



Voluntary Service Overseas

Annual Report and Financial Statements for the year ending

31 March 2015



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Welcome from the Chair and Chief Executive

This is a pivotal time for international development organisations. In September 2015, world leaders will agree on the Sustainable Development Goals that will set the focus of international development work over the next 15 years. Our 57 years of experience has shown us that volunteering at a local, national and international level is a vital tool for building the capacity of individuals and unlocking the potential of a community. We have campaigned to ensure that volunteering is recognised as a key implementation and accountability mechanism in the Sustainable Development Goals.

People-centred development

Looking across Africa, Asia and the Pacific, our challenges appear huge. However, by engaging national, international, youth, corporate and parliamentary volunteers we create a global network of active citizens to overcome these challenges. In 2014/15 our volunteers worked alongside more than 540 partner organisations to make a difference in the lives of almost two million people across 28 countries in Africa, Asia and the Pacific. This year we worked with more young people than ever before. We celebrated a fantastic milestone: 10,000 young people have volunteered as part of the VSO-led consortium for International Citizen Service since it started in 2012.

In the past year Ebola has had a devastating effect on countries in west Africa. Our Ebola response in Sierra Leone prompted a radical shift in focus towards social mobilisation. With the support of our national volunteers and employees, our partners trained 280 community mobilisers, developed Ebola-awareness-raising materials for specific groups, such as Braille tablets for people who are blind or partially sighted, and provided psychological support for orphans and survivors. We shared Ebola prevention practices with 250,000 people. The reach and impact of our work would not be possible without the generosity of our supporters, and we would like to personally thank those who contributed towards our Ebola appeal.

Valuing volunteering

This year VSO released *Valuing Volunteering*, the first action research project of such scale to examine the role of volunteering in sustainable development. This was produced in partnership with the Institute of Development Studies and was conducted in Kenya, Mozambique, Nepal and the Philippines. It was facilitated by VSO volunteer researchers and engaged over 3,700 participants. These individuals were actively involved in collecting data, analysing it and generating action that would inform volunteer activities on the ground. Philip was honoured to present the findings at the Leveraging Volunteering for Global Impact Conference in Washington. At the post-2015 intergovernmental negotiations Philip also called upon UN Member State delegations to use this evidence to support people-to-people development as a key to success. This year we will use the recommendations from the study to shape our programmes and strengthen our identity as the world's leading development organisation that works through volunteers.

Looking ahead

As chief executive and chair, our vision is to empower local communities to achieve long-term sustainable change and to build resilience against future challenges. We achieve this through engaging in transformational change, which empowers others and builds capacity. Unlike a transactional relationship in which a service is provided, VSO's approach challenges power dynamics, empowers individuals and builds communities to overcome poverty. It is this approach that will shape our ongoing engagement in Nepal and build on our more immediate response to the devastating earthquakes.

We want to increase our reach and influence, and align our functions to deliver increased programme impact. That's why we will be making some significant changes in the way we organise and structure ourselves in 2015. Our surplus for 2014/15 will be re-invested into this restructuring and re-organisation to simplify our decision making, remove any duplication of effort, increase our cost effectiveness and allow us to continue to grow our organisation around our development outcomes.

As we look ahead we will be focusing on this people-to-people approach, building partnerships and organising VSO to maximise our impact in the fight against poverty.



Dr Philip Goodwin: Chief Executive



Mari Simonen: VSO Chair



Note from Mari

This year we have experienced success, challenges and changes that we believe are making us stronger as a development organisation that is the right shape, size and quality to respond to global change. I would like to thank Jim Emerson for leading the organisation for seven months while we recruited a permanent chief executive, and am delighted to welcome Dr Philip Goodwin into the position.

STRATEGIC REPORT

About VSO: objectives and activities

VSO is the world's leading independent development organisation that works through volunteers to fight poverty. We believe it is only when people step forward – as local, national or global citizens – that sustainable change happens.

Vision

VSO's vision is a world without poverty.

Mission

Since 1958 our mission has been to bring people together to fight poverty through the lasting power of volunteering.

Objects

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

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

Values

Whether our work is with local communities or with governments, it is always grounded in our four values:

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

VSO fights poverty by delivering two key outputs:

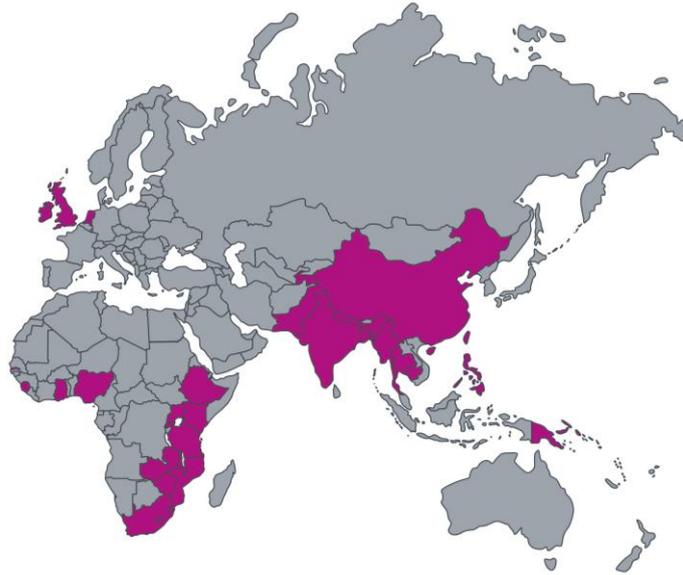
- non-governmental organisations (NGOs) and governments providing better quality services in maternal and reproductive health, HIV and AIDS, basic education and economic self-reliance, especially for women.
- more policies that promote the interests of poor and marginalised people, and more governments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

We work in the following areas: **education; health, HIV and AIDS; participation and governance; and secure livelihoods**. These are supported by our cross-cutting themes of **gender, disability and climate change**. These themes are linked to the priorities of our partner organisations overseas, the international development agenda, and our areas of expertise.

In 2014/15, VSO worked in **28** countries across Africa, Asia and the Pacific. We supported **542** partners, provided training, mentoring and coaching for over **136,000** practitioners and reached **1.95 million** poor and marginalised people with improved services.

Where we work

We operate where we believe we can make the most difference fighting poverty. Our global network includes federation members and country offices that work together through integrated regional groupings. They recruit volunteers, fundraise, advocate and deliver programmes. In 2014/15 we worked in:



Bangladesh, Cambodia, China, Ethiopia, The Gambia, Ghana, India, Ireland[^], Kenya[^], Lesotho[°], Malawi, Mozambique, Myanmar, Nepal, the Netherlands[^], Nigeria, Pakistan, Papua New Guinea, the Philippines[^], Rwanda, Sierra Leone, South Africa[^], Swaziland[°], Tajikistan^{*}, Tanzania, Thailand[^], Uganda, the United Kingdom[^], Vanuatu^{*}, Zambia, Zimbabwe.

