>Total current assets</b>		<b>36,154</b>	<b>33,381</b>	<b>37,716</b>	<b>34,831</b>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	11a	(13,090)	(12,792)	(11,747)	(11,263)
<b>Net current assets</b>		<b>23,064</b>	<b>20,589</b>	<b>25,969</b>	<b>23,568</b>
<b>Total assets less current liabilities</b>		<b>23,620</b>	<b>24,001</b>	<b>26,707</b>	<b>27,169</b>
Creditors: amounts falling due after one year	11c	(306)	(306)	(221)	(221)
Provisions for liabilities	12	(4,082)	(4,082)	(5,577)	(5,577)
<b>Total net assets</b>		<b>19,232</b>	<b>19,613</b>	<b>20,909</b>	<b>21,371</b>
<b>Restricted funds</b>					
Income funds	13, 15	4,044	3,873	4,973	5,100
<b>Unrestricted funds</b>					
General fund	14, 15	13,657	14,245	14,185	14,549
Designated funds	14, 15				-
Pension deficit repayment plan fund		(2,708)	(2,708)	(3,285)	(3,285)
Change programme fund		868	868	951	951
ICS fund		500	500	500	500
Fixed asset fund		556	556	738	709
Income generation		2,315	2,315	2,847	2,847
<b>Total unrestricted reserves</b>		<b>15,188</b>	<b>15,740</b>	<b>15,936</b>	<b>16,271</b>
<b>Total funds</b>		<b>19,232</b>	<b>19,613</b>	<b>20,909</b>	<b>21,371</b>

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 22 October 2020.



**Chris Merry**

Honorary Treasurer on behalf of the trustees

# Consolidated cashflow statement

for the year ended 31 March 2020

	Note	Group 2020 £'000	Group 2019 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities		(1,444)	(3,539)
<b>Cash flows from investing activities</b>			
Interest received		118	85
Integration of subsidiary	9	-	1,939
Purchase of property, plant and equipment	8	(963)	(784)
Net cash provided by / (used in) investing activities		(845)	1,240
<b>Change in cash and cash equivalents in the reporting period</b>			
Cash and cash equivalents at the reporting period		25,158	27,457
Total cash and cash equivalents at the end of the reporting period		22,869	25,158
<b>Reconciliation of net income to net cash flow from operating activities</b>			
Net income for the reporting period (as per the statement of financial activities)		(1,762)	(1,065)
<b>Adjustments for:</b>			
Depreciation charges	8	1,143	926
(Gain)/losses on disposal of fixed assets	8	2	108
Interest received		(118)	(85)
(Increase) / decrease in debtors	10	(727)	6,486
Increase / (decrease) in creditors falling due within one year	11a	1,343	(1,352)
Increase / (decrease) in creditors falling after one year and provisions	11c,12	(1,410)	(6,455)
Effect of exchange rate changes on subsidiary consolidation		12	(82)
Accounts related to the defined benefit pension scheme included within the statement	19	73	(81)
Integration of subsidiary	9	-	(1,939)
Net cash provided by operating activities		(1,444)	(3,539)
<b>Analysis of cash and cash equivalents</b>			
Cash at bank and in hand		10,978	13,302
Short-term cash deposits		11,891	11,856
Total cash and cash equivalents		22,869	25,158

# Notes forming part of

the financial statements for the year ended 31 March 2020

## 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).

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 41 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 three thematic areas and the core approaches 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 number of volunteers placed across those themes.

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. Also included under this heading are contract payments made to the consortium partners of the ICS Programme. 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 taken into account 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 assets and depreciation

Fixed 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

Leasehold improvements	Length of the lease
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
100% shareholding in Beijing VSO Consulting Company Limited	Stated at expected future value

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.

At the balance sheet date the charity held financial assets at amortised cost of £30.0m (2019 £28.8m) and financial liabilities at amortised cost of £10.2m (2019 £9.0m).

### 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 light of the current COVID-19 pandemic and the delays in funding related to the merger of DFID and the UK Foreign & Commonwealth Office, VSO has undertaken a scenario-planning exercise of income and planned expenditure, including financial and cashflow projections, to forecast how various outcomes might affect VSO's operations in 2021, taking into account the risk of decreased income from various sources and the ability of VSO to implement its activities across the globe. The results of the scenario planning have been used as a basis from which to formulate a model for strategic planning. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected changes in income and expenditure to allow us to adjust our cost base and continue activities. We will

continue to monitor the situation and manage our finances accordingly. The results of the scenario planning, together with VSO's current level of unrestricted reserves, and a continuation to shift to a more adaptable unrestricted cost structure, indicates that VSO has sufficient resources to continue in operational existence for the foreseeable future.

