



© VSO / Ben Langston



Annual report &  
Financial statements  
For the year  
ended 31 March **2011**

We know we make a difference to lives every day. We want to do more, to continue growing so we can make an even bigger impact.



## Contents

<b>Chair and Chief Executive's Introduction</b>	<b>4</b>
<b>About VSO: <i>People First</i></b>	<b>6</b>
Vision, mission, values, brand and objects	6
Where we work	6
What we do and how we do it	8
<b>Activities, Achievements and Performance</b>	<b>10</b>
VSO at a glance	10
Highlights of the year	11
Impact	12
National Volunteering	16
Policy and Advocacy	17
Public Engagement	18
Fundraising	19
Implementation plan for the new strategy	20
<b>Future plans</b>	<b>21</b>
<b>Structure, Governance and Management</b>	<b>22</b>
Structure	22
Governance	22
Management	25
Risk management	25
<b>Financial Review for the Year Ended 31 March 2011</b>	<b>26</b>
Income	26
Expenditure	27
Funds held	28
Reserves policy	28
Investment policy	28
<b>Statement of Trustees' Responsibilities</b>	<b>29</b>
<b>Independent Auditor's Report</b>	<b>30</b>
<b>Consolidated Statement of Financial Activities for the Year Ended 31 March 2011</b>	<b>32</b>
<b>Balance Sheet as at 31 March 2011</b>	<b>33</b>
<b>Consolidated Cash Flow Statement for the Year Ended 31 March 2011</b>	<b>34</b>
<b>Notes Forming Part of the Financial Statements for the Year Ended 31 March 2011</b>	<b>35</b>
<b>Reference and Administrative Details</b>	<b>49</b>

# Chair & Chief Executive's Introduction

We introduce this report at a time when one in four people survives on or below \$1.25 a day, despite the world being rich enough for everyone to live free from poverty. These men, women and children endure hunger and malnutrition, are vulnerable to preventable diseases, and are often unable to go to school or seek medical help. Not having land to grow food or a job to earn a living means a denial of choices and opportunities, and living a life overshadowed by insecurity, powerlessness and exclusion.

Our future lies in being a flexible global organisation that is fully responsive to changing circumstances and needs.

VSO has over 50 years' experience in developing close, long-term partnerships with local organisations and volunteers to tackle such poverty. This year we launched our new strategy entitled *People First*, which will enable us to respond to the changing needs of the people whose lives we seek to improve. We are better at measuring our performance, and this focus on results has enabled us to ensure that everything we do is increasing our impact. During the past year, VSO was well placed to bring people together to fight poverty. We're proud that, among many significant achievements, we helped over 500,000 disabled people to know their rights and to access education or health services. In 14 countries, 157 VSO partners reached over four million women and men with HIV and AIDS services. Globally, we supported 31,000 schools to improve the quality of education for more than five million children in 17 countries.

### How do we do this? Let's just take one example.

Clementine is from a farming family in Nyanza District, Rwanda. Understanding the value of an education and desperate to do well, she walks for one and a half hours to get to school. In the past, Clementine would arrive to find large classes, limited materials and old-fashioned teaching methods, all of which hampered her learning and stifled her potential. In 2006, VSO began developing a partnership with the Rwandan Ministry of Education, placing volunteers to work alongside Clementine's teachers and head teacher, and with Nyanza community officials. All were committed to achieving the same goal, working together to improve teaching methods and develop teachers' skills. Now children like Clementine attend lessons that are inclusive, inspiring and more relevant. Clementine dreams of being a doctor and hopes to work to improve healthcare in remote places like her village.



Clementine's story is not unique. It is a scenario being played out in schools across Rwanda, reaching thousands of children in that country alone. This is an approach that VSO applies to its work in more than 40 countries globally.

VSO believes that poverty and inequality are unacceptable. That's why we created *People First*. This ambitious strategy helps us build on the best of what we do, so we can have a wider reach through better-quality programmes. We aim to expand the way we work with partners, to best respond to their needs, and we will organise our programmes to ensure we work in countries where we can make the maximum impact on poverty. Our future lies in being a flexible global organisation that is fully responsive to changing circumstances and needs. We will work together with our federation partners to align everything we do behind our shared objectives and priorities. We are also committed to expanding our fundraising work, to broaden and double our income so we can meet these objectives.

As you can see, we have relaunched the VSO brand to help us articulate and position our new strategy to maximum effect. This includes a refreshed vision, mission and values and a new visual identity, which convey our impact as a catalyst and advocate for fighting poverty.

The directions and changes set out in our new strategy are supported by the UK's Department for International Development (DFID) and we're delighted to have signed a new three-year funding agreement as a strategic grant. We're also enormously grateful to our corporate donors, event participants, a number of other national governments (including those of Canada, the Netherlands and Ireland), supporters, trusts and volunteers. Their financial generosity has enabled us to achieve the successes outlined in this report and allowed us to invest in future programmes.

We know we make a difference to lives every day. We want to do more, to continue growing so we can make an even bigger impact – we know the need is there. While we have support from many generous donors who recognise the value of our distinctive contribution to fighting poverty, we have a real fundraising challenge ahead. We need to raise more money to continue and grow our work. The need is now, and it is urgent. VSO will continue to ask of everyone: **what can you do to help?**

Thank you for your continued support.



*S. Chakrabarti*  
Suma Chakrabarti  
VSO Chairman



*Marg Mayne*  
Marg Mayne  
Chief Executive

# About VSO: People First

VSO is the world's leading independent international development organisation that works through volunteers to fight poverty in developing countries. Our high-impact approach involves bringing people together to share skills, build capabilities, promote international understanding and action, and change lives to make the world a fairer place.

This year we launched our new strategy, *People First*, which sets out six strategic directions for how we will achieve our ambitious goal: a world without poverty.

Three of these strategic directions are programme-based and will focus our work to ensure we put poor people at the centre. We aim to expand the way we work with partners, to best respond to their needs. We will organise our programmes to ensure we work in countries where we can make the maximum impact on poverty.

The remaining three directions will align everyone across VSO behind our objectives and priorities, and will see VSO further develop into an organisation that is fully responsive to changing circumstances and needs in the countries where we work. To increase our impact in the fight against poverty, we aim to expand our fundraising work to broaden and significantly increase our income.

**VSO works in countries where we can make the biggest difference against poverty.**

## Vision

Our vision is for a world without poverty.

## Mission

Our mission is to bring people together to fight poverty.

## Values

Our values underpin and support our work:

- People are the best agents of change
- Knowledge is our most powerful tool
- Progress is only possible through working together
- By thinking globally, we can change the world

## Brand

This year, we revitalised our brand to help us articulate and position our new strategy. This includes a refreshed vision, mission and values, and a new visual identity with clear brand messaging, which convey our impact as a catalyst and advocate for fighting poverty. This ensures that we have a compelling case for support for VSO, built on our contribution to development. It effectively represents One Global VSO, where we work as a global, unified organisation. The visual identity was launched in March 2011 and we are now promoting and positioning the new brand on the global stage, supporting our income targets.

## Objects

VSO's objects are to advance education and to aid in the relief of poverty in any part of the world. To fulfil these objects, VSO:

- sends volunteers to other countries to share and develop their skills and understanding, and to share their experience with others on their return
- undertakes or assists in works and projects of all kinds
- educates the public in the nature, causes and effects of poverty and limited education in other countries; conducts and pursues research concerning these matters, and publishes or otherwise makes available to the public the results of such research.

## Where we work

VSO works in countries where we can make the biggest difference against poverty. Our global federation structure brings members together in a network of shared excellence and expertise. Our federation members form international teams to recruit volunteers and raise funds so that in 2010/11, we could deliver innovative programmes in over 40 countries across the world – in Africa, Asia, the Pacific, Latin America and the Caribbean.



## What we do and how we do it

We work for and with disadvantaged people in the poorest countries where we can make the biggest difference against poverty. Our approach is to develop close, long-term partnerships with local organisations in order to arrive at a joint understanding of their development priorities and how we can best address them together.

In 2010/11 our work was focused on six developmental goals, with a particular focus on women and girls: education, HIV and AIDS, health, secure livelihoods (including climate change), participation, and governance and disability. These reflect the priorities of our partner organisations, the international development targets in the UN Millennium Development Goals and our distinctive competence of volunteering.

We take into account Charity Commission guidance on public benefit when reviewing our aims and planning our future objectives. Through our global leadership team (GLT), the trustees ensure that our programmes are in line with our charitable objectives and aims.

Our aim is that ultimately our partner organisations will have the skills and capacity they need to be self-sufficient, and so will no longer require VSO. VSO continues to be committed to two-year international volunteering placements, but the options we offer our partners also include shorter placements, community volunteering, youth volunteering, involvement in awareness-raising and advocacy initiatives, exchanges and linking programmes, secondments, study visits and grants. These are outlined below.

**Our aim is that ultimately our partner organisations will have the skills and capacity they need to be self-sufficient.**



### International Volunteering

Volunteers are central to our objectives and activities. At our heart is an international volunteering programme, recruiting volunteers from the UK, the Netherlands, Canada, the Philippines, Kenya, Ireland, Australia and India for long-term, short-term, youth and exchange programmes. Our established expertise is in enabling international volunteers from developed and developing countries to work with partner organisations, building strong three-way partnerships in which our staff, volunteers and partners work together towards shared objectives.

During their placements, volunteers are employed by the partner organisation in the country where they work for periods of between six weeks and two years. There is a clear need for some financial support to volunteers to allow this. However, it is central to VSO's approach that volunteers should live alongside the people with whom they work and, as far as possible, share the living conditions of their immediate peers. In this context, international volunteers receive a monthly subsistence allowance, comparable to that received by their peers and adequate for maintenance of their health and wellbeing. Housing, provided by their employers, is generally of a modest local standard.

We are committed to learning from volunteers' experiences and we involve volunteers in identifying and facilitating activities that increase the development impact of our programmes. On their return, we encourage volunteers to stay involved with VSO in a variety of activities, such as raising development awareness and funds, and campaigning.

### Community Volunteering

VSO also promotes and supports community, national and Diaspora volunteering, because we believe that people working together out of a sense of community responsibility and shared commitment create a powerful force for reducing poverty and promoting development.

We share our volunteering experience with organisations that want to set up or expand local, national or international volunteering programmes, where these address shared development aims. Our national volunteering approaches support partners to strengthen and create initiatives with volunteering for development at their heart, so that all citizens can participate actively in the growth of their own communities, improving the quality of life for poor and marginalised groups, especially women.

We also recognise that there are many Diaspora communities in the UK with a development focus, a volunteering approach and a particular interest in applying their skills and commitment in their countries of heritage. Our Diaspora work supports these communities in volunteer recruitment and management, and placement development.



### Raising Awareness

VSO supports disadvantaged communities by bringing their stories and experience to the attention of the public and decision-makers worldwide. We undertake advocacy locally, nationally and internationally to bring about positive change to policies and practices. Together with our supporters, we campaign for global justice and help raise awareness of key development issues.

Our LINKS (Learning through International Networking and Knowledge Sharing) activities give VSO partners the chance to go to another country to learn and share good practice by meeting or working with development agencies there. We also promote and help to organise a variety of national activities that can connect in-country partnerships, including study tours, themed workshops and partner exchanges.