Key

*Closed during 2014/15

[^]Manages applications from volunteers

[°]Programmes managed by our office in South Africa

How we work together to fight poverty

By combining volunteers' diverse and complementary skills with local knowledge and expertise, we create an environment for social change to strengthen human capital and local ownership. We work through the following types of volunteers and interventions:

International volunteering

In 2014/15, 987 VSO international volunteers worked within our programmes, providing over 190,000 volunteering days. International volunteers share their skills and experience to build capacity, improve the services of our partner organisations and support the development of their community volunteering programmes.

National and community volunteering

Our national volunteers support and empower individuals, and in turn their community, to take action on poverty and inequality. This promotes active citizenship, greater inclusion, and stronger local accountabilities, ensuring development is sustainable.

In 2014/15, 294 national volunteers recruited and placed by VSO contributed over 18,500 days of volunteering. We continue to support volunteering initiatives led by our partners, and this year we provided training, mentoring or learning exchange opportunities to over 19,000 people who volunteer in their community.

Youth and International Citizen Service volunteering

We are developing a global network of young active citizens. Led by VSO, the International Citizen Service (ICS) consortium has brought over 10,000 young people together to fight poverty since the programme started in 2012; in 2014/15 6,210 young people took part in the programme. This year, VSO ICS volunteers achieved 89,300 days of volunteering across Africa, Asia and the Pacific. UK volunteers work alongside national counterparts to tackle problems together and share valuable knowledge to make their achievements sustainable.

Parliamentary volunteering

We work with partners and communities to create lasting change through high-level advocacy. Our parliamentary volunteering programme works with British parliamentarians who use their expertise and skills in campaigning and advocacy to raise awareness and promote policy change. In 2014/15, four UK parliamentarians worked in Rwanda, the Philippines, Kenya and South Africa on issues ranging from disaster recovery to women's participation in governance.

Private sector engagement

We harness the expertise and resources of the private sector to deliver development programmes. In response to a growing demand for corporate skills-based volunteering, VSO will launch a new initiative funded by the Department for International Development, VSO Knowledge Exchange, in 2015. VSO Knowledge Exchange will offer placements and a collaboration space for its non-governmental organisation and private sector members to develop new approaches to addressing global poverty. By unlocking private sector potential in a collaborative manner, VSO Knowledge Exchange will help deliver significant impact towards achieving the new Sustainable Development Goals.

International policy and advocacy

A key part of our policy and advocacy work in 2014/15 has been our continued engagement with the post-2015 process to establish the Sustainable Development Goals. These goals will set the development priorities for the next 15 years. We have advocated to ensure that volunteering is recognised and supported as a key implementation and accountability mechanism in these goals. Our work in this area, including chairing the post-2015 volunteer working group, contributed to the significance of volunteers being directly recognised in the UN Secretary General's synthesis report. Through our Women in Power campaign we also supported calls for a standalone goal focused on gender equality and women's empowerment in the new Sustainable Development Goals. For more information see page 25.

Valuing Volunteering

We could not reach so many people without our volunteers. But what is it about the way they work that has an impact on poverty?

This year, with the Institute of Development studies, we launched a ground-breaking body of research that tells us how volunteering reduces poverty. Conducted in Mozambique, Kenya, Nepal and the Philippines, the research found that volunteering contributes to sustainable development by:

- extending the reach of public services to the poorest and most marginalised;
- creating new ways for people to work together;
- strengthening the extent to which change is controlled by local people;
- inspiring individuals to become change-makers taking collective responsibility for the future; and,
- providing a model for different ways of doing things.

Education

Lack of education perpetuates the cycle of poverty. We aim to enable poor and marginalised children – especially children with disabilities, girls, and children affected by HIV and AIDS – to have equal access to quality education services and gain the knowledge and skills to prepare them for life and work.

How we work

We work with partners at all levels of society to increase the number of qualified and trained teachers, improve the leadership and management of education services, increase community engagement and promote evidence-based policy and practice.

Most of our education work is with governmental organisations, building their capacity to deliver better services. We do this at various levels of society with partners such as departments and ministries, training institutions and schools. This allows us to use knowledge from the grassroots level to influence national policies and practices. In addition, we work with non-governmental organisations and national coalitions to mobilise communities.

In the past year we conducted a number of evaluations to test and validate our approach to education programmes. As a result, VSO will continue to focus on designing programmes that consider the voices of communities and stakeholders, and foster collaboration and knowledge sharing under the areas of inclusive education and using technology in education, developing country-specific programmes to respond to local challenges. We will also continue to strengthen education management systems and practices, and teacher training initiatives.

Focus areas

Inclusive education

Our inclusive education programmes aim to ensure that all children, regardless of wealth, gender, disability or geographical location, have access to a quality education that enables them to learn to the best of their ability.

In Ghana, our Tackling Education Needs Inclusively (TENI) programme, primarily funded by Comic Relief, and implemented in partnership with the Ghana Education Service, focuses on girls and children with disabilities. The project seeks to achieve systemic changes in education to ensure that girls and children with disabilities receive adequate teaching to help them gain the skills needed for life, and to empower them to articulate their concerns. In the past year, the project reached over 13,700 children, and 2,700 teachers and education management staff received training to meet the needs of different learner groups.

Using technology in education

VSO recognises the huge potential of technology to increase the scale and effectiveness of our education programmes. It allows for quality learning resources to be accessed by a wider range of children and has the potential to be scaled up at minimal cost. Our ongoing SMS Story project in Papua New Guinea sends regular text messages to teachers across the country containing a lesson plan and phonics-based story. This enables teachers on remote islands to access the same materials as those in more urban areas, and the project has demonstrably improved the reading ability of children. In the past year, VSO trialled this innovative project in India, which has

At a glance

- We worked with **164** education partners in **16** countries (*Cambodia, Ethiopia, The Gambia, Ghana, India, Kenya, Malawi, Mozambique, Myanmar, Nepal, Nigeria, PNG, Rwanda, Tajikistan, Thailand, Uganda*).
- Almost **810,000** adults and children benefited from the quality education services we have supported. (*Target: 794,000*)
- Over **98,500** education practitioners have been supported to enhance their knowledge and skills. (*Target: 90,600*)

strengthened the skills of rural teachers and demonstrated 20% improvement in children's reading ability compared to the students in control schools. We aim to expand this simple-yet-effective solution over the coming year to further countries.

In Malawi, education remains a concern, particularly for girls, whose learning achievements are much lower than boys. To address the gender disparity, VSO has worked with the University of Nottingham and Onebillion to pilot a tablet-based intervention to increase numeracy skills of primary school children. Volunteers trained teachers to use the tablets and shared classroom management techniques and learner-centred approaches. After eight weeks of using the numeracy application on the tablets, children had made more progress than in 12 – 18 months of normal teaching. Significantly, girls responded just as well as boys to the intervention, suggesting this application could be a particularly effective means of addressing the gender imbalance. This project has been scaled up in 100 schools, and VSO is working with the Malawian Ministry of Education, Science and Technology and other partners to expand its reach. The learning of this project was presented at the UNESCO Mobile Learning Week in Paris in February 2015.