The trustees therefore 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, and 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 2020 £'000	Restricted funds 2020 £'000	Total 2020 £'000	Total 2019 £'000
<b>Governmental bodies</b>				
Australian Department for Foreign Affairs and Trade	-	1,309	1,309	1,263
British Council	-	448	448	-
FCDO – other funding	-	7,353	7,353	4,347
European Union	-	1,081	1,081	757
Global Affairs Canada	-	321	321	-
Irish Aid	-	198	198	283
KfW	-	596	596	-
Norwegian Embassy	-	1,321	1,321	836
Scottish Government	-	64	64	176
UN Agencies	-	1,875	1,875	1,235
USAID	-	82	82	63
Other public funding	12	335	347	147
<b>Total governmental bodies</b>	<b>12</b>	<b>14,983</b>	<b>14,995</b>	<b>9,107</b>
<b>Non-government bodies</b>				
Companies	50	1,734	1,784	4,641
Trusts and Foundations	60	673	733	883
National Lottery Community Fund	-	27	27	144
Comic Relief	-	-	-	71
Other charitable organisations	44	373	417	1,199
<b>Total non-government bodies</b>	<b>154</b>	<b>2,807</b>	<b>2,961</b>	<b>6,938</b>
<b>Total Institutional grants</b>	<b>166</b>	<b>17,790</b>	<b>17,956</b>	<b>16,045</b>

## Income analysis (note 2 continued)

b. Other donations	Unrestricted	Restricted	Total	Total
	funds	funds		
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
Individuals	6,374	447	6,821	6,899
Legacies	778	58	836	617
Gifts in kind and pro bono services	197	-	197	361
<b>Total donations and legacies</b>	<b>7,349</b>	<b>505</b>	<b>7,854</b>	<b>7,877</b>

c. Charitable activities	Unrestricted	Restricted	Total	Total
	funds	funds		
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
Volunteering for Development	-	16,006	16,006	17,059
ICS	15,366	-	15,366	17,818
<b>Total charitable activities income</b>	<b>15,366</b>	<b>16,006</b>	<b>31,372</b>	<b>34,877</b>

d. Other trading income	Unrestricted	Restricted	Total	Total
	funds	funds		
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
Lettings	204	4	208	200
Community projects	4	-	4	61
Events	63	-	63	43
Volunteer fundraising	1,589	-	1,589	1,869
VSO Shop	1	-	1	5
Sale of assets	80	-	80	26
<b>Total other trading income</b>	<b>1,941</b>	<b>4</b>	<b>1,945</b>	<b>2,204</b>

### 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 2020 £'000	Total costs 2019 £'000
<b>By core programme area</b>						
Inclusive education	1,391	5,965	9,532	1,567	18,455	21,355
Health	278	2,505	3,758	651	7,192	6,172
Resilient livelihoods	478	6,007	8,986	1,843	17,314	14,620
Core approaches*	1,278	2,870	3,188	669	8,005	8,937
<b>ICS consortium partners</b>						
Balloon Kenya	-	-	-	-	-	430
Challenges Worldwide	-	-	-	-	-	592
Raleigh International	3,635	-	-	-	3,635	3,494
Restless Development	2,162	-	-	-	2,162	1,648
Tearfund	-	-	-	-	-	194
United Nations Association International Service	-	-	-	-	-	830
Y Care International	-	-	-	-	-	487
<b>Total ICS consortium partners</b>	<b>5,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,797</b>	<b>7,675</b>
<b>Total</b>	<b>9,222</b>	<b>17,347</b>	<b>25,464</b>	<b>4,730</b>	<b>56,763</b>	<b>58,759</b>

\*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 £197,000 (2019: £146,000).