VSO volunteers also benefit through their experience of different cultures and communities. We help them share this on their return so they can raise awareness of the global issues that matter. With our support, VSO returned volunteers, supporters, partners and staff increase understanding in schools and communities, so that more people in the UK become aware of the causes of poverty, the role of global actors and the actions they can take.



# Activities, achievements and performance



## VSO at a glance

We bring people together to share skills, build capabilities and change lives in 44 of the world's most disadvantaged countries.

We recruit volunteers, raise funds and awareness of development issues, and encourage active citizenship in the UK, the Netherlands, Canada, the Philippines, Kenya, Ireland and India.

Over 2,600 international volunteers contributed to VSO's work this year, 29 per cent of them from developing countries.

We worked with over 300 national volunteering partners in 38 countries to support and promote local volunteering initiatives, helping strengthen the work of over 250,000 local volunteers.

Over 280 young people took part in our Global Xchange youth initiative, working in communities in the UK and across the world to share knowledge, contribute to international development and become active citizens in their communities.

We supported 266 Diaspora volunteers to contribute to development in their countries of origin, and built the capacity of 45 Diaspora organisations across the UK.

**The need is now, and it is urgent. VSO will continue to ask of everyone: what can you do to help?**

# Highlights of the year

## Better quality education

VSO works with local and district governments and civil society groups to make education work for all children. We supported 31,000 schools to improve the quality of education for more than five million children in 17 countries. In Thailand, for example, the government has agreed to give Burmese migrant children equal access to education.

## Support for people living with HIV and AIDS

In nine African countries VSO increased the number of partners we support, helping more than three million poor people access better quality HIV and AIDS services.

## Rights of disabled people

In India, after attending information clinics supported by VSO, large numbers of disabled people have signed up for the state benefits they're entitled to.

## Empowering young people

VSO became the lead agency of the UK Government-funded International Citizen Service pilot, worth £9.5million. Leading a consortium of six other volunteering agencies, we share a passionate belief that we can demonstrate the potential for young people to make a real difference in the world and to develop as active citizens. VSO will deliver at least 420 placements in the UK and overseas, building on our experience and achieving a balance of strengthening young people's skills and leadership potential alongside making a meaningful contribution to development.

## Supporting community participation

VSO brought together government and civil society in Mozambique to draft a bill on local volunteering which has now been ratified by parliament and will particularly benefit home-based carers.

## Raising development awareness through our Returned Volunteers network

By sharing the powerful stories from over 8,900 volunteers and the poor people they work with, we've helped over 80,000 people in the UK learn more about development.

## Lobbying the UK government

Our report exploring the brain drain of health workers from Africa received strong support from the Chair of the International Development Committee and the Shadow Immigration Minister.

## Supporting UN Women

VSO mobilised 25 influential Parliamentarians to speak in support of our *Godmothers* campaign to ensure the new UN women's agency receives the funding and support it needs.



**VSO is driven by a determination to tackle poverty. In 2010/11 our key priorities were to do so by:**

- increasing programme impact
- influencing government agendas in developing and developed countries
- building on our national volunteering vision to strengthen our programme impact
- strengthening our infrastructure services to support our programme work
- increasing the reach of our public engagement activities
- maximising the resources available for programme investment through fundraising and securing a new funding agreement with DFID

The following section of the report describes the activities undertaken during 2010/11 to deliver our key priorities.



# The impact of VSO's work

## Inclusion Programmes: Disability, HIV and AIDS and Education

In 2010/11 VSO continued to support government and non-government partner organisations to include the poorest and most marginalised people in their work. These include people with disabilities and those affected by HIV and AIDS, with a particular focus on women, girls and vulnerable men and boys. We continued our work with DFID to measure the impact of our programmes in disability, HIV and AIDS, education and development awareness, and began to extend this impact assessment work to other goal areas, such as secure livelihoods, governance and health. In last year's report we described the results of the pilot carried out in 2009/10 for education and disability; this year we are pleased also to share achievements in our HIV and AIDS work.

**Aim:** Our aim for 2010/11 was to develop the capacity of government and civil society partners to realise the rights of poor and marginalised groups.

### Key achievements in Disability

Working through people – long- and short-term VSO volunteers and National Volunteers – VSO has built the capacity of staff and boards of disabled people's membership organisations. We have helped improve their systems, as well as their skills in advocacy, research and human rights. This has meant the following changes to disabled people's lives:

- Over 500,000 disabled people now have access to a membership organisation that offers more and better quality services. As a result, 100 partners in 11 countries have increased their membership in the most marginalised regions.
- Due to real improvements in governance, leadership and transparency, 42 disabled people's organisations are more representative and inclusive of people from rural areas

and of women. In The Gambia, for example, organisations involved in the VSO Action Learning programme have improved their structures and adopted strategic plans that promote the equal participation and representation of women and men, including in distant rural areas. These improvements affect a membership of over 4,700 people.

- As a result of the improved capacity and reach of organisations that support them, disabled people have reported better access to and confidence in services, and an increased ability to participate in community life. In India disabled people in rural areas have attended 'Right to Information' clinics staffed by National Volunteers recruited and trained by VSO partners. As a result, larger numbers have registered for the state benefits to which they are entitled.

## Gaining independence

Like many girls with disabilities in Vietnam, Sen Truong felt she had no place in the world. *"Sometimes I felt so depressed I thought about ending my life,"* she remembers.

Many Vietnamese people with disabilities suffer stigma and 98.8 per cent of them receive no education. *"Parents don't think the disabled child will find work when they're older,"* explains Hien Le Minh, founder of Hold The Future, a pioneering centre that trains people with disabilities in crafts and business skills. Among them is Sen, who is learning to make bamboo picture frames.

Despite their commitment, managers of such centres often ask for support. So VSO volunteer Anja Merret, a business consultant from Brighton, trains staff in specialist teaching for people with disabilities and helps the centre sell its goods to a wider market. Hien is delighted: *"The organisation now has a higher profile and bigger market share, which means more jobs for people with disabilities."*

Anja's work has helped the Centre revolutionise Sen's life: *"Since coming to Hold The Future I feel confident and I'm learning to be self-sufficient,"* she smiles. *"We're no longer dependent on our family, nor a burden. We are independent."*



### Key achievements in HIV and AIDS

VSO volunteers and staff work directly with people in partner organisations to achieve tangible benefits for women, men and children affected by HIV and AIDS. We also facilitate knowledge-sharing workshops, visits and exchanges between partner organisations in the same country or region. We facilitated 472 knowledge-sharing days in HIV and AIDS in 2010/11 (out of 2,430 such days across all areas of our work). Over 155 VSO partners reached more than four million women and men through HIV and AIDS services. For VSO this means services that respond to the care and support needs expressed by people who are living with HIV, and prevention services that empower people to protect themselves, for example, through information on how to get access to male and female condoms. Specifically:

- In nine African countries VSO increased the number of partners supported, helping more than three million poor people access better quality HIV and AIDS services. For example, in Cameroon, we worked with civil society organisations, community volunteer associations, hospitals and

associations of people living with HIV to reach both people living with HIV and AIDS and orphans and vulnerable children affected by the disease.

- VSO is supporting 141 partners in 14 countries to deliver more than two million prevention interventions to men, women and transgender groups – for example, preventing mother-to-child transmission of HIV and promoting voluntary counselling and testing in high-prevalence countries. In Malawi, VSO partners have reached out to extremely vulnerable groups of sex workers by developing Night Clinics, and to prisoners in order to promote the effective use of condoms to prevent the spread of HIV.
- We have supported 48 partner organisations, including ones run by people with HIV themselves, to advocate for quality services. In Mozambique, for example, VSO and partners are working together to 'care for the carers' by advocating successfully for national guidelines that will provide concrete support for the unpaid carers of the sick. This includes advocating for a government budget for medical supplies, training and expenses.



### Key achievements in Education

Globally, we supported the improvement of education for more than five million children in 17 countries. Some 55,000 of these children were disabled. VSO works across the system, collaborating with local and district governments and civil society groups to make education work for all children. In Ghana, for example, we have supported training for women members of the local district assembly to act as mediators between schools and parents in their area, as well as to lead fundraising events and raise awareness of the benefits of education. Their work has increased pupil enrolment by eight per cent since November 2008.

In 17 countries we have supported more than 130,000 teachers and teacher trainers to improve their skills in using child-centred, inclusive methodologies in the classroom. VSO volunteers have worked successfully in one of Ethiopia's state universities to support the recruitment and education of women students. This helps tackle the shortage of female teachers which has been proven to be one of the main factors holding girls back.

During the 2010 Football World Cup year, we supported the FIFA 1GOAL campaign to achieve increased commitment to primary education. Twelve VSO programme offices carried out local advocacy on the Education for All campaign. 1GOAL led to new commitments by world leaders at the UN Summit in September 2010 to improve access to, and the quality of, primary education.

## Mother power

In Maga, north Cameroon, volunteer Mischa Foxell talks to a powerful group of women who influence other people's futures. But they aren't politicians or business-people. They're mothers, with an enormous impact on their daughters' education – or lack of it.

As in many African countries, boys in Cameroon have priority when it comes to schooling. The north is especially hard-hit: less than half of girls go to school, which leaves them trapped in poverty and vulnerable to violence, disease, prostitution and theft.

Working with five schools, Mischa and local volunteer Tchipounama talk to groups of mothers, using discussion and drama to show the benefits of girls' schooling. VSO supports 39 such mothers' groups and has created 14 new ones. They persuade other mothers to send their daughters to school and hold discussions with children and teachers to identify barriers to girls' education and how to overcome them.

Already more girls are enrolling – and staying – in class. After Mischa's placement, Tchipounama will continue their work. It takes years to build lasting change: communities need to see the long-term benefits of educated young women earning an income and caring better for their children. VSO will keep harnessing mother power to make sure they do.



## National Volunteering

In 2010/11 VSO worked with over 300 partners in 33 countries to support and promote local volunteering initiatives, helping strengthen the work of over 250,000 national volunteers. By growing our work in national volunteering, VSO continued to encourage people to understand, influence and own the development of their countries and communities. Our work in national volunteering is spread across our six development goals.

### Aims

Our aims in 2010/11 were to:

- strengthen the capacities of individuals and communities to participate in development and influence change through volunteering
- promote gender equality in national volunteering, focusing on women's participation in decision-making.

### Key achievements

In over 20 countries, we helped organisations talk to decision-makers to ensure laws and policies support volunteering that is legal, safe and effective. For example, VSO played a key role in bringing together representatives from government and civil society to draft Mozambique's National Volunteering Bill, which was ratified by parliament in December 2010. Its measures support local volunteers by defining their rights and recognising their contribution. This is particularly beneficial to service delivery volunteers, such as home-based carers, most of whom are women.

Our Volunteer Programme Development and Management courses in Kenya and the Philippines enabled 46 VSO partners and staff from across the world to share knowledge and plan for stronger volunteering programmes. The courses have resulted in the implementation of organisational volunteer policies that improve recruitment and retention of local volunteers, as well as increasing participants' confidence to take part in advocacy initiatives around volunteerism.