Education management

We support our partners to improve the skills of education managers, school leaders and management committee members in effective leadership that empowers students, parents and teachers to actively participate in children's learning, and hold schools and governments to account. In Rwanda, VSO facilitated exchange visits of teachers and headteachers, enabling them to support and share best practice with their peers in areas such as administration, management, budgeting and addressing drop-out rates.

VSO has worked with the Cambodian Ministry of Education, Youth and Sport to strengthen sub-national government institutions to improve education planning and management. In 2014/15, volunteer education management advisers worked with provincial and district offices primarily where minority ethnic communities live. Volunteers shared education management advice, leading to these institutions increasing their use of tools for school and sub-national strategic planning, data collection and analysis. More than three-quarters (78%) of the districts in the ten provinces VSO worked in now have annual operating plans, compared with 40% nationally.

Teacher training

Through pre and in-service teacher training, our volunteers equip and empower teachers with the knowledge and skills to address individual learning needs. In the past year, VSO has trained 50,800 trainee teachers, 4,300 teacher trainers and worked with 31,200 in-service teachers to enhance their skills and knowledge.

Following an increase in pupil enrolments in Tanzania, there is now a greater demand for teachers. Since 2013 VSO has worked on a project to strengthen 34 government teacher training colleges' capacity to deliver quality teaching, using a range of techniques to effectively engage pupils. Over the course of the first year of the project, there was a 31% increase in the number of teaching techniques that tutors used in lessons.

In Papua New Guinea, VSO's Language Support programme aimed to improve primary teacher training in English at teacher training colleges across the country. Volunteers were placed in each college and worked with national counterparts. Together they designed, tested and produced new teaching materials and course outlines which are expected to benefit 6,500 trainee teachers annually. Volunteers provided ongoing coaching in student-centred teaching practices. As a result language lecturers have improved their skills and knowledge to improve the training of teachers to teach reading, writing, speaking and listening.

Campaigning for change

VSO is committed to involving communities in our programme design and implementation. In Myanmar, VSO has partnered with the Eden Centre to conduct participatory research on inclusive education for children with disabilities. The evidence from this research has informed policy discussions at Myanmar national level, as well as in VSO's wider education programmes. Other education policy initiatives we have worked on include improving teachers' pay in Uganda, and supporting an early childhood development policy in Nepal. To increase our capacity for evidence-based programming, we have partnered with academic institutions such as Lamar University in Texas and Nottingham University in the UK. Partnerships with these institutions, in addition to global and regional organisations, enables us to share knowledge and understanding of effective development work.

VSO is an active member of the Global Campaign for Education and contributed to the post-2015 education debate. By raising the voices of marginalised teachers and students we have contributed to an UNESCO Global Monitoring Report. As a member of the steering committee of the International Taskforce of Teachers for Education for All, we have facilitated international policy dialogues on teachers.

Looking ahead

In the coming year we will continue to focus on building our evidence base and strengthening our monitoring, evaluation and learning systems to ensure our programmes have a greater impact. We will look to build strong partnerships and alliances with other agencies, to increase the scale and efficiency of our work. We will also continue to share the successes and lessons learnt from our projects with the wider sector by participating in national and international policy dialogues.



“VSO is unique because they concentrate on placing volunteers from different areas of study with us. They've helped us achieve our objectives by providing us with a wide range of volunteers. Some work on managing people work flows, and others advise on different education initiatives, like the Higher Development programme”

Yasabu Berknet, from Ethiopia's Ministry of Education

Training teachers in Rwanda

2014 marked the 20th anniversary of the Rwandan genocide. During the genocide, approximately one-fifth of Rwanda's total population were / was killed and many were forced to flee the country. This left the supply of experienced teachers devastated. In the past 15 years, VSO has worked with the Rwandan government to help improve the quality of education.

In Rwanda, children are often taught in classes of up to 80 children. There is a shift system to cope with the number of children, resulting in them only receiving around four hours of education per day. This creates a challenging academic environment. Subsequently, many children leave schools without basic literacy and numeracy skills, lacking the education they need to break the cycle of poverty.

Teachers often work long hours for little pay. The large class sizes make teaching difficult, and teachers often use the "chalk and talk" method, which is less engaging than alternative methods. Volunteers like Mike Ashby have worked as teaching methodology advisers to encourage the use of more interactive, learner-centred approaches. Mike worked with 30 teachers in 15 schools in the Karongi district.

One of the teachers Mike works with is Marcel Bakanirora, who told us: "I'm very happy with the new method of teaching...before being trained by Mike, we would normally stay in the classroom and only write notes. Now, when I want to teach the children about plants for example, I take them outside and show them the real plants...the children are happy and enjoy lessons now." The aim is for Marcel and the other teachers Mike works with to share their ideas and skills with other teachers, creating a ripple effect, meaning more children benefit from engaging lessons.

Mike was just one of 33 teaching methodology advisers volunteering in Rwanda in 2014/15; he says "We're all working towards that same goal of improving the standards of education in Rwanda which hopefully will have an amazing effect on the whole country." Through this network of volunteers VSO aims to ensure that children have access to engaging and interactive lessons which will keep them in school, and equip them with the skills they need to break out of poverty.



VSO volunteer Mike Ashby (third from right), pictured with teacher Marcel Bakanirora and five of his students

Health, HIV and AIDS

Millions of people lack access to adequate basic health services. In many developing countries this is made worse by the HIV and AIDS pandemic. Our development programmes aim to support marginalised people and those living in poverty to fulfil their right to physical, mental and social health and wellbeing, breaking the vicious circle of ill health, poverty and social exclusion.

How we work

People are at the heart of our health responses. Our volunteers and partners work towards ensuring that health services are accessible to everyone, addressing issues of service supply and community demand for quality care.

We support doctors, nurses, midwives, community health workers, home-based carers and health managers to build their technical and organisational capacity. Our volunteers share knowledge and skills with frontline health workers to strengthen their practice, improve the quality of services and increase community engagement with the formal health system. We work with over 140 local partners, including 35 hospitals, 10 training institutes, and more than 40 civil society or grassroots organisations. We work with these partners to participate in knowledge sharing and exchange visits between organisations – locally, nationally and regionally – to develop peer networks and disseminate good practice.

This year we continued to integrate our health and HIV and AIDS programmes. We reviewed our work and concluded that it is most successful when we focus our expertise on the following key areas.

Focus areas

Maternal health

We work in countries with some of the worst maternal mortality rates in world. To combat this we support the health of women during pregnancy, birth and the postnatal period.

1 in 36 pregnant women dies during childbirth in Malawi. In many rural areas, the nearest hospital is far away and expectant mothers are often not fit to travel. Under a new government programme, supported by Tropical Health Educational Trust, our volunteers worked with women, chosen by their village chiefs, to train them in basic midwifery skills. Initially, many of the student midwives complained about the lack of resources at the hospital, but one volunteer explained how her team worked, “They observed me helping to deliver a baby safely, with no resources, and saw for themselves that it is not just about money and resources, rather it is our skills and knowledge that can save a life.” These women have returned to their villages as community midwife and will now support pregnant women in their villages.