#### b. Analysis of support costs

	Governance and CEO costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2020 £'000	Total costs 2019 £'000
Education	226	316	379	263	383	1,567	2,653
Health	95	131	158	109	158	651	307
Livelihoods	267	373	447	307	449	1,843	693
Core approaches	96	136	161	111	165	669	1,131
<b>Apportioned support costs - charitable activities</b>	<b>684</b>	<b>956</b>	<b>1,145</b>	<b>790</b>	<b>1,155</b>	<b>4,730</b>	<b>4,784</b>
Raising funds	99	138	165	114	166	682	548
<b>Total apportioned support costs</b>	<b>783</b>	<b>1,094</b>	<b>1,310</b>	<b>904</b>	<b>1,321</b>	<b>5,412</b>	<b>5,332</b>

Apportioned support costs include pro bono services valued at £141,000 (2019: £209,000).

Governance and CEO costs include costs directly related to the Chief Executive Officer role, including remuneration, travel and executive assistance, of £216,000 (2019: £224,000).

## 4. Net incoming resources

Net movement in funds is stated after the following charges:

	2020 £'000	2019 £'000
<b>Auditors' remuneration (exclusive of VAT)</b>		
Fees payable for the audit of the charity's annual accounts	39	35
Fees payable for the audit of the charity's subsidiaries	36	11
Fees payable for the audit of USAID	11	17
Fees payable for overseas tax consultancy	43	60
Fees payable for VAT services	35	8
Other services	14	5
<b>Total fees payable to the charity's auditors</b>	<b>178</b>	<b>136</b>
<b>Depreciation</b>		
Assets in the UK and held by group subsidiaries	255	257
Assets held overseas	888	669
<b>Total depreciation charges</b>	<b>1,143</b>	<b>926</b>
<b>(Gain)/loss on exchange rate movements (realised and unrealised)</b>		
Realised (gains)/losses	165	129
Unrealised (gains)/losses	(447)	(356)
<b>Total (gain)/loss on exchange rate movements</b>	<b>(282)</b>	<b>(227)</b>

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 (2019: 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 £8,359 (2019: £16,601), paid to nine trustees (2019: eleven).

## 6. Employee benefits including the cost of key management personnel

	2020 £'000	2019 £'000
Salaries and wages*	19,186	18,373
Social security costs	1,316	1,183
Pension costs	1,016	1,018
Other employee benefits	1,380	1,346
Temporary staff	231	561
<b>Total</b>	<b>23,129</b>	<b>22,481</b>

\* Excluding overseas tax provision - see note 12

The 2020 wages and salaries figure includes an amount of £307,000 (2019: £163,000) relating to termination costs.

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

	2020 £'000	2019 £'000
£60,001 - 70,000	13	9
£70,001 - 80,000	6	6
£80,001 - 90,000	3	5
£90,001 - 100,000	6	3
£100,001 - 110,000	4	4
£110,001 - 120,000	-	1
£120,001 - 130,000	-	-
£130,001 - 140,000	2	2
£140,001 - 150,000	1	-
£150,001 - 160,000	1	-
<b>Total</b>	<b>36</b>	<b>30</b>

Total benefits, excluding employer pension costs, disclosed in the above bands include termination costs of £72,000 (2019: £57,000), and health benefits, housing, dependents' education, relocation / travel allowances and income tax costs of £435,000 (2019: £329,000). The total benefits, excluding employer pension costs, relating to the highest earner, an expatriate with a programme operational role, were £154,000. The total benefits, excluding employer pension costs, of the Chief Executive Officer were £141,000.

The key management personnel of the charity 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; they receive payment only for reimbursement of out of pocket expenses (see note 5).

The executive team is made up of five members. The total compensation costs, including employer's National Insurance contributions, pension and termination costs was £670,000 (2019: £569,000). One role was vacant for a portion of the 2019 financial year. As part of our COVID-19 response, the compensation of the executive team was adjusted down, therefore this figure is expected to reduce in 2021.

## 7. Employee numbers

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

	2020 Headcount	2020 FTE	2019 Headcount	2019 FTE
UK and subsidiaries based	223	208	186	177
Overseas based	565	564	567	563
<b>Total</b>	<b>788</b>	<b>772</b>	<b>753</b>	<b>740</b>