Youth volunteering was on the agenda in 27 countries and is an increasing priority for VSO, particularly in countries where

governments are committed to addressing youth unemployment. In Kenya, for example, we supported the implementation of the National Youth Volunteer Scheme, placing 100 Kenyan youth volunteers in 11 districts, with a focus on HIV and AIDS and health. A third of the volunteers were recruited into jobs with their host organisations and a further third remained voluntarily in their placements to gain more skills and experience.

By focusing our work with partners on gender and volunteering, we have encouraged men to play a greater role in volunteering, and women to be more involved in decision-making. In Cameroon, national and international volunteers worked alongside each other to change deep-seated attitudes towards the value of education for girls. As a result, many more girls are attending school regularly and continuing their education for longer.

VSO Bangladesh supported 36 Citizens' Committees with more than 600 members. The Committees have a real impact at grass-roots level, with evidence of improved access to services, participation in social and political processes, and action to address issues such as safe water, health, education, environment and community safety.



## Policy and Advocacy

VSO plays an important role in international policy circles and is a respected voice in major donor agencies and UN institutions. We also bring the issues and changes needed to the attention of policymakers, the media and our supporters in the UK. Our policy and advocacy work is spread across our six development goals.

### Aims

Our aims are to:

- influence the agenda of governments and institutions in developing and developed countries that affect VSO's programme work
- increase VSO's cross-party political relationships and influence, develop and implement campaigns-related activities.

### Key achievements in International Advocacy

By gathering evidence at country level and presenting it to governments and major agencies, VSO has successfully influenced policies locally and internationally.

**National:** Building on the success of our Valuing Teachers advocacy over the last eight years, we produced Valuing Teachers reports on Tanzania, The Gambia and Mozambique, and Valuing Health Workers reports on Cambodia, Malawi and Uganda. This research provides civil society with evidence which it can use to influence government policies, leading to improved terms and conditions for teachers and health workers, and improved services.

In Thailand, VSO has been advocating for three years for Burmese migrant children to be given equal access to education. This was finally agreed by the government and announced at a high-level UNESCO meeting in 2011.

**Regional:** We continued our strong relationship with the Southern Africa Development Community (SADC) and the East Africa Community (EAC) on the importance of care and support within the response to HIV and AIDS. We convened 24 regional MPs to a presentation entitled *Reducing the*

*Burden of Care on Women and Girls.* Malawi and Namibia have now introduced draft legislation which will give care providers benefits such as training, uniforms or a small allowance.

**International:** VSO influences international processes through working in coalitions, sending written submissions, and attending and organising events. This year we had a major presence at the UNESCO Teacher Taskforce conference, the UN Girls Education Initiative, the global Care & Support conference (co-organised by VSO) and the UN Commission on the Status of Women.

### Key achievements in the UK

- We produced policy research exploring the links between the UK's immigration system and the brain drain of health workers from Africa. Our *Brain Gain* report received strong support from the Chair of the International Development Committee and the Shadow Immigration Minister. The research findings were also covered by *the Times*, *the Lancet*, *the British Medical Journal*, *the Guardian* and BBC news.
- We launched our *Godmothers* campaign to ensure the new UN Women's agency receives the funding and support it needs. Through this and



other campaigns, we recruited over 4,500 new campaigners. We also held a mass lobby of Parliament, at which over 100 supporters met their MPs and lobbied for funding for UN Women. As part of VSO's *Make your Mark* General Election campaign, VSO supporters and Diaspora partners held seven community debates involving 28 prospective parliamentary candidates.

- We mobilised 25 influential Parliamentarians across all the main parties to speak in support of UN Women and the *Godmothers* campaign. As a result, the *Godmothers* Early Day Motion (signed by 99 MPs) was subsequently debated in the Commons chamber, described by political magazine *Epolitix* as 'a Parliamentary first'.
- Thirteen Parliamentarians volunteered in advocacy-focused placements, contributing to programme work by supporting partners' existing advocacy efforts. As a result of these placements, there has been a ratification of an Act of Parliament to support volunteer carers in Mozambique, the completion of a Bill for the establishment of a Climate Change Commission in Nigeria and an agreement by a Philippine Health Select Committee to advocate to the Government for improved legislation, recognition and job opportunities for nurses.

## Public Engagement

Increasing understanding of global issues to promote action for international development is integral to VSO's vision and purpose. We do this most effectively through using powerful stories from our volunteers and the poor people they work with, and through developing strong partnerships with like-minded groups and organisations.

### Aim

Our aim this year was to strengthen our impact on overseas programmes by increasing the number of people and organisations reached by our public engagement activities.

### Key achievements

We continued to be active in the education sector, building on our extensive educational practice and developing strong links with partners. In 2010/11 we helped more than 9,700 pupils and students to learn more about development.

- Working with the 'Global Poverty Project', a not-for-profit campaigning organisation, we created a unique resource to help returned volunteers use their inspirational stories to address themes of sustainable development, diversity, peace and conflict, social justice and the UN Millennium Development Goals. VSO trained and supported 115 Action Speakers to deliver creative and interactive presentations and lessons.
- In Scotland, we built on the success of last year's collaboration with the *Take One Action* film festival (set up by a former volunteer), reaching 2,500 people. VSO delivered three public panel debates, two participatory workshops and five film screenings.

We supported the Diaspora Volunteering Programme with capacity building, small grants, mentoring, training and resources. This support enabled Diaspora groups to effectively engage, educate and mobilise their communities with events such as the 'Out of Sight, Out of Mind' evening held in Waltham Forest by the Kashmiri International Relief Foundation

(KIRF). This brought together 420 community members to learn more about development needs in Kashmir. Unique insights from 12 KIRF volunteers successfully mobilised 400 people to donate £25,000, while 72 pledged to donate clothing.

VSO's network of over 40 Supporter Groups delivered development awareness through activities and participation in local events. In 2010/11 these included the Morecambe Bay walk, county shows, Big Curry Nights and VSO *Make Your Mark* community election debates.

Our Global Community Links team supported groups such as 'Seeds of Hope' from Coatbridge, Scotland, to build shared understanding with groups in developing countries. Seeds of Hope organised a successful conference reflecting on the third Millennium Development Goal (on gender and equality) and the UN Convention on the Rights of the Child. Using a DVD developed through their link with the Mendulo Parish Community in Malawi, they inspired and mobilised students from three Scottish schools to carry out activities in the UK to help women overcome the barriers to education that exist in Malawi.

## Diaspora volunteering helps feed Kenya

Shem Obuya, a biotechnologist and fisheries expert, volunteered with VSO's Diaspora Volunteering Programme. He, like many Kenyans living in the UK, wanted to help contribute to development in his country of origin.

Shem worked with the Africa Community Development Foundation to train technical staff at the Lake Basin Development Authority (LBDA) in breeding catfish using modern fish farming techniques. As a result of Shem's training, seven LBDA staff members are now training workers across western Kenya, who are in turn sharing their skills with more than 500 fish farmers.

The training has already resulted in increased fish production. In 2008 the annual production of fingerlings averaged 300,000. In the six months since Shem's intervention, it has leapt to 1.5 million, enhancing security in food supplies and providing incomes to small-scale fish farmers across the region.

## Fundraising

### Aims

Our overarching income objectives for 2010/11 were to:

- secure a strong settlement from DFID for 2011
- deliver global gross income within five per cent of our target
- launch a major strategic income growth programme to step up our income from fundraising in future years.

### Key achievements

We are delighted to have concluded a new three-year funding agreement with DFID, as a strategic grant. Our partnership and relationship with DFID is of great importance to us, and we were particularly pleased that the directions and changes set out in our new strategy resonated with DFID to the extent that we were able to achieve this three-year settlement for 2011-14.

Early in the year we launched a major income growth strategic change programme to step up our income from fundraising in future years and to continue and speed up the strategy of diversifying our income sources. We aim to rebalance our income portfolio away from reliance on a small number of donors. To this end, we have allocated more funds to be invested in fundraising in 2011/12. Fundraising is a long-term endeavour, and that investment will deliver long-term benefits for VSO's impact and sustainability.

We launched an individual giving programme in Ireland at a time when the Irish economy was at a very low ebb. Nevertheless our approach to fighting poverty through people resonated there and the programme is doing well. We also stepped up our individual giving programme in the Netherlands.

We have invested time and money in strengthening our systems and processes to ensure the foundations exist for global income growth and a more diverse portfolio. This includes improvements in fundraising metrics and monitoring, and reporting on restricted funds.

The economic climate in 2010/11 continued to be challenging and there was a particular shortfall in expected corporate income, as companies reviewed their corporate responsibility approaches in the context of a difficult economic environment. There was, however, a small increase over the previous year despite these challenges. In addition, we closed the year slightly ahead of budget, with a three per cent increase in income over 2009/10. In the context of our global funding ambition, it was particularly pleasing to see a 22 per cent increase in grants and donations over the previous year. We will build on this in 2011/12 and beyond, to achieve our ambitious fundraising goals.



## Implementation of the strategy

This was the first year of implementing our new strategy, *People First*. To do this, we created three formal strategic change programmes:

- **Impact and Scale** – focusing on optimising our programme planning and assessment, so that, in collaboration with partners, we work in the right places in the most effective way, maximising impact
- **Quality and Performance** – focusing on optimising our internal structures and systems so that we are agile and cost effective, and on developing the framework we will use to measure performance and be accountable to stakeholders
- **Global Income Growth** – focusing on equipping ourselves to maximise income growth.

### Key achievements

**Impact and Scale:** Our work during the year included the launch of a major programme-planning exercise to understand systematically where we should focus our programming activities over the next three years. We also carried out a survey of our partners' views (the results are still to come), and launched our Theory of Change, which explains how we make a distinct difference to poor communities and ensure our contribution is a lasting one.

**Quality and Performance:** We completed a major review of our technology capability and needs (led on a pro bono basis by Deloitte) and have now started to implement the recommendations. We also launched business process reviews on the 'volunteer journey' (from recruitment through to post-return engagement), programme management and support services. These reviews are due to make recommendations later this year and implementation will take place in 2012/13.

**Global Income Growth:** We redesigned our grant management systems (for roll-out in 2011/12) and began investing additional resources in new funding opportunities, prioritised and evaluated from the perspective of global income growth.



**Corporate Business Plan:** We brought together the work from the three strategic change programmes and our ongoing agenda into a three-year Corporate Business Plan. By engaging staff from across the organisation, the Corporate Business Plan is shaped around ensuring joined-up and long-term planning throughout VSO. This process has enabled staff to engage in the direction in which VSO is heading and have clear sight of how they contribute to building a better organisation, as individuals and with their teams. The plan sets out how *People First* will be realised over the next three years, and the specific results that VSO will achieve both in terms of development outcomes and operational performance.



**Ongoing monitoring:** We have increased planning transparency by establishing an open business review process, which will map progress against the Corporate Business Plan on a quarterly basis. This review will be based largely on the Key Performance Indicators for the operational objectives, which will provide a proxy measure of our progress in implementing *People First*. This regular assessment of our performance will allow agility in response to emerging opportunities and concerns, and support a high-performing culture with continuous improvement at its centre. Progress towards objectives will be made highly visible across VSO.