Neonatal and child health

We are committed to ensuring that children do not die because their parents cannot afford to go to hospital or because health professionals lack the knowledge, skills, equipment and capacity to ensure the safe delivery and healthy development of children.

At a glance

- We worked with **141** health partners in **18** countries (*Bangladesh, Cambodia, Ethiopia, Lesotho, India, Malawi, Mozambique, Myanmar, Nepal, PNG, South Africa, Sierra Leone, Swaziland, Tanzania, Uganda, Vanuatu, Zambia, Zimbabwe*)
- Over **867,000** adults and children have benefited from the quality health services we supported. **(Target: 726,500)**
- Almost **23,500** health practitioners have been supported to enhance their knowledge and skills. **(Target: 24,600)**

In Ethiopia VSO has supported five hospitals to establish neonatal intensive care units (NICUs). The selected hospitals received comprehensive capacity development support, including facility upgrading, staff skills development and the implementation of newborn healthcare policies and protocols. In collaboration with the Ethiopian Paediatric Society, 55 nurses from the five hospitals were selected to undertake six weeks' specialised intensive training in the management and care of newborn children. VSO volunteers provided on-the-job mentoring and support in the hospitals, training staff in basic neonatal care and supporting the implementation of standard operating procedures in the NICUs. With VSO's support institutional neonatal death across all the hospitals has decreased by an average of 40%.

In St. Francis Hospital in Tanzania we have seen change in the health workers' perceptions of neonates. Newborns are now seen as patients in their own right, and a greater understanding of their needs has contributed to a 20% decrease in paediatric mortality. Improved care and services have enhanced the hospital's reputation, and community mobilisation has helped people realise their right to quality health services, resulting in a 37% rise in the number of admissions at the hospital.

Sexual and reproductive health

In many of the countries where we work knowledge of safe sexual practice is poor and rates of teenage pregnancy and sexually transmitted infections, including HIV, are high.

In Papua New Guinea many women face violence from their husband or partner. This year our partner organisations and volunteers have provided a number of health services for survivors, and have challenged the deep-rooted acceptance of violence within communities. At Modilion Hospital in Papua New Guinea, a volunteer psychiatric nurse helped start a family support centre, where survivors of physical and sexual violence receive care and emotional, physical and legal support. Her focus was to deliver family sexual violence services to survivors, act as a role model to hospital colleagues, and demonstrate best practice. To complement this work she delivered awareness-raising sessions in the community and established a committee with stakeholders across the province to coordinate the response to family sexual violence interventions. Her work has had a positive impact on service delivery in the hospital and contributed to a change in community behaviour.

HIV and AIDS

There are an estimated 35 million people living with HIV and AIDS around the world. For nearly 15 years VSO has run the Regional AIDS Initiative for Southern Africa (RAISA) programme, to bring about positive change in the lives of people living with HIV, who remain extremely vulnerable to poverty, stigma and discrimination. We have recently launched a new strategy as RAISA transitioned to RHAISA – Regional Health and AIDS Initiative for Southern Africa. This strategy will continue to put those affected by HIV at the centre of our work, but there will be a greater emphasis on advocating for their broader sexual and reproductive health and economic rights to be realised.

In Mozambique, an estimated 400 people are infected with HIV every day. The ease of movement across the South African border has created a high-risk environment for spreading the disease – especially among transient mine workers and their families. Our Phoning Out Poverty and HIV and AIDS (POPA) programmes work to reduce poverty and improve the health of women in the mine worker community who are infected or affected by HIV. Our volunteers helped build the capacity of home-based carers in four provinces to ensure better support for people living with HIV. They worked with community health volunteers who facilitated training sessions to ensure women understand the health issues and their rights to care. This programme also supports income generation activities, such as selling mobile airtime, that enables these women to enhance their livelihoods. This year, this project reached 1,796 people in Mozambique. Next year we plan to expand the programme in Mozambique, Lesotho and Swaziland.

Campaigning for change

Gender inequality, climate change, lack of access to clean water and sanitation, and poor nutrition all have an impact on the health of poor and marginalised people. We work to increase the voice of front line health workers, civil society organisations and communities in addressing these social factors. Alongside our partner organisations, we actively engage with and support those with influence in decision-making processes that involve health service provision.

In poor and rural areas of southern Africa, access to health services is minimal. Demand for services is low because there is a lack of understanding about sexual and reproductive health and HIV and AIDS. Our public health volunteers are working to improve levels of health service delivery, and to increase women's demand for prevention, care and treatment. This year in Zambia our volunteers have researched this problem in two communities and facilitated government recognition of the value of community health workers. Alongside our partners they trained 50 support groups who went on to share their knowledge with over 28,000 people. After one year, each support group will identify other groups within their community; further multiplying the impact of this approach.

“We want people to come and help our women so we can improve our lives. If we practise the things we are being taught it will take us a long way. “

Cynthia Mapulanga, a support group leader in Zambia, who has been trained to educate community members about HIV and AIDS

Looking ahead

We believe that volunteers provide a vital bridge between health services and communities. Next year we will continue to further our understanding of how VSO's people-centred approach can strengthen health service provision - focusing on maternal, newborn and child health, and adolescent sexual and reproductive health. Our volunteers will continue to empower marginalised people to demand their fundamental right to health care and also work alongside healthcare professionals to build the capacity of organisations to supply it.

Sharing skills with nurses in Malawi

In Malawi there are just two doctors and 37 nurses and midwives for every 100,000 people. Through volunteers and partnerships we have shared the skills of British and Malawian health professionals to build organisational capacity, develop health management information systems and improve nursing and midwifery skills.

Gilbert Mandira (photo, far right) was inspired to become a nurse after witnessing children die from illnesses like malaria. Gilbert is one of several trainee nurses who have learned vital clinical training skills from volunteer Chris Holt (photo, second from the right). Chris trained Gilbert in areas such as medication administration and paediatric life support. Having identified a need for students to practise their skills, he conducted clinical skills sessions to help students translate their theoretical knowledge into practical skills. Using a prosthetic cannula training arm he trained students to insert an IV line safely. He explains: "A basic skill such as inserting an IV line can mean the difference between life and death." In 2014/15, VSO provided training to 1,950 trainee nurses like Gilbert in Malawi.

Volunteers in Malawi have introduced innovative teaching and learning facilities for tutors and students in seven training colleges. At Trinity College, VSO volunteers upgraded the skills, and developed teaching and assessment manuals for students' clinical practice. They also produced a procedure manual for nursing and midwifery, which has been adopted by the Christian Association of Malawi as a standard manual to be used in all their nursing practice.

This year the maternal mortality rate reduced by over 50% in the facilities we supported in Malawi. We have also seen a significant advancement in the quality of teaching and learning in nursing and midwife colleges, as evidenced by improved student performance and pass rates. We would like to thank the Tropical Health and Education Trust and DFID's Health Partnership Scheme for funding this programme.