## 8. Fixed asset

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
<b>Cost</b>					
As at 1 April 2019	1,339	187	1,369	2,893	5,788
Additions	-	22	28	888	938
Disposals	(15)	(8)	(8)	(1,399)	(1,430)
<b>At 31 March 2020</b>	<b>1,324</b>	<b>201</b>	<b>1,389</b>	<b>2,382</b>	<b>5,296</b>
<b>Accumulated depreciation</b>					
As at 1 April 2019	788	183	1,233	2,893	5,097
Charge for the year	133	4	100	888	1,125
Disposals	(15)	(7)	(7)	(1,399)	(1,428)
<b>At 31 March 2020</b>	<b>906</b>	<b>180</b>	<b>1,326</b>	<b>2,382</b>	<b>4,794</b>
<b>Net book value</b>					
At 31 March 2019	551	4	136	-	691
<b>At 31 March 2020</b>	<b>418</b>	<b>21</b>	<b>63</b>	<b>-</b>	<b>502</b>
Held by parent charity	417	-	49	-	446
Held by subsidiaries	-	20	16	-	36

## Fixed asset (note 8 continued)

b. Intangible fixed assets	IT software £'000	Total £'000
<b>Cost</b>		
As at 1 April 2019	47	47
Additions	25	25
Disposals	-	-
<b>As at 31 March 2020</b>	<b>72</b>	<b>72</b>
<b>Accumulated depreciation</b>		
As at 1 April 2019	-	-
Charge for the year	18	18
Disposals	-	-
<b>As at 31 March 2020</b>	<b>18</b>	<b>18</b>
<b>Net book value</b>		
As at 31 March 2019	47	47
<b>As at 31 March 2020</b>	<b>54</b>	<b>54</b>
Held by parent charity	54	54
Held by subsidiaries	-	-

## 9. Investments

	Group 2020 £'000	Charity 2020 £'000	Group 2019 £'000	Charity 2019 £'000
Market value at the beginning of the year	-	2,892	-	953
Integration of subsidiary – VSO Netherlands	-	-	-	1,939
Impairment	-	-	-	-
<b>Market value at 31 March</b>	<b>-</b>	<b>2,892</b>	<b>-</b>	<b>2,892</b>

Investments held by the charity at 31 March 2020 comprise £2 held in VSO Trading Limited, £953,000 held in Voluntary Service Overseas (Ireland) Limited, £1,939,000 held in Voluntary Service Overseas (Netherlands) and Enil held in Beijing VSO Consulting Company Limited.

VSO Trading Limited, Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost and Beijing VSO Consulting Company Limited has been written down to a nil value based on expected future value of this investment (see note 17).

## 10. Debtors

	Group 2020 £'000	Charity 2020 £'000	Group 2019 £'000	Charity 2019 £'000
Trade debtors	7,683	7,655	7,818	7,818
Amounts due from ICS consortium partners (working capital advances)	1,071	1,071	784	784
Amounts due from VSO Trading Limited	-	84	-	608
Amounts due from VSO Ireland	-	732	-	39
Amounts due from VSO USA	-	220	-	-
Other debtors	926	902	756	752
Accrued income	2,820	2,619	2,384	2,104
Prepayments	785	785	816	794
<b>Total</b>	<b>13,285</b>	<b>14,068</b>	<b>12,558</b>	<b>12,899</b>

All amounts above are due within one year, with the exception of £10,342 relating to non-current prepayments (2019: £31,347), and £58,410 relating to lease deposits (2019: £53,831).

Legacies of which we have been notified, but not recognised as income, are valued at £412,867 (2019: £212,689).

## 11. Creditors

a. Amounts falling due within one year	Group 2020 £'000	Charity 2020 £'000	Group 2019 £'000	Charity 2019 £'000
Trade creditors	3,614	3,564	1,864	1,694
Working capital advance from FCDO for ICS	4,500	4,500	5,500	5,500
Amounts due to VSO Netherlands	-	94	-	225
Other creditors	971	895	538	512
Pension contributions payable	97	91	91	91
Tax and social security	707	707	725	725
Accrued expenditure	2,168	1,997	1,925	1,434
Deferred income	656	656	859	837
Accrual for compensated employee leave	377	288	245	245
<b>Total</b>	<b>13,090</b>	<b>12,792</b>	<b>11,747</b>	<b>11,263</b>

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

b. Movement on deferred income during the year	Group 2020 £'000	Charity 2020 £'000	Group 2019 £'000	Charity 2019 £'000
Balance brought forward	859	837	1,272	1,212
Released to income	(203)	(181)	(1,000)	(962)
Received in year	-	-	587	587
<b>Balance carried forward</b>	<b>656</b>	<b>656</b>	<b>859</b>	<b>837</b>

## Creditors (note 11 continued)

c. Amounts falling due after one year	Group 2020 £'000	Charity 2020 £'000	Group 2019 £'000	Charity 2019 £'000
Other creditors	306	306	221	221
Total	306	306	221	221

No interest is incurred on any of the above creditors.