## Future plans

2011/12 will be the first full year of the implementation of VSO's new strategy *People First*. Details are set out in our 2011–14 Corporate Business Plan, which highlights the long-term development impact we want to make, as well as the annual operational objectives we need to meet in order to bring about positive change for poor people.

We aim to increase the impact we make on tackling poverty by delivering two key outputs:

- NGOs and governments providing better quality services in maternal and reproductive health, HIV and AIDS, basic education and economic self-reliance, especially for women.
- More policies that promote the interests of poor people, and more governments being held to account through strengthened civil society, network building and advocacy.

We aim to work towards these outcomes by putting people at the centre of our work, by providing our partners with a widening range of support, by strategically managing our country portfolio, by being agile, cost-effective and accountable, and by growing our global income. Next year's annual objectives are the first step of these strategic directions. We aim to:

- ensure that our primary stakeholders, namely our partners and the poor people we work with, are integral to the design, implementation and review of our development programmes
- provide our partners with a range of support based on our core competencies: international volunteers, national volunteers, youth volunteers, advocacy, knowledge brokering and other innovative activities
- allocate our resources transparently and flexibly, to optimise VSO's development impact
- reduce non-direct programme costs and maximise our investment in programme work
- be an open, transparent and accountable organisation where people have clarity on responsibilities, accountabilities and values
- grow our global income
- develop a unified global organisation based on an effective governance structure, with credibility and influence as an international development agency.

Through our annual impact assessment and quarterly business review processes, we will continue to demonstrate our development impact and measure progress against our operational objectives. This will help us to build on our strengths in order to become a more responsive, efficient and cost-effective organisation, bringing positive changes to the lives of poor and marginalised people.



# Structure, governance and management

## Our structure

Voluntary Service Overseas, also known as VSO (the charity), is a company limited by guarantee and governed by a memorandum and articles of association. The group comprises VSO and its wholly owned subsidiaries, VSO Trading Limited, the purpose of which is to organise events to raise funds for the parent charity, and British Executive Service Overseas (BESO). Both are registered in England and Wales. VSO is also registered as a Scottish cross-border charity and, following the advice of the Office of the Scottish Charity Regulator, is reporting on Scottish activities as part of this report. Our activities in Scotland are the same as those carried out in England and Wales.

VSO works within the VSO federation, an international network of member organisations comprising VSO and four independent members, CUSO-VSO (Canada), VSO Jitolee (Kenya), Stichting VSO Nederland (the Netherlands) and VSO Bahaginan Inc (the Philippines). Each has its own annual report (available online, see Reference and Administration Details).

Each federation member is a self-governing legal entity which, by signing up to the VSO federation agreement, has committed to contributing knowledge and resources to jointly deliver the VSO development programmes. The VSO federation agreement sets out the governance framework of the federation, including the right of each member to nominate a trustee to the international board, and the terms on which VSO may provide funds to allow the federation members to undertake activities in pursuit of shared aims. VSO operates as both the UK member of the federation and its international component.

## Governance

VSO is governed by its international board of trustees, whose members are also the directors of the company. The international board meets three to four times a year, and comprises representatives of each federation member and skilled professionals, all with expertise in international development.

Trustees are recruited through public advertisements or through nomination by the boards of the federation members, whichever is more appropriate. VSO's council appoints the new trustees, all of whom have a comprehensive induction to ensure they are fully aware of VSO's work. As a group, they periodically evaluate their performance. Trustees serve on a voluntary basis and are reimbursed only for out-of-pocket expenses.

The international board is responsible for approving and monitoring VSO's long-term strategy and annual corporate objectives and budget, approving any constitutional changes, nominating new trustees and appointing the Chief Executive. Each member of the VSO federation knows that to play a meaningful role in development they must behave openly and equitably with each other and the communities they work with. The international board is committed to ensuring VSO employs best-practice standards of transparency and accountability in its corporate governance (in line with the recommendations in the Good Governance Code for the Voluntary and Community Sector).

In order to meet VSO's ambitions to develop as a global network, the international board formed a governance review working group, to review our governance structure, taking into account diversity, cost-effectiveness and accountability. This review group made its first set of recommendations in 2010/11 and these were accepted. As a result the board signed a new federation agreement on 17 May 2011 incorporating the following governance changes:

- A new federation council will be established comprising a representative from each federation member (and the VSO UK sub-committee – see below) and up to a third co-opted members. The federation council's key responsibilities will include recruiting trustees for the VSO international board (for subsequent consideration and approval by the nominations committee) and admission of new members of the federation.
- The VSO international board will comprise up to 10 trustees appointed on the basis of their skills, experience and perspective. Those trustees will no longer be able simultaneously to serve on a federation member board.

At the same meeting, VSO also signed a (non-binding) letter of intent whereby it will enter into a strategic alliance with CUSO-VSO in place of CUSO-VSO's membership of the federation. Under the terms of that alliance, each will run programmes separately from the other (CUSO-VSO in Latin America and the Caribbean, and VSO in Africa, Asia and the Pacific) and each will treat the other as a primary partner, providing funding for one another's programmes as they wish.

Work is now progressing to fully implement these interconnected changes, which are expected to come into effect during 2011/12.

During the year 2010/11, the international board had six sub-committees:

- Audit and risk committee: responsible for assessing the effectiveness of operational and financial risk management and internal control
- Nominations committee: responsible for recommending appointments to the international board and its sub-committees
- Remuneration committee: responsible for recommending remuneration for the global leadership team
- UK committee: responsible for providing a greater level of oversight of UK volunteer recruitment, fundraising and development awareness
- Merger integration committee (disbanded in July 2010): responsible for overseeing the success of the VSO Canada and CUSO merger
- Latin America and Caribbean integration committee (disbanded in July 2010): responsible for overseeing the integration of the CUSO-VSO Latin America and Caribbean programmes into VSO.





© VSO/Simon Banks

### Management

The international board delegates day-to-day management of VSO to the Chief Executive and the Global Leadership Team (GLT). The GLT meets monthly and has strategic oversight of VSO's global work. It sets and monitors compliance with VSO's corporate objectives and budgets, creates policy, directs strategy and guides the engagement and development of employees.

### Risk management

The GLT identifies the key risks facing VSO, which are documented in the risk register, then discussed with and approved by the trustees. The risk register is updated to reflect recent operational and financial developments, strategic annual organisational objectives and changes in the external environment. Each risk item is analysed according to its perceived potential impact and likelihood of occurrence, together with actions that either have or will be taken in mitigation. It is reviewed quarterly by the GLT and amended accordingly.

The risk management process has resulted in a high priority being placed on the following:

- the risk of not recognising and capitalising on opportunities in order to make the necessary investment in our income growth
- the reputational and financial risks arising from inappropriate prioritisation and deployment of our resources to achieve organisational strategic and development objectives
- the risk of ineffectively demonstrating the impact of our activities to current supporters, key decision-makers and the wider public.

The trustees are satisfied that, through the GLT, there are procedures in place commensurate with the size of these and other identified risks to prevent or manage their effects. These procedures include active implementation of control systems and processes, the transfer of risk to external insurers and the acceptance of risks that cannot be avoided. In this case, and where appropriate, financial provision may be made on the balance sheet against those risks, or reserves set aside in case of adverse events in the future. In addition, the internal audit plan developed and implemented each year is based on and consistent with the annual risk assessment undertaken by the board. The audit committee monitors the implementation of the internal audit plan.

We have paid particular attention during the year to investing resources in providing leadership and co-ordination of our global fundraising efforts. Our Programme Review process is focusing on ensuring our resources are adequately prioritised and deployed within the organisation. Our trustees recognise that some areas of work require the acceptance and management of risk if our key objectives are to be achieved.

### Reference and administrative details

Our memorandum and articles of association and the terms of reference for each sub-committee can be found on our website ([www.vso.org.uk](http://www.vso.org.uk)). A list of our trustees, global leadership team, sub-committee members and other reference and administrative details are given on page 49.

# Financial Review

## Income

Incoming resources for the year totalled £54.7 million, which is an increase of three per cent on the previous year (2010: £53.0 million).

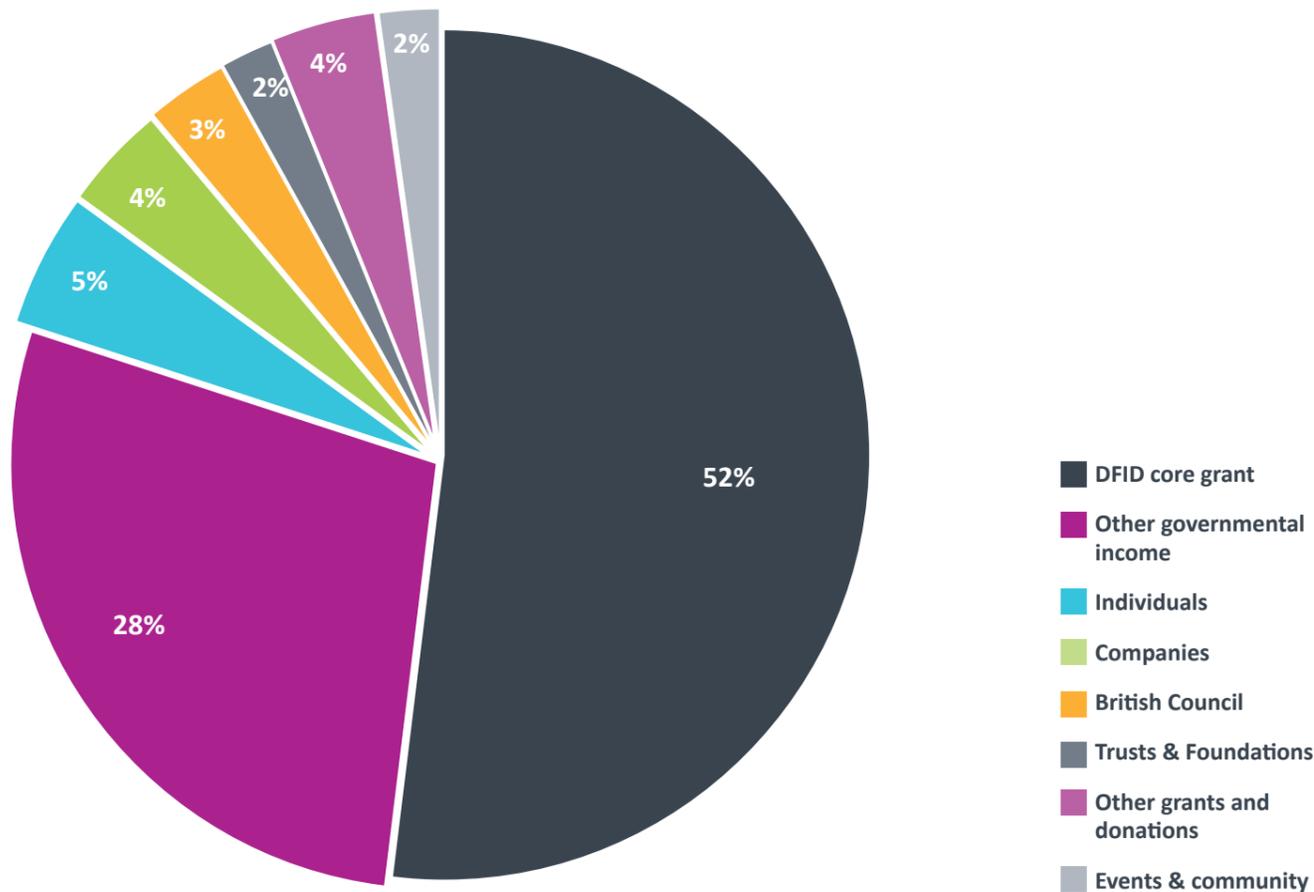
VSO works in close collaboration with the UK Government's Department for International Development (DFID). This relationship was governed by a six-year Partnership Programme Agreement, which came to an end in March 2011. In April 2011 a new three-year Strategic Grant was signed with DFID, whereby VSO will receive a grant of £30 million

in 2011/12, £26 million in 2012/13 and £22 million in 2013/14. VSO is grateful to DFID for its continued support during a period when government spending is being severely cut.