Chris Holt, VSO clinical nurse instructor teaching his students how to insert an IV line and cannula to a prosthetic arm.

Participation and governance¹

The voices of people who are poor and marginalised often go unheard. We aim to enable them to have a greater say in the decisions that affect their lives, and in turn to make public services more accountable and responsive to the needs of the communities they serve.

How we work

We work to support the development of the governance systems, structures, policies and practice that empower disadvantaged people to participate in the decisions that affect their lives. VSO supports an active civil society made up of individuals and community organisations that promote local development and more responsive services.

We work with a number of partner organisations across different sectors and levels of society that are involved in decision-making and implementation. Multi-level working enables us to create stronger information flows, coordination and accountability, and ensure changes in policy and practice benefit people who are poor and marginalised.

Focus areas

Democracy building

Many countries in which we work are still transitioning into fully democratic societies. There is a move in these countries towards decentralisation, enabling people to have greater control over decisions which affect their lives. In Cambodia, we have worked at all levels of society to support the decentralisation and devolution of power. Our volunteers influenced policy and structural re-development at a national level, while at provincial and district levels they increased the capacity of local staff, empowering them to be more innovative and accountable to their local communities.

In Zambia, our inclusive governance programme has supported the government's decentralisation initiative for improved service delivery, a multi-level initiative that has seen volunteers work at the national, provincial and district levels. In a project launched in February 2014, VSO has worked with five out of ten district councils in the northern province to build their capacity to improve access to public services, and accountability towards those they serve. Efforts in capacity building have led to improved budgeting and financial reporting, and greater transparency.

Social accountability

For change to be sustainable it has to be owned and led by communities. Our social accountability work aims to empower and equip individuals to be active citizens and participate in decision-making processes that affect their lives.

Technology presents new opportunities for active engagement. In the Kalahandi district in India, the district administration is using Samadhan, an online platform to allow rural community members to file grievances relating

At a glance

- We worked with **53** participation and governance partners in **12** countries (*Cambodia, China, Kenya, Myanmar, Nepal, Nigeria, Pakistan, PNG, Rwanda, Tanzania, Uganda, Zambia*)
- **45%** of our partners are community-based organisations.
- **38%** of our partners are government departments or offices.

¹ Unlike other areas of our work, our progress in this area is not measured by the number of practitioners supported or adults and children reached through services. In 2015/16 we will develop a new framework to measure progress in this vital area of our work.

to government services by sending a text message. VSO community volunteers raise awareness of the platform and support those in their community to use the system. The resolution rate of the grievances is 46%, which has been seen as a great success. This exciting project has the potential to scale up and promote accountable governance more widely.

Campaigning for change

Rwanda's social inclusion programme work focuses on ensuring that people with disabilities have adequate access to services, whether it is healthcare, special needs education, vocational training or access to the justice system. In November 2014, Kate Green MP, the UK Shadow Spokesperson for Disabled People, volunteered in Rwanda and met government officials and MPs to support their plans to address the inequality faced by disabled people. She also spent time with VSO partner organisations, advising them on how to engage with the government to help mainstream disability issues into the national agenda. Kate said, "I learnt as much from my visit as the knowledge I was able to share with my hosts about the UK. Indeed, many of the issues we face are the same in both countries – the stigma and social isolation faced by disabled people, the poor health, educational and employment outcomes they experience, and worries about assessments for benefits and support."

In March 2015, Binti Alii Goga, the Chair and a founding member of one of our partner organisations in Kenya, Sauti Ya Wanawake – Pwani (Sauti), spoke at VSO's Women in Power event at the Irish Embassy in London. The event focused attention on the importance of a gender equality goal in the Sustainable Development Goals.

Looking ahead

In January 2015 we completed a review of our work in participation and governance. As a result, we will be repositioning our approach in this area to concentrate on inclusive governance, with a greater focus on issues of disability and gender, to make sure our programmes reach the most excluded groups. We will develop our work in social accountability, ensuring civil society, the state and the private sector have the skills and capacity to engage in it, and that effective processes and spaces of engagement exist to enable it to flourish. In addition, we will increase our focus and integration of active participation as a systemic intervention across our programmes, instead of it having a separate focus within the participation and governance theme.

"Volunteers can add significant value in the fields of participation, inclusion and governance. Volunteers use their "insider-outsider" status to model new and more participatory ways of working in poor and highly dependent communities."

Key learning point from VSO's Participation and Governance Thematic Review, conducted by the Institute of Development Studies in the UK

Speaking up for women in Papua New Guinea

Women are often marginalised in Papua New Guinea. There is a lack of basic services, especially regarding reproductive health, and there is little medical or psycho-social support for the many women who are affected by gender-based violence. It is estimated that 66% of women have been beaten by their partner or husband, and 50% have been forced to have sex against their will. Women have hardly any voice in the decisions about the public services in their community, so they have little power to change the important issues affecting their lives.

Elles Blanken is an international volunteer who worked in Papua New Guinea to build the organisational capacity of women's organisations, strengthening and equipping them to have a greater say in decision-making.

Elles worked with local colleagues to support women who had won seats on local government councils in the recent elections; of the 6,000 seats, only 50 are occupied by women. Recognising that it is difficult for these elected women to work in the male-dominated environment, Elles and her colleagues identified these elected women, worked out what their challenges were, and looked at how they could provide the women the support they needed.

In March 2015, Elles was one of 25 speakers who participated in a session at the UN's intergovernmental negotiation session on the Sustainable Development Goals. She described her experience as follows, "In Papua New Guinea I live in a different world, far away from high-level global discussions, where I am trying to understand and support the challenges that women face... Being here [at the UN] ... I am reminded of the importance of these processes. If we don't get the words and emphasis right in these global agreements now, it could have a very negative impact on our efforts to end poverty and inequality in the long run... Experts from civil society, including volunteers such as myself, know local situations so well and can bridge that gap... [in my speech] I spoke with the women of Papua New Guinea in mind, calling for women to have an equal voice and influence in decision-making, at all levels."



*Elles Blanken, delivering a gender workshop in
Papua New Guinea*

Secure livelihoods

Everyone should have the right to an adequate standard of living that ensures the welfare of themselves and their family. Growing inequality between rich and poor in low-income and middle-income countries means that many are trapped in chronic cycles of poverty. We aim to challenge this by building people's livelihoods and overcoming the constraints that keep people poor.

How we work

VSO works with communities, partners and individuals to enhance understanding of the economic environment. We aim to build organisational capacity, challenge power structures around value chains and inspire individuals to become agents of change.

We work in partnership with a range of community-based, non-governmental, and private sector organisations, as well as governments. In particular we support people vulnerable to poverty and those whose incomes are low or limited by stigma and discrimination. This includes women and girls, young people, indigenous communities, people living with HIV and AIDS, and people with disabilities.