## 12. Provisions for liabilities – group and charity

	As at 1 April 2019 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2020 £'000
Overseas tax	1,946	(46)	(55)	(776)	1,069
Volunteer flights	60	-	(41)	-	19
Dilapidations	286	-	-	-	286
Pension deficit	3,285	(32)	(545)	-	2,708
Total	5,577	(78)	(641)	(776)	4,082

### 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. The value of the provision released due to exemptions and waivers granted by local authorities of £776,000 is shown as an exceptional item in the statement of financial activities.

### 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 £545,000 (2019: £465,000) 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 – group and charity

a. Movement on restricted funds	Opening balance	Incoming resources	Resources expended	Closing balance	Opening unrestricted balance	Transfer to/from funds	Incoming resources	Resources expended	Closing balance
	2020	2020	2020	2020	2019	2019	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Worldwide	1,807	17,593	(17,921)	1,479	1,793	-	19,269	(19,255)	1,807
restricted funds									
Restricted funds by country									
Bangladesh	165	244	(374)	35	(3)	6	761	(599)	165
Cambodia	36	505	(527)	14	516	-	418	(898)	36
Ethiopia	78	438	(514)	2	77	-	419	(418)	78
Ghana	111	-	(53)	58	482	(411)	355	(315)	111
India	-	-	-	-	-	-	26	(26)	-
Kenya	207	1,077	(970)	314	63	-	618	(474)	207
Malawi	457	2,096	(1,922)	631	318	-	1,428	(1,289)	457
Mozambique	51	412	(168)	295	102	-	-	(51)	51
Myanmar	1	559	(560)	-	81	-	71	(151)	1
Nepal	9	3,714	(3,317)	406	53	-	1,514	(1,558)	9
Nigeria	6	-	(6)	-	15	-	(11)	2	6
Pakistan	128	108	(225)	11	79	-	191	(142)	128
Papua New Guinea	-	-	-	-	(53)	48	(10)	15	-
Philippines	64	229	(255)	38	63	-	72	(71)	64
Rwanda	18	3,944	(3,921)	41	95	(29)	3,037	(3,085)	18
Sierra Leone	-	141	(141)	-	79	-	53	(132)	-
South Africa	150	92	(220)	22	993	-	196	(1,039)	150
Tanzania	198	2,067	(1,873)	392	485	-	1,863	(2,150)	198
Uganda	1,277	677	(1,792)	162	1,083	137	2,413	(2,356)	1,277
Zambia	172	99	(271)	-	-	-	242	(70)	172
Zimbabwe	38	310	(204)	144	366	-	186	(514)	38
<b>Total country restricted funds</b>	<b>3,166</b>	<b>16,712</b>	<b>(17,313)</b>	<b>2,565</b>	<b>4,894</b>	<b>(249)</b>	<b>13,842</b>	<b>(15,321)</b>	<b>3,166</b>
<b>Total restricted funds</b>	<b>4,973</b>	<b>34,305</b>	<b>(35,234)</b>	<b>4,044</b>	<b>6,687</b>	<b>(249)</b>	<b>33,111</b>	<b>(34,576)</b>	<b>4,973</b>

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. A comprehensive review was completed the 2018/19 financial year on all grants and the transfer of funds related to historic balances on previously closed projects.

## Restricted funds – group and charity (note 13 continued)

b. Movement on contracted funds	Opening	Incoming	Resources	Transfer	Closing	Opening	Incoming	Resources	Transfer	Closing
	balance	resources	expended	of funds	balance	balance	resources	expended	of funds	balance
	2020	2020	2020	2020	2020	2019	2019	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
International Citizen Service (ICS)	500	16,955	16,505	(450)	500	1,416	19,658	17,818	(2,756)	500

Income and expenditure relating to the above contract is recorded under the unrestricted column on the Consolidated Statement of Financial Activities.