We have a programme of investment in fundraising in place to diversify our income away from DFID in order to reduce our dependence on this source of funding.

VSO undertakes a wide range of fundraising and other income-generating activities. Our core funding from DFID is leveraged to support our fundraising

efforts, particularly in project funding, where we achieved an increase of 25 per cent to £21 million. We have continued our funding relationships with key corporate partners such as Accenture and Cadbury. In addition, our level of support from government sources such as the Canadian, Australian, Swedish and Irish Governments remains strong.



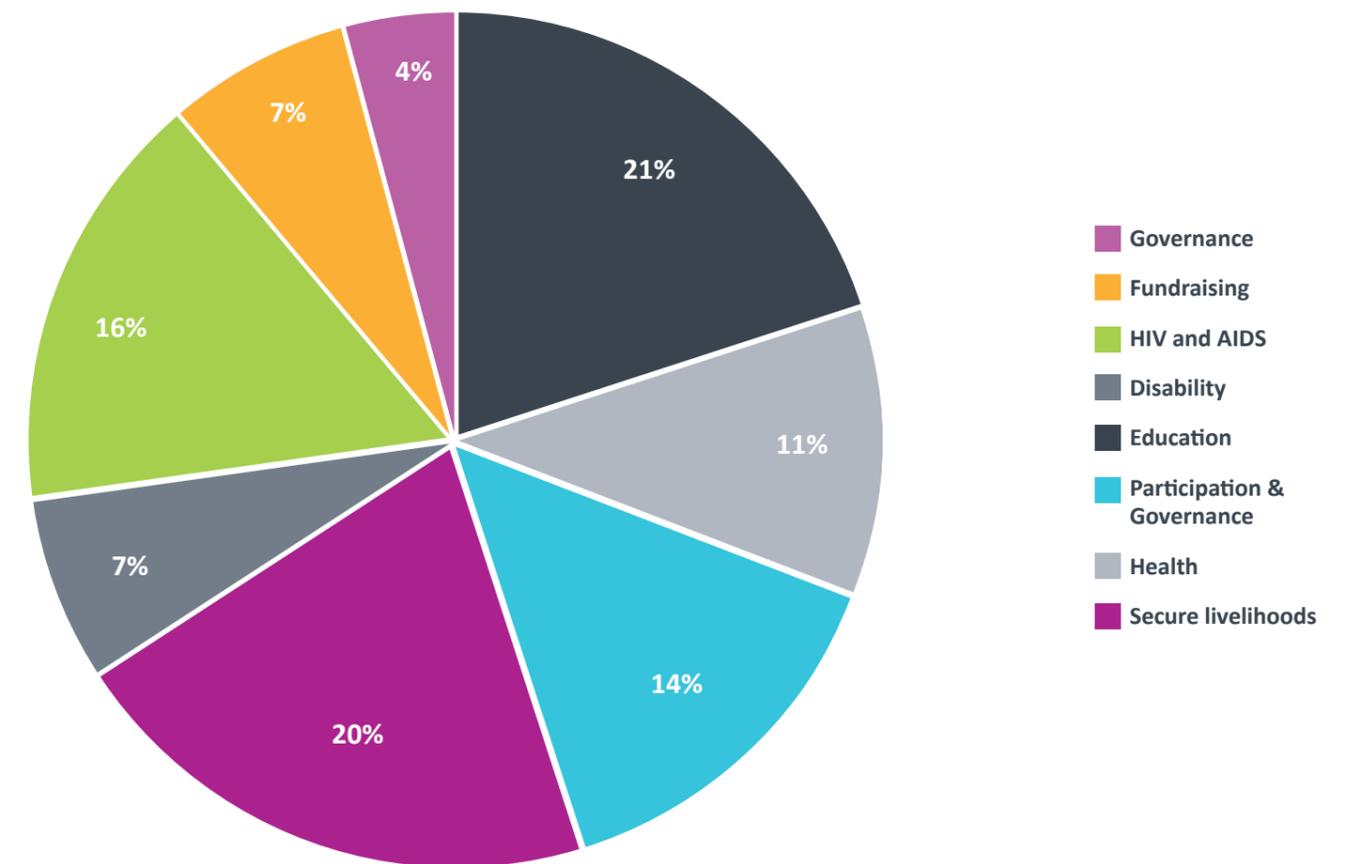
## Expenditure

In accordance with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005), charitable expenditure is presented in accordance with VSO's goals. This has been achieved through the direct allocation of costs to activities undertaken in furtherance of each goal, together with the indirect allocation of costs where they cannot be directly attributed to a single goal.

The charity spent £48.2 million on charitable activities, amounting to 90 per cent of our total expenditure. This year we have seen an increase in the growth of our Secure Livelihoods programmes. This is due to an increase in the number of international volunteers being sent to existing and new programmes, thanks particularly to additional donor support for this area of work. Charitable spend in this goal area has increased by £2.6 million to £10.9 million, representing 23 per cent of charitable expenditure and 20 per cent of total expenditure, as shown by the pie chart below. Other

fluctuations in the goal areas since last year are primarily due to fluctuations in the level of restricted funding available and the changing nature of international volunteer departures to programmes.

In 2010/11, fundraising costs were slightly lower than the previous year and governance costs rose to £1.9 million, as a result of implementation of projects recommended by the strategic review. The governance costs also include £230,000 worth of pro bono legal services in connection with the governance review.



## Funds held

Total funds carried forward at 31 March 2011 amounted to £15.3million, up £0.9million from 2009/10. Within this total, restricted fund balances increased by £0.5million. Unrestricted funds increased by £0.4million.

## Reserves policy

The reserves policy covers the level of free reserves that would be immediately available for activities within VSO's overall purpose and which it would be appropriate for the charity to hold on a continuing basis. This level takes into account potential volatility in income streams and allows for uncontrollable fluctuations in essential expenditure. The policy also sets out the actions that trustees expect to take to maintain reserves at an appropriate level; the trustees review this level periodically. For the period ending March 2011, the range for the reserves mandated by the trustees remains unchanged at £5.4million to £5.9million. At 31 March 2011, VSO's free reserves stood at £8.6million. The surplus in reserves achieved in this year will be used to cushion the effects of the reduction in DFID income over the next two years, to ensure that the organisation is on a sound financial footing for future challenges and for the continued achievement of our mission.

## Investment policy

### Aim

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

### Policy

VSO's policy is to maintain a risk profile of at least single A-rated assets, with no single credit exposure amounting to more than 20 per cent of the total at any one time. The board reviews the policy on an annual basis, to consider whether a different policy should be applied; VSO's memorandum gives it the power to invest monies in such investments, securities and property as may be thought fit, subject to any legal requirements. The finance team reports on a quarterly basis to the Audit Committee on the composition of investments held and their maturity profile. Cash deposits are held with HSBC and Standard Chartered banks, with another component invested by Royal London Cash Management Ltd, which provides an outsourced treasury service with the purpose of maximising investment returns consistent with VSO's policy.

### Achievements

Many organisations holding riskier investment portfolios were negatively impacted by the global economic climate. However, VSO managed to preserve capital in the current financial year through investing in liquid or near liquid assets.



# Statement of trustees' responsibilities

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in business.

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

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

This report and accounts complies with all current statutory requirements, the requirements of VSO's Memorandum and Articles of Association, and the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005). In accordance with Company Law, as the trustees of the charity, we certify that:

- so far as we are aware, there is no relevant audit information of which the charity's auditors are unaware
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

## Auditors

BDO LLP have expressed their willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the next Annual General Meeting.

On behalf of the international board of trustees

Sir Suma Chakrabarti  
Chair

22 July 2011

# Independent auditor's report

## to the members and trustees of Voluntary Service Overseas

We have audited the financial statements of Voluntary Service Overseas for the year ended 31 March 2011 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 29), 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.

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 regulations made under those Acts.

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

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Opinion on other matter prescribed by the Companies Act 2006

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

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters, where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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



**Andrew Stickland, Senior Statutory Auditor  
for and on behalf of BDO LLP, Statutory Auditor**

Epsom  
United Kingdom

Date: 22 July 2011

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated statement of financial activities

for the year ended 31 March 2011

INCOME AND EXPENDITURE	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2011 £'000	Total 2010 £'000
<b>Incoming resources</b>					
Incoming resources from generated funds:					
<b>Voluntary Income</b>					
Core grant from Department for International Development (DFID)	2	28,550	-	28,550	31,660
Contributions from Governmental Bodies		-	16,826	16,826	13,356
Other Grants and Donations		4,272	3,885	8,158	6,680
<b>Activities for generating funds</b>					
Community projects and events	2	815	253	1,068	1,248
Income from lettings		26	-	26	54
<b>Investment income</b>					
		48	-	48	11
<b>Total incoming resources</b>		<b>33,711</b>	<b>20,964</b>	<b>54,675</b>	<b>53,009</b>
<b>Resources expended</b>					
Cost of generating funds					
Charitable activities	3	3,697	-	3,697	3,841
Education		7,619	3,552	11,171	11,358
HIV and AIDS		2,261	6,587	8,848	8,420
Disability		2,063	1,816	3,879	4,084
Health		4,114	1,952	6,066	5,136
Secure Livelihoods		6,954	3,982	10,936	8,368
Participation and Governance		5,444	1,857	7,301	7,240
Governance costs	4	1,948	-	1,948	929
<b>Total resources expended</b>		<b>34,100</b>	<b>19,746</b>	<b>53,846</b>	<b>49,376</b>
<b>Net incoming resources</b>					
Gain on investment assets	5	(389)	1,218	829	3,633
Transfer between funds	13	686	(686)	-	-
<b>Net movement in funds</b>		<b>304</b>	<b>532</b>	<b>836</b>	<b>3,687</b>
Total funds brought forward		8,790	5,715	14,505	10,819
<b>Total funds carried forward</b>		<b>9,094</b>	<b>6,247</b>	<b>15,341</b>	<b>14,505</b>

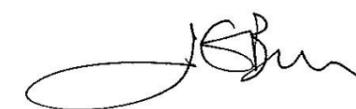
All amounts relate to continuing activities.  
The notes on pages 35 to 48 form part of these financial statements.