In addition to helping people increase their income, we support people to achieve food and nutritional security through improved natural resource management and production. It is often the most vulnerable people who are most affected by the impacts of climate change and natural disasters. Our programmes help to develop resilient communities that can survive natural and manmade shocks.

Focus areas

Supporting agricultural value chains

We believe that everyone should have fair and equal access to markets. Our volunteers support smallholder farmers to identify opportunities in value chains and support their right to participate on an equal basis.

In Nigeria, our volunteers worked with producers, processors and traders to ensure that local individuals have the right technical, marketing and business training to increase production of maize and soya and strengthen their position in the value chain. Volunteers supported people like Naomi (see page 20) to build her farming capacity. By sharing valuable knowledge and skills, such as planting techniques, and producing planting and harvesting calendars, volunteers helped to diversify Naomi's crop variety, increase her profits and empower her to support others. Naomi is now the founder and leader of an expanding women farmers' cooperative that brings together farmers, growers, processors and buyers to strengthen their ability to negotiate fairer prices. In 2014/15 we provided training, support and mentoring to 600 individuals in Nigeria on secure livelihood initiatives.

We have worked with small holder farmers through our Making Markets Work for the Poor programme for five years, a global project funded by the Accenture Foundation. This year we have taken our learning to develop a follow-on project, Increasing Market Access for the Poor, which will be at the forefront of VSO's market development work over the next five years. This dynamic approach will grow our work from primarily supporting

At a glance

- We worked with **184** secure livelihoods partners in **23** countries (*Bangladesh, Cambodia, China, Ethiopia, The Gambia, Ghana, India, Kenya, Malawi, Mozambique, Myanmar, Nepal, Nigeria, Pakistan, Papua New Guinea, the Philippines, Rwanda, Sierra Leone, Tajikistan, Tanzania, Uganda, Zambia, Zimbabwe*).
- Over **273,000** marginalised men and women have benefited from quality secure livelihoods services. *(Target: 207,000)*
- Over **14,000** practitioners have been supported to enhance their knowledge and skills. *(Target: 17,600)*

smallholders, to involving an increasing number of individuals along the value chain – enabling us to deliver a greater transformative change.



“Young people in the community want to learn from me; they’ve seen me be successful and they want to know how I did it”.

Naomi Hassan, farmer and founder of the Chen Bikun Women Farmer’s Cooperative

Market-led youth employment

Youth unemployment is an increasing concern globally. Our focus on market-led youth employment builds on our support of vocational training institutes to ensure that students are graduating with skills relevant to the job market. We also support young people with entrepreneurial interests to understand the local opportunities for enterprise development.

In Tanzania, in partnership with LNG Tanzania, we have shared knowledge on the latest technological developments and built employment advice into the college curriculum. This has enabled more women to gain the right qualifications to pursue careers in male-dominated vocations, such as electronics. Employment success has inspired these women to support other girls to follow their ambitions and has prompted a change in attitudes towards female professionals.

Rural enterprise development

In many countries in which we work, communities in rural areas have limited access to the job market, so we support small and medium enterprises to build their capacity and increase their profits to enable them to thrive.

The Cambodian Rural Development Team (CRDT) supports rural enterprises in sectors such as agriculture and tourism to increase incomes in poor communities in the north east of Cambodia. This year, a volunteer management consultant helped CRDT to strengthen its operating practices to keep up with increasing accountability demands from international donors, enabling them to be as effective as possible and so access funding from as many sources as possible. This volunteer has also worked alongside Cambodian and UK youth volunteers who are part of ICS Entrepreneur programme. Together they have provided opportunities for rural enterprise owners to be trained in business skills and supported them to successfully adapt business models to individual circumstances and the economic environment of rural Cambodia.

Campaigning for change

Our volunteers and partners engage with governments and civil society organisations to advocate for people's rights to participate in decision-making, and promote policies that enable communities to have a say in the decisions that affect their livelihoods.

In Malawi, our programme Water Futures: Towards Equitable Resource Strategies has supported district planning departments to develop pro-poor climate change mitigation and adaptation policies. Volunteers worked in four districts of Malawi which are vulnerable to extreme weather. The volunteers' role was to build the capacity of district planning departments to adopt participative planning processes. In 2014/15, members of 40 Village Natural Resource Management Committees were engaged in vulnerability and watershed mapping to inform village and district level planning processes. VSO also supported civil-society networks in evidence –based advocacy to improve resources for climate change interventions at national level. As well as the incorporation of community environmental plans into district plans, another programme achievement is the observed changes in behaviour of communities that have reduced the use of environmentally harmful products and adopted natural approaches to pest control and fertiliser.

Looking ahead

We believe our role is not to impose solutions but to join existing processes. We will continue to raise the voices and influence of marginalised individuals and make sure services and resources are accessible to everyone. Through quality programmes and partnerships, we hope to build capacity at all levels - from sharing knowledge and skills with farmers, entrepreneurs and young people, to strengthening the accountability of governments and implementing pro-poor policies and processes.

Weaving an income in rural Bangladesh

There are limited job opportunities for women in north west Bangladesh. Over the past year an entrepreneur development advisor volunteered with local organisation, Classical Handmade Product (CHP) to establish rug factories and recruit poor and marginalised women into their workforce.

The rug factories are based within walking distance of the women's homes, so they don't have to move to cities to find work in often unsafe factories. The women receive training in how to make rugs using scrap materials from larger factories, which they weave into export quality rugs. The factories provide the women with a regular source of income, a safe working environment, and have been shown to increase women's voice within their family and community. We hope to replicate the success of these rug factories, by opening new factories and creating jobs for many more women across Bangladesh.

Philomena Aind is 29 years old and is married with two small children. She has been working in the factory in Mithapukur in Rangpur since it opened eight months ago. Philomena doesn't have land of her own, so she previously worked as a farm labourer. She describes her experience as follows, "It was seasonal work with the busy harvest season in May and December. In these months I might get 10 – 12 days of work. The rest of the year I got between five and seven days of work per month. One day I had work, then the next day no work, so I couldn't earn money regularly. If it rained for more than two hours, then we couldn't work, and we got sent home, with no money. We were poor so sometimes I worried about feeding my family. Men received more money than women for the same work, it's not fair, as we were also working.

I haven't worked in a rug factory before. Initially I was worried, wondering if I'd be able to do it, but now I'm confident. I know how to make the rugs.

The factory is nice. It's a big room and we can walk around freely, there's light, and it's OK to get air. The factory is about two minutes' walk away from home, it's useful for looking after the children. I'm using the wage to support my family. I'm getting more money than before and whether it's rainy or sunny I have a job.

Now I'm thinking ahead for my children, I'm keeping money aside for their future, so they can be educated properly. I give my children's education equal priority; if the boy is educated then the girl is as well. Me and my husband earn a similar wage. When there's a household decision we discuss it together then make a decision. We are equal."



©VSO/Allison Joyce

Philomena Aind (left) and her colleague, working in the VSO-supported rug factory

Youth and youth programmes

Young people don't just want our world to be made fairer – they want to play their part in getting it there. This year we worked with more young people than ever before.