## 14. Unrestricted funds – group and charity

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 01 April 2018	12,671	(3,611)	986	1,416	988	3,000	15,450
Surplus / (deficit) for the year	(1,741)	326	(35)	1,840	-	(153)	237
Transfer from restricted	249	-	-	-	-	-	249
Transfer between funds	3,006	-	-	(2,756)	(250)	-	-
As at 31 March 2019	14,185	(3,285)	951	500	738	2,847	15,936
Surplus / (deficit) for the year	(1,160)	577	(83)	450	-	(532)	(748)
Transfer from restricted	-	-	-	-	-	-	-
Transfer between funds	632	-	-	(450)	(182)	-	-
At 31 March 2020	13,657	(2,708)	868	500	556	2,315	15,188

### 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

The trustees have decided to transfer £450,000 to the general fund to maintain the brought forward balance of £500,000 corresponds to the redundancy costs of employees should the ICS contract not be renewed.

#### 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 decided to designate a £3m fund to be invested in income generating activities over the next three years to support unrestricted income growth and income portfolio diversification.

## 15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2019 were represented by:								
Tangible fixed assets	-	-	-	-	738	-	-	738
Investments	-	-	-	-	-	-	-	-
Current assets	22,818	-	951	6,000	-	2,847	5,100	37,716
Current liabilities	(6,120)	-	-	(5,500)	-	-	(127)	(11,747)
Long term liabilities and provisional	(2,513)	(3,285)	-	-	-	-	-	(5,798)
<b>Total net assets</b>	<b>14,185</b>	<b>(3,285)</b>	<b>951</b>	<b>500</b>	<b>738</b>	<b>2,847</b>	<b>4,973</b>	<b>20,909</b>

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2020 are represented by:								
Tangible fixed assets	-	-	-	-	556	-	-	556
Investments	-	-	-	-	-	-	-	-
Current assets	24,070	-	868	5,000	-	2,315	4,044	36,297
Current liabilities	(8,733)	-	-	(4,500)	-	-	-	(13,233)
Long term liabilities and provisional	(1,680)	(2,708)	-	-	-	-	-	(4,388)
<b>Total net assets</b>	<b>13,657</b>	<b>(2,708)</b>	<b>868</b>	<b>500</b>	<b>556</b>	<b>2,315</b>	<b>4,044</b>	<b>19,232</b>

## 16. Operating leases

As at 31 March 2020 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below, including in year lease expense.

	2020 £'000	2019 £'000
In the UK:		
Within one year	536	539
Within two to five years	1,119	1,647
In more than five years	-	-
Overseas:		
Within one year	290	256
Within two to five years	56	285
In more than five years	-	-
<b>Total</b>	<b>2,001</b>	<b>2,727</b>
<b>Lease expense</b>	<b>1,287</b>	<b>2,160</b>

As at 31 March 2020 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2020 £'000	2019 £'000
<b>In the UK</b>		
Within one year	71	71
Within two to five years	150	221
In more than five years	-	-
<b>Total</b>	<b>221</b>	<b>292</b>

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building.

The current agreement is due to end in May 2023.

## 17. Subsidiary companies

	VSO Trading 2020 £'000	VSO Ireland 2020 £'000	VSO Netherlands 2020 £'000	VSO USA 2020 £'000	VSO Trading 2019 £'000	VSO Ireland 2019 £'000	VSO Netherlands 2019 £'000	VSO USA 2019 £'000
Total income	24	506	2,995	133	53	673	2,978	-
Total expenditure	24	442	2,825	296	43	831	3,238	-
<b>Net income / (expenditure)</b>	<b>-</b>	<b>64</b>	<b>170</b>	<b>(163)</b>	<b>10</b>	<b>(158)</b>	<b>(260)</b>	<b>-</b>
Gift aid payment to VSO	-	-	-	-	10	-	-	-
<b>Retained profit / (loss) for the year</b>	<b>-</b>	<b>64</b>	<b>170</b>	<b>(163)</b>	<b>-</b>	<b>(158)</b>	<b>(260)</b>	<b>-</b>
Total assets	89	1,661	2,135	58	633	1,250	1,903	-
Total liabilities	89	750	373	221	633	456	267	-
<b>Total funds</b>	<b>-</b>	<b>911</b>	<b>1,762</b>	<b>(163)</b>	<b>-</b>	<b>794</b>	<b>1,636</b>	<b>-</b>

The VSO Group comprises the parent charity (VSO) and four subsidiary undertakings.

### 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.

### Beijing VSO Consulting Company Limited

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).

A decision was taken in 2014/15 to wind down Beijing VSO Consulting Company Limited. This process can take a number of years and it expected to be completed in financial year 2020/2021.

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.

In accordance with Chinese legislation, the financial year end of the subsidiary is 31 December. Full accounts are available on request from VSO.