# Balance sheet

as at 31 March 2011

	Note	Group 2011 £'000	Group 2010 £'000	Charity 2011 £'000	Charity 2010 £'000
<b>Fixed Assets</b>					
Tangible assets	8	486	655	486	655
Investments	9	1,390	2,252	1,390	2,252
		<b>1,876</b>	<b>2,907</b>	<b>1,876</b>	<b>2,907</b>
<b>Current Assets</b>					
Debtors	10	6,926	6,014	7,374	5,967
Short-term deposits		7,423	5,027	6,953	4,790
Cash at bank and in hand:					
in the United Kingdom		1,822	3,577	1,825	3,585
overseas		716	449	716	449
		<b>16,887</b>	<b>15,068</b>	<b>16,868</b>	<b>14,790</b>
Creditors: amounts falling due within one year	11	(2,893)	(2,400)	(2,874)	(2,122)
Net current assets		<b>13,994</b>	<b>12,668</b>	<b>13,994</b>	<b>12,668</b>
<b>Total assets less current liabilities</b>		<b>15,870</b>	<b>15,575</b>	<b>15,870</b>	<b>15,575</b>
Creditors: amounts falling due after one year	12	(529)	(1,070)	(529)	(1,070)
<b>Net assets</b>		<b>15,341</b>	<b>14,505</b>	<b>15,341</b>	<b>14,505</b>
<b>Restricted funds:</b>					
Income funds	13,15	6,247	5,715	6,247	5,715
<b>Unrestricted funds:</b>					
Designated funds					
Fixed asset funds	14,15	486	655	486	655
DFID Funds received in advance		-	2,000	-	2,000
General fund		8,608	6,135	8,608	6,135
		<b>15,341</b>	<b>14,505</b>	<b>15,341</b>	<b>14,505</b>

The notes on pages 35 to 48 form part of these financial statements.  
The financial statements were approved by the Board of Trustees and authorised for issue on 22 July 2011.



John Bason, Honorary Treasurer

# Consolidated cash flow statement

for the year ended 31 March 2011

	Note	2011		2010	
		£'000	£'000	£'000	£'000
<b>Net cash (outflow) / inflow from operating activities</b>	17		603		2,338
<b>Returns on investments and servicing of finance</b>					
Interest received		48		11	
			48		11
<b>Capital expenditure and financial investment</b>					
(Purchase) of tangible fixed assets	8	(612)		(537)	
Recategorisation of investments	9	-		2,320	
Disposal/(Purchase) of investments		869		(147)	
			257		1,636
<b>Cash (outflow) / inflow before use of liquid resources and financing</b>			908		3,985
Management of liquid resources					
(Increase) / decrease in short-term deposits	19	(2,395)		(1,918)	
Other				618	
			(2,395)		(1,300)
<b>(Reduction) / increase in cash</b>	19		(1,487)		2,685

# Notes forming part of the financial statements

for the year ended 31 March 2011

## 1. Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards, Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) and the Companies Act 2006.

The consolidated accounts incorporate the financial statements of the charity and of its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included on a line-by-line basis in the statement of financial activities. The overall results of the group are materially the same as those of the parent charity and therefore the charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005 in not presenting its own statement of financial activities in these financial statements.

### Fund accounting

- **Restricted funds:** The charity generates significant income that is tied to specific programmes on which volunteers are working. Contributions are made towards the charity's costs of placing and supporting the volunteers on these programmes, the costs of the local organisations within which volunteers are working and the costs of other charitable activities, including the charity's youth and national volunteering programmes. When the funds are subject to specific trusts imposed or implied by the donor, these are shown as restricted income funds.
- **Designated funds:** Designated funds are amounts set aside at the discretion of the trustees (see note 14).

### Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of either the charity being notified of an impending distribution or the legacy being received. For grants from institutional donors, entitlement is the earlier of the charity having incurred the expenditure to which the grant relates or the grant having been received.

VSO operates a training centre at Harborne Hall in Birmingham. The centre is used primarily for pre-departure volunteer training. Income from lettings shown in the financial statements was derived from letting out the training centre to other organisations when it is not needed for VSO activities. Since January 2011, VSO is no longer responsible for the managing and letting out of this training centre to third parties, although the charity does still use it for its own training courses.

### Costs of generating funds

These include the salaries, direct expenditure and overhead costs of the staff in the UK and overseas who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

### Resources expended and basis of allocation of costs

Resources expended are recognised in the period in which they are incurred.

Under SORP 2005, VSO has chosen to report its charitable expenditure by the six goals set out in its strategic plan. Where possible, resources expended have been allocated directly to the relevant goal. Support costs, which include central functions, have been allocated to goals on the basis of staff headcount.

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.

### Governance costs

Governance costs comprise the salaries, direct expenditure and overhead costs of the Chief Executive's office and the internal audit, together with the costs of auditing and publishing the Annual Report and Financial Statements and the expenses of the international board of trustees.

### Grants (see note 3)

Under the terms of the partnership agreements that exist between the charity and the other members of the VSO Federation, the charity provides funds to federation members in order to allow them to undertake agreed activities in pursuit of VSO's aims.

### Tangible fixed assets and depreciation

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

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets except freehold land, over their expected useful lives. It is calculated on a straight line basis at the following rates:

Assets held in the UK:

- Leasehold improvements – over the length of the lease
- Furniture, equipment, fixtures and fittings – 20 per cent per annum
- Computer equipment and software – 25 per cent per annum

Assets held overseas: All categories – 100 per cent in the year.

The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use overseas in the year of their acquisition, in view of the uncertainty of conditions overseas. It is the parent charity's policy to write these assets out of the accounting records after a period of three years.

### Investments

VSO's investments are held in funds managed by HSBC (see note 9). A proportion of these investments has been set aside by the trustees for the long term, and these investments are classified on the balance sheet as fixed asset investments. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

All investments are stated at market value, except for the 100 per cent shareholding in VSO Trading Limited, which is stated at cost. Realised gains and losses are shown in the statement of financial activities.

### Liability for returning staff and volunteers

Provision is made in the financial statements for the outstanding cost to the parent charity of the return airfares for all volunteers and expatriate staff in the field at the end of the financial year. Provision is also made for end-of-service grants (pro rata to the length of service) for a small group of volunteers who were selected pre-July 2008 and were still overseas at the year-end.

### Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the date of the transaction. Foreign currency balances, including balances in hyper-inflationary countries, are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the Statement of Financial Activities (SOFA).

### Pension costs

Pension contributions paid by the parent charity in respect of employees to a defined contribution scheme are charged to the SOFA as they become payable (see note 21).

### Operating leases

Operating lease rentals are charged to the SOFA in the period in which they are incurred.

## 2. Income analysis

### a) Contributions from governmental bodies

'Contributions from governmental bodies' is defined as income from public institutional agencies e.g. governments, European Community, United Nations, World Bank, etc.

	Unrestricted funds £'000	Restricted funds £'000	Total 2011 £'000	Total 2010 £'000
Department for International Development (DFID)	28,550	3,518	32,068	33,796
Australian Government Overseas Aid Program (AusAID)	-	1,613	1,613	708
British Council	-	1,400	1,400	1,791
Canadian International Development Agency (CIDA)	-	4,546	4,546	2,754
European Commission	-	749	749	1,820
Swedish International Development Cooperation Agency (SIDA)	-	1,221	1,221	-
Irish Aid	-	1,120	1,120	1,675
Other public funding	-	2,659	2,659	2,473
	28,550	16,826	45,376	45,017

### b) Other grants and donations

'Other grants and donations' includes all income from private individuals, companies, private trusts and foundations, public lotteries, Comic Relief and any other income

Trusts and foundations	160	903	1,063	778
Other charitable organisations	-	504	504	128
Companies	26	1,127	1,153	913
Major donors	104	99	203	229
Individuals	2,562	321	2,883	2,958
Comic Relief	-	712	712	831
Lottery	-	219	219	309
Legacies	647	-	647	392
Gifts in kind and pro bono services	773	-	773	24
Other	-	-	-	118
	4,272	3,885	8,157	6,680

### c) Activities for generating funds

Events	486	197	683	891
Community projects	329	56	385	357
Income from lettings	26	-	26	54
	841	253	1,094	1,302

### 3. Charitable activities

By Goal	Grants	Direct staff costs	Other direct costs	Apportioned support costs	2011 Total costs	2010 Total costs
	£'000	£'000	£'000	£'000	£'000	£'000
Education	1,670	2,893	5,701	907	11,171	11,358
HIV and AIDS	826	2,194	5,263	565	8,848	8,420
Disability	551	972	2,084	272	3,879	4,084
Health	929	1,499	3,180	458	6,066	5,136
Secure Livelihoods	1,669	2,777	5,691	799	10,936	8,367
Participation and Governance	998	1,842	3,881	580	7,301	7,241
<b>Total</b>	<b>6,643</b>	<b>12,177</b>	<b>25,800</b>	<b>3,581</b>	<b>48,201</b>	<b>44,606</b>

#### Breakdown of apportioned support costs:

	Facilities and Purchasing	Human Resources	Finance	Information Technology	Total 2011	Total 2010
	£'000	£'000	£'000	£'000	£'000	£'000
Education	289	184	171	263	907	1047
HIV and AIDS	180	115	106	164	565	711
Disability	87	55	51	79	272	352
Health	146	93	86	133	458	468
Secure Livelihoods	255	162	150	232	799	731
Participation and Governance	185	118	109	168	580	740
<b>Total</b>	<b>1,142</b>	<b>727</b>	<b>673</b>	<b>1,039</b>	<b>3,581</b>	<b>4,049</b>

### 4. Governance costs

	2011 £'000	2010 £'000
Chief Executive's office	516	271
Implementation of strategic change programmes	1,019	314
Board meetings	24	29
Internal and external audit	127	77
Other federation governance activities	262	238
	<b>1,948</b>	<b>929</b>

### 5. Net incoming resources

	2011 £'000	2010 £'000
This is stated after charging:		
Depreciation:		
UK assets	428	309
Overseas assets	353	306
Auditors remuneration	25	19
Additional auditors' remuneration for 2009-10 audit	18	-
Audit of VSO Trading Limited	3	3
(Gain)/Loss on exchange rate movements	(65)	239

### 6. Trustees remuneration

The trustees received no remuneration during the year (2010: £NIL). Expenses reimbursed for activities undertaken on behalf of the charity were claimed by four trustees, amounting to £330 (2010: £6,473). Additional expense incurred on behalf of the trustees amounted to £24,105 (2010: £22,142).

### 7. Employee emoluments

	2011 £'000	2010 £'000
Employee costs during the year:		
Wages and salaries	15,328	14,714
Social security costs	879	871
Other UK pension costs	370	330
Temporary staff	188	166
	<b>16,765</b>	<b>16,081</b>
Average full-time equivalent number of persons employed:		
UK	242	245
Overseas		
UK appointed	51	47
Locally appointed	504	445
	<b>797</b>	<b>737</b>

The number of staff whose emoluments fall into the following bands is:

	2011	2010
£60,001-£70,000	1	1
£70,001-£80,000	2	2
£120,001-£130,000	1	1

All four of these staff are members of VSO's pension scheme. The pension costs payable on behalf of these staff members for the year totalled £22,668 (2010: £11,747). Three of these paid into a defined contribution money purchase scheme administered by the Pensions Trust and one staff member paid into a defined contribution scheme administered by Scottish Widows (£5,105 of the total).