In 2014/15 our programmes continued to support youth participation in communities. In Pakistan, local youth volunteers organised eight peace forums in the Multan District strengthening youth-led advocacy on human rights and peace building. Young people committed to 30 actions during the forums and carried these out through campaigns, and community events. Together with religious leaders, community members and stakeholders, youth volunteers promoted peace, diversity and interfaith harmony through an International Day of Peace event.

The International Citizen Service programme

Through the International Citizen Service (ICS) programme, international, national and community youth volunteers work together to make a significant contribution towards VSO development objectives in health, education and livelihoods. This programme has been running since 2012 and is funded by the UK Department for International Development.

This year we piloted a new programme called ICS Entrepreneur, which brings together business-minded young people from the UK and developing countries to support enterprise development. We believe that this will boost economic growth and stimulate youth employability in some of the poorest communities.

Change for communities

Volunteers work with young people in communities to change attitudes and promote active citizenship. In southwest Bangladesh, over 100 community and international volunteers worked alongside three teams of ICS volunteers to raise awareness around hygiene and health; latrine use increased by 10% and access to safe drinking water increased by 38%.

“Attitudes towards youth in the community have changed. People see they can contribute a huge amount towards the community development.”
Citizens Committee member in Bangladesh

Change for partners

UK volunteers work alongside national counterparts and support the work of local partner organisations; 97% of our partners said that ICS volunteers supported them to bring about positive change in their communities.

“The level of output and initiative they gave made us consider engaging more young people. The kind of thinking they provided is very beneficial and brings out talent ... young people can be innovative once given the chance.”
ICS Entrepreneur partner in Kenya

Change for individuals

Volunteers live with local host families – further immersing themselves in a new culture. Young people have developed personally and professionally as a result of volunteering. This has improved their employability and increased their involvement in their communities.

“Volunteering was the first step in my career. ICS had a huge impact on my life. I am now a mentor for other youth and promote volunteering in my community.”
Returned UK volunteer in Tajikistan

Leadership of the ICS Consortium

ICS is led by VSO and works in partnership with 10 respected development organisations. In September 2014, the ICS consortium celebrated having worked with 10,000 volunteers since the programme started in 2012. This year, the consortium enabled 3,213 young people from the UK to volunteer on development projects in over 30 countries worldwide. During this time, 2,905 Action at Home activities were achieved in UK communities by returned volunteers, supporting local causes and raising awareness of global issues.

The programme continues to receive high satisfaction scores from all those involved, including over 140 local partner organisations, of whom three-quarters said that volunteers helped to improve community engagement. We are also helping young people with their career choices, with over 95% of volunteers recommending ICS as a way to develop skills for employment and agreeing that it compares favourably with other opportunities such as internships, work experience and apprenticeships.

“As well as contributing to international development volunteers have brought home vital skills and a new perspective that will help them succeed in the global businesses of tomorrow.”

Justine Greening, Secretary of State for International Development

Action at Home

When volunteers complete their ICS placement and return to their own community, they undertake an Action at Home project. Yolantah Musenge, a youth volunteer from Zambia, shares her story. “Following ICS, I was determined to give back to my local community while continuing volunteering with the Contact Trust Youth Association. Alongside another ICS returned volunteer, we applied for funding to implement a youth friendly corner in Livingstone. Our funding request was accepted, and we successfully introduced the concept in a local clinic.

The skills and knowledge I have gained from ICS allowed us to start the youth friendly corner quickly, and the clinic also provided us with some volunteers to assist with the day-to-day running. I have volunteered daily with the youth friendly corner for a year, and have been able to gain crucial experience towards my goal of becoming a social worker. The youth friendly corner has become a much-used service in my local community, and has led to local youth feeling empowered to access the health information and services available to them.”

96% of volunteers found ICS useful for professional development

72% of VSO ICS volunteers are volunteering at least once per month one year after placement and many are now part of alumni networks continuing life as active citizens.

VSO ICS volunteers achieved the following over the past year:

- 1,923** Peer education activities
- 1,338** Awareness raising activities
- 587** Community infrastructure projects
- 273** Resource development projects

Campaigning and public engagement

Women in power

Women account for approximately two-thirds of the 1.4 billion people who live in extreme poverty, and are often shut out of decision-making that has a profound impact on their lives. VSO has engaged the UK Government to help ensure that it advocates for the equal influence of women at all levels of political and public life. Working with UN Women and the Irish and Kenyan embassies, we have brought together ambassadors in the UK to turn global attention to this important issue. Volunteers, working with local partners, have also advocated for women's influence with governments in a number of our programme countries and at formal UN negotiations in the run up to the Sustainable Development Goals being agreed.

Voices for development

For two years VSO has partnered with the Bill and Melinda Gates Foundation and Restless Development to improve the British public's understanding of poverty. Volunteers have shared stories through blogs, broadcast and print journalism; engagement with parliamentarians, ambassadors and the civil service; powerful images and online films. These initiatives have reached over 20 million people – influencing public and political opinion in the UK. The learning from this programme will be carried forward into ongoing collaboration with the Bill and Melinda Gates Foundation, as a leading member of the Action/2015 Coalition in the UK.

Parliamentary influence

VSO has worked with other aid and development organisations to persuade MPs and peers to support the International Development (Official Development Assistance Target) Act. We were delighted when the Act was passed into law: the UK Government is now legally obliged to spend 0.7% of its gross national income on overseas aid.

Media 2014/15

- Between 1 April 2014 and 31 March 2015, VSO has been mentioned 1,091 times across print, broadcast and online media.
- There were articles about VSO's work in the *Guardian*, the *Telegraph*, *The Times*, *TimeOut*, *Vogue*, *Grazia*, *Marie Claire*, the *Sun* and the *Scotsman*. Volunteers also featured in *Hollywood Magazine*, *Politics Home*, *Education Today* and *MIDIRS*. We were included in online editions of *Devex* and *The Huffington Post*.
- VSO was mentioned in coverage on broadcasters including BBC World Service radio, BBC 5 Live radio, and local stations such as BBC Radio Scotland, BBC Radio Leeds, BBC Radio York, BBC Radio Stoke, BBC Radio Manchester and BBC Radio Devon.
- There were TV reports of VSO's work on *Channel 4 news*, *BBC News*, *BBC Parliament* and several regional BBC channels.

Fundraising

Our overall fundraising objectives for 2014/15 were to:

- strengthen the strategic relationship with DFID
- broaden and grow our income portfolio, bringing in a wider range of donors and partners
- increase support from the private sector for our programme work.

2014/15 was the first of a two-year extension of VSO's strategic grant from DFID. This allows us to continue to increase the scale and quality of our development programmes, and invest in growing our future independent income streams.