## 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: 7 Whitefriars, Peter's Row Aungier Street, Dublin, DO2 EF67, Republic of Ireland. 31 The company is a wholly owned subsidiary and was acquired on 31 January 2017.

The principal activity of the subsidiary is to implement programmes that deliver sustainable change in three core areas: Education, Health and Secure 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. (registration Number 41155934).

## 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; 777 Sixth Street NW, 9<sup>th</sup> Floor, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018.

## 18. Related party transactions

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

	VSO Trading 2020 £'000	VSO Ireland 2020 £'000	VSO Netherlands 2020 £'000	VSO USA 2020 £'000	VSO Trading 2019 £'000	VSO Ireland 2019 £'000	VSO Netherlands 2019 £'000	VSO USA 2019 £'000
Payments received for management services	1	39	-	-	1	-	-	-
Donations received under Gift Aid	-	-	-	-	10	-	-	-
Sub-grants paid to	-	-	274	131	-	-	-	-
Sub-grants received from	22	339	529	-	-	408	829	-

## 19. Pension costs

Scottish Widows is the main scheme available to all UK employees. VSO offered this defined contribution scheme from October 2009 and it has been the primary scheme for the charity's employees since then. Scottish Widows has also provided an auto-enrolment scheme for all eligible UK employees since February 2014.

The Pensions Trust Growth Plan Series 4 was the previous main scheme; it has been closed to new VSO entrants since October 2009. The charity also contributes to certain pension schemes for some employees based overseas.

The following table shows the cost of pension contributions in 2020 and 2019.

	2020 £'000	2019 £'000
Scottish Widows	306	222
The Pension Trust	63	62
The Pension Trust – deficit reduction liability: unwinding of discounting	41	58
The Pension Trust – deficit reduction liability: revaluation	(73)	81
Other – overseas schemes	679	595
<b>Total</b>	<b>1,016</b>	<b>1,018</b>

## The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 1,300 non-associated participating employers. The Plan is a defined benefit scheme in the UK.

As at 31 March 2020, VSO employed 17 (2019: 17) 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. Therefore it accounts for the Plan 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 in order 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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the trustee has asked the participating employers to continue paying contributions to the scheme until 31 January 2025. Future contributions for VSO as at 31 March 2020 are as follows:

Financial Year	£'000
2020/21	562
2020/22	578
2021/23	596
2022/24	614
2023/25	527

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.

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 in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

## Present values of provision

	2020 £'000	2019 £'000	2018 £'000
Present value of provision	2,708	3,285	3,611

## Pension costs (note 19 continued)

### Reconciliation of opening and closing provisions

	2020 £'000	2019 £'000
Provision at start of period	3,285	3,611
Unwinding of the discount factor (interest expense)	41	58
Deficit contribution paid	(545)	(465)
Remeasurements – impact of any change in assumptions	(73)	30
Remeasurements – amendments to the contribution schedule	-	51
<b>Provision at end of period</b>	<b>2,708</b>	<b>3,285</b>

### Income and expenditure impact

	2020 £'000	2019 £'000
Interest expense	41	58
Remeasurements – impact of any change in assumptions	(73)	30
Remeasurements – amendments to the contribution schedule	-	51
<b>Cost recognised in the SOFA</b>	<b>(32)</b>	<b>139</b>

### Assumptions

	2020 % per annum	2019 % per annum	2018 % per annum
Rate of discount	2.53	1.39	1.71

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'. Therefore 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.

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 2019/20.

AmplifyChange	Imagine Worldwide
ARM	Irish Aid
BT Supporters Group	Jersey Overseas Aid
Citi Group	KfW
Tanzania Citi Foundation	Mastercard Foundation
Department for Foreign Affairs Trade and Development	Medicor Foundation
Dioraphte	Randstad
Dubai Cares	Robert Carr Civil Society Networks Fund
Education Consortium	Royal Norwegian Embassy
European Commission	Scottish Government
ERIKS	The British Asian Trust
Foreign, Commonwealth & Development Office	UNFPA
GIZ	UNICEF
Global Affairs Canada	UNOCHA
Greg Dyke and Sue Howes	UN Trust Fund
GSRD Foundation	USAID
Hempel Foundation	Weeshuis der Doopsgezinden
	Wees een Kans



**If you would like to know more about VSO's work worldwide, visit [www.vsointernational.org](http://www.vsointernational.org)**

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