## 8. Tangible fixed assets

Group and charity	Leasehold improvements £'000	Furniture, equipment, fixtures & fittings £'000	Computer equipment £'000	Assets held overseas £'000	Total £'000
<b>Cost</b>					
At 1 April 2010	1,588	823	1,315	2,086	5,812
Additions	-	93	166	353	612
Disposals	(1,073)	(36)	(87)	(1,414)	(2,610)
<b>At 31 March 2011</b>	<b>515</b>	<b>880</b>	<b>1,394</b>	<b>1,025</b>	<b>3,814</b>
<b>Accumulated depreciation</b>					
At 1 April 2010	1,222	668	1,181	2,086	5,157
Charge for the year	286	58	84	353	781
Disposals	(1,073)	(36)	(87)	(1,414)	(2,610)
<b>At 31 March 2011</b>	<b>435</b>	<b>690</b>	<b>1,178</b>	<b>1,025</b>	<b>3,328</b>
<b>Net Book Value</b>					
At 31 March 2010	366	156	134	-	655
<b>At 31 March 2011</b>	<b>80</b>	<b>190</b>	<b>216</b>	<b>-</b>	<b>486</b>

## 9. Fixed asset investments

Group and Charity	2011 £'000	2010 £'000
Market value at the beginning of the year	2,252	4,560
Recategorisation of investments	-	(2,320)
Additions	-	-
Disposals	(869)	-
Realised and unrealised gains/(losses)	7	12
<b>Market value at 31 March</b>	<b>1,390</b>	<b>2,252</b>
Market value at 31 March represents:		
HSBC Liquidity Plus Fund	1,390	2,252
	<b>1,390</b>	<b>2,252</b>

### HSBC Liquidity Plus Fund

VSO has purchased units in the HSBC Liquidity Plus Fund. The fund is invested in a diversified portfolio of money market instruments including certificates of deposit, government bonds, treasury bills, Eurobonds and corporate bonds.

### VSO Trading Limited

The investments in VSO Trading Limited (see note 20) are held at a cost of £2 in the books of the parent charity.

## 10. Debtors

	Group 2011 £'000	Group 2010 £'000	Charity 2011 £'000	Charity 2010 £'000
Due within one year				
Amounts due from VSO Trading Limited	-	-	486	213
Other debtors	706	1,083	706	870
Pre-payments	602	979	564	938
Accrued income	2,722	2,619	2,722	2,613
Amounts due from federation members	2,736	1,019	2,736	1,019
Loan to federation member	160	315	160	315
	<b>6,926</b>	<b>6,014</b>	<b>7,374</b>	<b>5,967</b>

The principal of the loan to a federation member is repayable by March 2012, with quarterly payments of interest since 1 July 2010 with the rate at two per cent above the Bank of England base rate.

## 11. Creditors: Amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Charity 2011 £'000	Charity 2010 £'000
Trade creditors	617	389	622	389
Liability for returning volunteers and expatriate staff	737	932	737	932
Liability for national staff end-of-service costs	104	89	104	89
Taxation and social security	233	244	233	242
Pension contributions payable	62	59	62	59
Other creditors	42	252	42	39
Amounts due to federation members	876	-	876	-
Accruals and deferred income	222	435	197	372
	<b>2,893</b>	<b>2,400</b>	<b>2,874</b>	<b>2,122</b>

## 12. Creditors: Amounts falling due after one year

	Group and Charity	
	2011 £'000	2010 £'000
Liability for returning volunteers and expatriate staff	212	802
Liability for national staff end-of-service costs	197	267
Liability for dilapidations on leased properties	120	-
	<b>529</b>	<b>1,070</b>

## 13. Restricted funds – group and charity

### Movement on restricted funds

Project name	Opening balance £'000	Adjustment to restricted funds £'000	Incoming resources £'000	Resources expended £'000	Closing balance £'000
Regional Aids Initiative for Southern Africa	306	(3)	2,870	2,293	879
Tackling Education Needs Inclusively (Teni) - Ghana	1,012	(4)	710	841	878
International Citizen Service	-	-	1,860	1,114	746
International Budget TMF	-	-	397	-	397
Building Capacity of all Health Service Providers in Vanuatu	184	-	249	173	260
Making Markets Work for the Poor - Accenture Foundation	185	-	462	433	214
Tokaut Aids III - Papua New Guinea	-	-	217	48	169
Burma Radio Project - Thailand/Burma	-	-	185	49	136
Building Inclusive Lives for People with Disabilities (Build) - Vietnam	46	-	156	70	132
Rural Enterprises Support Project - Ghana	226	-	156	268	114
DFID Diaspora Volunteering Programme in Partnership with VSO	105	-	917	888	134
Promoting Quality and Inclusive Education for Out-of-Reach Children - Nepal	118	-	105	126	97
VSO Pac/Dac Capacity Building Project - Papua New Guinea	-	-	381	288	93
Namibia CBRNM Enterprise Support Project - Namibia	175	-	50	135	90
Strongim Tisa Strongim Sumatin - Papua New Guinea	-	-	150	70	80
UNICEF Child Friendly Schools - Malawi	-	-	113	37	77
Support for Reasling the Rights of Disabled People in Rwanda	89	-	10	22	77
DFID Funded Global Schools Education Project	-	-	133	58	75
Improved Human Rights for Dalits and People with Disabilities in Nepal	177	(5)	11	126	56
Education for All - Thailand	181	-	77	209	49
Improving Sustainable Livelihoods for Disadvantaged Women in the Coast and Eastern Provinces of Kenya	54	-	142	157	40
Youth Exchange Programmes (Youth Exchange Projects)	204	(8)	1,242	1,423	16
Tokaut Aids II - Papua New Guinea	-	-	390	379	11
Empowering People With Disabilities in The Gambia	95	-	118	207	6
Canadian Programme Partnership Agreement	4	-	4,509	4,507	6
Higher Diploma Programme - Ethiopia	43	-	68	112	-
HR Solutions Namibia	-	-	173	173	-
Learn Work Path - The Gambia, Ghana and Cameroon	33	-	237	270	-
DFID Funded Health Programme - Malawi	-	-	635	635	-
Global Xchange Programmes (Global Xchange Projects)	241	-	-	241	-
Other Specific Programme Funds	2,236	(666)	4,239	4,393	1,416
	<b>5,715</b>	<b>(686)</b>	<b>20,964</b>	<b>19,746</b>	<b>6,247</b>

The restricted income funds comprise the unexpended balances of donations and grants held for specific purposes. It is anticipated that these funds will be expended within the coming financial year. Other specific programme funds include approximately 120 individual projects.

An adjustment has been made to the opening restricted fund balance due to the fact that in the prior year there was an error made in the categorisation of unrestricted income. Therefore £686,000 of restricted funds have been moved to unrestricted funds.

## 14. Designated funds

### Fixed asset fund

The fixed asset fund represents the extent to which funds are invested in tangible fixed assets for use by the group.

### DFID Partnership Programme Agreement grant fund

During 2009/10 VSO was given the opportunity to receive a portion of its 2010/11 grant. VSO elected to take £2 million, which was invested in short-term deposits. The funds were designated for use in 2010/11 and have been fully used in the year.

## 15. Analysis of net assets between funds

	General fund £'000	Designated funds £'000	Asset funds £'000	Restricted funds £'000	Total funds £'000
<b>Group</b>					
<b>Fund balances at 31 March 2011 are represented by:</b>					
Tangible fixed assets	-	-	486	-	486
Fixed asset investments	1,390	-	-	-	1,390
Current assets	10,640	-	-	6,247	16,887
Current liabilities	(2,893)	-	-	-	(2,893)
Long-term liabilities	(529)	-	-	-	(529)
<b>Total net assets</b>	<b>8,608</b>	<b>-</b>	<b>486</b>	<b>6,247</b>	<b>15,341</b>

## 16. Commitments

As at 31 March 2011, the parent charity was committed to making the following non-cancellable payments during the next financial year in respect of operating leases expiring:

	2011 £'000	2010 £'000
<b>In the UK:</b>		
Within five years	1,498	1,207
After more than five years	-	-
<b>Overseas:</b>		
Within five years	1,431	1,536
After more than five years	-	-
	<b>2,929</b>	<b>2,743</b>

## 17. Reconciliation of net incoming resources to net cash (outflow) / inflow from operating activities

Group	2011 £'000	2010 £'000
Net incoming resources	829	3,633
Depreciation	781	615
Investment income	(48)	(11)
Increase in debtors	(912)	(675)
Increase/(decrease) in creditors falling due within one year	494	(548)
Decrease in creditors falling due after more than one year	(541)	(675)
<b>Net cash inflow from operating activities</b>	<b>603</b>	<b>2,338</b>

## 18. Reconciliation of net cash inflow to movement in net funds

	£'000
Decrease in cash in the year	(1,487)
Increase in short-term deposits in the year	2,395
Movement in net funds in the year	908
Opening net funds	9,053
Closing net funds	9,961

## 19. Analysis of net funds

	At 1 April 2010 £'000	Cash flow £'000	At 31 March 2011 £'000
Cash at bank and in hand	4,026	(1,487)	2,539
Short-term deposits	5,027	2,395	7,422
<b>Total</b>	<b>9,053</b>	<b>908</b>	<b>9,961</b>

## 20. Subsidiary companies

Group	2011 £	2010 £
Shares in subsidiary company	2	2

### VSO Trading Limited

VSO Trading Limited is wholly owned by Voluntary Service Overseas and is registered in England and Wales. As at 31 March 2011, the investment of Voluntary Service Overseas in VSO Trading Limited was £2 (2010: £2).

The principal activity of the subsidiary is to organise events for the purpose of raising funds for the parent charity. Profits made by the subsidiary are transferred by Gift Aid to the parent charity.

A summary of the results of VSO Trading Limited for the year is shown below. Full accounts will be filed with the Registrar of Companies.

	2011 £'000	2010 £'000
<b>Profit and loss account</b>		
Turnover	707	933
Other income	-	-
	707	933
Total costs	(494)	(815)
Net profit	213	118
Gift Aid payable to Voluntary Service Overseas	(213)	(118)
	-	-

	2011 £'000	2010 £'000
<b>Balance sheet</b>		
Current assets	515	278
Creditors: amounts falling due within one year	(515)	(278)
Net assets	-	-

The results of the company are stated after charging £232,160 (2010: £467,620) of expenditure recharged from VSO.

## 21. Pension costs

The charity contributes to two main schemes and to other contribution schemes for certain employees.

In 2010/11, the total cost of these contributions was £370,446 (2010: £329,843).

The first main scheme is the Pension Trust's Growth Plan. This is a multi-employer pension plan which is in most respects a money purchase arrangement but it does include some guarantee elements. Since October 2009, this scheme has been closed to new entrants.

Contributions paid into the Pension Trust's Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from normal retirement date. From October 2001, contributions were invested in personal funds that have a capital guarantee and that are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity. The capital is guaranteed through investing in short-term, high quality securities and deposits.

The assets and liabilities of participating employees cannot be separately identified for FRS 17 purposes. There is a contingent liability of £5.44 million (2010: £5.22 million) in the event that VSO were to withdraw its membership of the Pension Trust's Growth Plan. There are currently 111 staff members still contributing to the scheme and VSO has no current plans to withdraw its membership.

The second main scheme available to all UK staff is with Scottish Widows. This defined contribution scheme began in October 2009 and since that date has been the primary scheme for the charity's employees.

## 22. Forward contracts

As at 31 March 2011, VSO had no outstanding forward contracts.

## 23. Grants for operational programmes

	<b>£'000</b>
<b>From the Department for International Development</b>	
Core Grant under Partnership Programme Agreement	28,550
International Citizen Service	1,934
Diaspora Volunteering Initiative	917
Health programme and Teacher Development Centres - Malawi	273
Nothing About us Without us - addressing exclusion of disabled people - India	200
Strengthening quality of and access to healthcare in hospitals - Sierra Leone	144
Other	49
<b>From the Scottish Government</b>	
Secure Livelihoods in Bangladesh	75
<b>From the British Council</b>	
Global Xchange Programme	1,102
Community Linking Programme	64
North/South Schools Linking Programme	99
Global School Education Programme - Rwanda	134
<b>From the European Commission</b>	
Improving Sustainable Livelihoods for Disadvantaged Women in Nairobi, Coast and Eastern Provinces - Kenya	142
Towards equitable delivery of the Millenium Development Goals: Addressing the exclusion of disabled people and people living with HIV and AIDS from mainstream development and decision-making - India	140
Action for Building Capacity, Learning Together and Empowering Disabled People - Guyana	121
Promoting Quality and Inclusive Education for Out-of-Reach Children - Nepal	105
Promoting Education for All - Thailand	76
Capacity- and Coalition-building Support	57
Community-based Natural Resource Management Enterprise Support Project - Namibia	50
Other	59
<b>From AusAID</b>	
HIV and AIDS programme - Papua New Guinea	586
International Budget TMF	397
Implementation of the National HIV and AIDS Strategic Plan - Papua New Guinea	381
Strengthening HIV response - Vanuatu	249
<b>From Irish Aid</b>	
Regional AIDS Initiative for Southern Africa	1,013
Other	107
<b>From the Swedish International Development Cooperation Agency (SIDA)</b>	
Regional AIDS Initiative for Southern Africa	1,221
<b>From the Canadian International Development Agency (CIDA)</b>	
Canadian Programme Partnership Agreement	4,546
<b>From New Zealand Aid</b>	
Strengthen Quality of Formal School Education - Papua New Guinea	150
<b>From UNICEF</b>	
Supporting and monitoring of teachers in the implementation of the Child Friendly Schools Programme	113
Other	148

<b>From the Dutch Government (Theme-based Co-financing Fund - TMF)</b>	
Regional AIDS Initiative for Southern Africa	291
Right to Life for people living with HIV/AIDS Programme - Bangladesh	141
Right to Life for people living with HIV/AIDS Programme - Kenya	118
Right to Life for people living with HIV/AIDS Programme - India	84
Right to Life for people living with HIV/AIDS Programme - Tanzania	71
Right to Life for people living with HIV/AIDS Programme - Nepal	69
Right to Life for people living with HIV/AIDS Programme - Cameroon	37
<b>From the Asian Development Bank</b>	
Water and Sanitation for Herding Families - Mongolia	81
<b>From the World Bank</b>	
Secure Livelihoods - Mongolia	84
<b>Other Income from governmental bodies</b>	<b>1,198</b>
<b>Total Income from governmental bodies</b>	<b>45,376</b>
<b>From Comic Relief</b>	
Tackling Education Needs Inclusively - Ghana	710
<b>From the Big Lottery Fund</b>	
Empowering People with Disabilities - The Gambia	111
Diaspora Volunteering Initiative	98
Improved human rights for Dalits and people with disabilities - Nepal	11
<b>From Cadbury-Schweppes Plc</b>	
Core Grant under agreement	43
Rural Enterprise Support Project - Ghana	156
<b>From Accenture Foundation</b>	
Secure Livelihoods Programmes - Making Markets Work for the Poor	462
VSO Business Partnership Scheme Volunteers	121
Secure Livelihoods Programmes	145
<b>From the Wood Family Trust</b>	
Youth Exchange Project (Global Xchange)	136
<b>Other grants and donations income, not individually listed above</b>	<b>6,165</b>
<b>Total income from other grants and donations</b>	<b>8,157</b>

VSO would like to thank all our generous donors, including those not individually listed above, for their continued vital support to our work.

We have also received a huge amount of pro-bono support and gifts in kind (see note 2) during the year from corporate donors including Freshfields, Deloitte, Google, Accenture, GSK, BT, Cadbury and many others. This type of support is invaluable to VSO to enable us to achieve our goals.

We would also like to recognise the significant contribution of VSO's volunteers who very generously give up their time and salaries in order to share their expertise in our programmes around the world. Without them our work would not be possible. Many volunteers also continue to give up their time to help VSO when they return home by raising funds and awareness of our work.

## Reference and administrative details

**Charity name:** Voluntary Service Overseas (VSO)  
**Charity Registration number:** 313757 England and Wales. SC039117 Scotland  
**Company Registration number:** 00703509

Directors	Job title	Additional VSO role(s)
<b>Sir Suma Chakrabarti, KCB</b>	Permanent Secretary, Ministry of Justice, UK	Chair of the International Board Member of Nominations Committee Member of Remuneration Committee
<b>Dr Grace Aguilung-Dalisay</b>	Professor, University of the Philippines	Chair of VSO Bahaginan (Philippines) Member of Nominations Committee
<b>Enrique Alvarez</b>	Advisor, National Security Council, Guatemala	Member of CUSO-VSO Board of Directors (Canada)
<b>The Rt Hon the Baroness Armstrong of Hill Top</b>	Member of the House of Lords, UK	
<b>Mark Astarita</b>	Director of Fundraising, British Red Cross, UK	
<b>John Bason</b> (from November 2010)	Finance Director, Associated British Foods plc, UK	Honorary Treasurer Member of Audit and Risk Committee Member of Remuneration Committee
<b>Dr Cameron Charlebois</b>	Vice-President, Real Estate, Canada Lands Company, Canada	Chair of CUSO-VSO Board of Directors (Canada)
<b>Sir Andrew Cubie</b> KBE, CBE, FRSE	Consultant to Fyfe Ireland LLP, UK	Chair of UK Committee Member of Audit and Risk Committee
<b>Dr David Dinkin</b>	Consultant, UK	Member of UK Committee Member of Nominations Committee
<b>Superna Khosla</b>	Head of Communications, The Prince's Accounting for Sustainability Project, UK	Member of UK Committee Chair of Audit and Risk Committee Member of Remuneration Committee
<b>Kibaya Laibuta</b>	Commissioner, Commission for the Implementation of the Constitution, Kenya	Chair of VSO Jitolee Board of Trustees (Kenya)
<b>Wayne Robertson QC</b>	Executive Director, Law Foundation of British Columbia, Canada	Member of CUSO-VSO Board of Directors (Canada)
<b>Jean Penders</b> (until March 2011)	Lecturer in European Studies, Leiden University, Netherlands	Chair of Stichting VSO Nederland (Netherlands) (outgoing)
<b>Pieter Marres</b> (from March 2011)	Retired Dutch Diplomat	Chair of Stichting VSO Nederland (Netherlands) (incoming)
<b>James Lawrie</b> (until November 2010)	Treasurer, Christ Church, Oxford, UK	Honorary Treasurer Member of Nominations Committee Member of Audit and Risk Committee Member of Remuneration Committee (all until November 2010)

## Independent committee members

### Sub-committee member

#### Caroline Hewitt

Chair, Lambeth Primary Care Trust, UK

#### Victoria Anderson

Director of Programmes and Operations,  
UnLtd Foundation for Social Entrepreneurs, UK

#### Charles Sinclair

Chairman, Associated British Foods plc, UK

#### Derrick Anderson (until March 2011)

Chief Executive, London Borough of Lambeth, UK

#### David Gold (until December 2010)

Chief Executive, Prospectus, UK

#### Georgia Lewis-Scott (until July 2010)

Executive Director, Youth Opportunities Unlimited, UK

## Council Members

James Boyle

Tony Cunningham MP

Dame Judi Dench, CH, DBE

David Essex, OBE

Mike Gapes MP

Justine Greening MP

Sir Tim Lankester, KCB

Jon Snow

The Rt Hon Alderman Sir John Stuttard

## Patron

HRH The Princess Royal

## Honorary President

Jonathan Dimbleby

## Honorary Vice-Presidents

Dick Bird OBE

The Rt Hon the Baroness Blackstone, PC

The Rt Hon Earl Cairns, CVO, CBE

The Rt Hon the Lord Carrington, KG, GCMG, CH, MC, PC

Baroness Warwick of Undercliffe

### VSO role

Member of Audit and Risk Committee

Member of UK Committee

Member of UK Committee

Member of VSO Council

Member of UK Committee

Member of UK Committee

Member of Latin America and  
Caribbean Integration Committee  
(abolished July 2010)

## Global leadership team (as at 1 April 2011)

Marg Mayne

Chief Executive

Sarah Wilson

Assistant Chief Executive

Tiziana Oliva

Director of Africa and Latin America & Caribbean

Matthew Foster

Director of Asia and Pacific

Brian Rockliffe OBE

Director of VSO UK

Mary Garvey

Interim Director of Policy (until April 2011)

Amanda Mukwashi

Director of Policy (from April 2011)

Judith Brodie

Director of Global Funding & Brand

Paul Green

Director of Finance, IT & Facilities

Kathryn Gordon

Director of HR & Organisational Development

## International federation members

VSO works within an International Federation of Member Organisations, together with four independent members:

CUSO-VSO in Canada ([www.cuso-vso.org](http://www.cuso-vso.org))

VSO Jitolee in Kenya ([www.vsojitolee.org](http://www.vsojitolee.org))

Stichting VSO Nederland in the Netherlands ([www.vso.nl](http://www.vso.nl))

VSO Bahaginan Inc in the Philippines ([www.vsobahaginan.org.ph](http://www.vsobahaginan.org.ph))

**Registered Office:** Carlton House, 27a Carlton Drive, Putney, London, SW15 2BS

**Bankers:** HSBC Bank Plc, 19 Grosvenor Place, London SW1X 7HT  
Standard Chartered Bank, 1 Basinghall Avenue, London EC2V 5DD

**Auditors:** BDO LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS



VSO head office:  
Carlton House, 27A Carlton Drive  
Putney, London, SW15 2BS, UK.

+44 (0) 20 8780 7500  
[www.vsointernational.org](http://www.vsointernational.org)

VSO is a registered charity in England and in  
Wales (313757) and in Scotland (SC039117).

UK/July 2011