Overall income to VSO grew by 12% in 2014/15, from £68.7 million to £77.0 million. There has been particularly strong growth in the income received from individual donors; in 2014/15 we recruited over 21,000 new donors in the UK and Ireland, generating growth of £1.7 million from the previous year. We introduced new flagship frameworks which articulate our key programme areas being implemented across our global portfolio. These flagship frameworks are translated into country specific signature packages that reflect the local context and focus our collective fundraising and strategic partner engagements. During 2014/15 we won a number of new grants from institutional donors, trusts and foundations, which we should see bearing fruit over the coming years.

Our supporters and volunteers continued to ride their bikes, run marathons, bake cakes and climb mountains for VSO. Our flagship Christmas concert raised over £130,000 in a single evening. Legacy income also exceeded target, thanks to the generous gifts in wills from 45 supporters.

We continue to partner with the private sector to raise income and access business capability, influential networks, skills and employee volunteers. We piloted new partnerships with global companies such as Syngenta and IBM, and strengthened existing ones, including renewing our 15-year partnership with Accenture with a four-country programme focusing on market access.

Knowledge Exchange

VSO successfully secured seed funding from DFID of £3.4 million over five years to develop a new flagship sector-wide programme to increase the number of corporate volunteers within international programmes. VSO Knowledge Exchange aims to build on VSO's work in matching the demand for business skills from international development programmes with skills of corporate employees. This is being achieved through a range of short-term placements across the areas of health, livelihoods and education. Working with other international non-governmental organisations, VSO Knowledge Exchange will initially match companies with development programmes in the priority countries of Ghana, India and Tanzania.

"Ten years in a partnership with one organisation is testimony to the value we both get from working together to create lasting change."

Michael Mapstone, Head of Corporate Partnership Development at VSO, describes our relationship with Randstad.

Report on corporate objectives

Each year we set out the priorities and plans for the next three years in our corporate business plan, and outline our key performance indicators (KPIs) and targets for the forthcoming period. Our quarterly business review is used as an opportunity to monitor our progress. This process enables us to be accountable to our colleagues, funders, trustees and ultimately those we work with in our programmes. The table below shows our performance against our objectives in 2014/15.

Putting people at the centre of our work

This year we were able to track our expected development results each quarter, giving us a clearer picture of our programmatic performance. This was invaluable in helping us to reallocate resources as necessary, and learn from successful programmes. Although there is some variation in the results, by reallocating resources and providing extra support, we have met the majority of our targets set at the beginning of the year.

Provide partners with a wide range of support

The VSO-led ICS consortium sent 3,213 young people from the UK to volunteer in 30 countries in 2014/15, alongside 2,997 national volunteers. Our youth volunteers work on projects to change attitudes and promote active citizenship.

We continued to recruit international volunteers to work in our programmes, and worked with our partners to recruit national volunteers for placements. Many of the people trained by our partner organisations go on to volunteer within their own communities, for example as community health workers or school governors.

We have been awarded the contract to run an exciting corporate volunteering initiative, VSO Knowledge Exchange. We will be launching this in July 2015 and look forward to the ways in which partnering with corporate organisations will allow VSO and our partners to benefit from their world class expertise and business knowledge.

Strategically manage our country portfolio

In 2014/15 we closed our offices in Tajikistan and Vanuatu, enabling us to focus our resources most effectively on where we can make the biggest impact. We are proud of the work we and our volunteers and partners have done in these countries, and believe the effects of our work will be sustainable.

We enter 2015/16 with programme work in 26 countries – we anticipate that we will maintain or increase this footprint over the year, with the exception of our office in The Gambia which is closing in June 2015. We are striving to extend our impact beyond our geographic footprint. A current successful example of this is our regional health and AIDS initiative in southern Africa, which spans across seven countries.

Be an agile and cost-effective organisation

We continued to develop our people management system. This allows us to track and manage our volunteer and employee journey from application to placement to alumni. We are now able to recruit volunteers from anywhere in the world. In 2014/15 we received applications to volunteer from individuals in over 140 countries, enabling us to access a wider range of skills and expertise for our programmes, and give more people the opportunity to share their skills.

**Be high-performing,
transparent and
accountable in our
work**

A short survey carried out in December showed our employee engagement score remains high at 81%. This score is calculated using the average number of employees who agree to five key statements. This year, we won the not-for-profit engagement project of the year award at the Employee Engagement Awards. This award was for our use of technology to engage colleagues globally, ensuring we feel connected as an organisation. This was a fantastic achievement, and highlighted how we live out our vision of bringing people together to fight poverty.

We continue to publish financial data online, in accordance with the International Aid Transparency Initiative, and play a key role in partnering with the International Civil Society Centre, which is the Secretariat of the International NGO Accountability Charter, hosting a policy discussion in our UK office.

**Growing our global
income**

Our income grew by 12% in 2014/15, testament to the strong foundations that our Global Income Growth programme laid down over the last three years. There has been particularly strong growth in the income received from individual donors; last year we recruited over 21,000 new donors in the UK and Ireland, generating growth of £1.7 million from 2013/14. Over the past couple of years our fundraising investment has enabled us to establish a story gathering team within VSO. The high quality stories, images and films produced have supported appeals and funding proposals and have enabled us to communicate our work more effectively. During 2014/15 we won a number of new grants from institutional donors, trusts and foundations, we should see these come into fruition over the coming years.

Future plans

The financial year 2015/16 is the fifth year of our *People First* strategy. VSO has changed dramatically over the past four years; in order to increase our impact in future we need to be clear about our distinct contribution to sustainable development, and how we can apply this to respond to the fast-changing external landscape. VSO remains committed to connecting people and organisations and intends to explore new ways of mobilising people and building support to achieve the upcoming Sustainable Development Goals.

We will continue to follow the six strategic directions set out in *People First*, which enable us to channel our energy and resource effectively to reduce poverty. They remain to:

- ensure that our primary stakeholders are integral to the design, implementation and review of our development programmes
- provide our partners with support based on our core competencies through our international, national and youth volunteers
- ensure we are working in countries where we can make the biggest difference in fighting poverty
- reduce support costs and maximise our investment in programme work
- be a more open, transparent and accountable organisation where people have better clarity on responsibilities, accountabilities and values
- grow our global income.

In response to the changing external landscape, we have identified three key organisational shifts we need to make, which will enable us to work with more people towards achieving sustainable development solutions, and get closer to our vision of a world without poverty:

Programming – delivering sustainable development results through greater emphasis on adaptation, innovation and scale.

In the past year we have run a number of participatory workshops around the world, gathering the ideas of colleagues, volunteers and partners. The outcome of this has been to better define our programme model – ensuring that we have high-quality, evidence-based development programmes that maximise both the potential of our unique contribution of volunteering, and the participation of the poorest and most marginalised people. In the coming year we will refine our ways of working together, extending our volunteer offer with a greater focus on team-based interventions, and working increasingly across geographic boundaries in order to reach the poorest and most marginalised people.

Positioning – providing global leadership on volunteering for development and active citizenship as key mechanisms for achieving sustainable development

We will build on our Valuing Volunteering research, and continue to implement a programme of research and evaluation to deepen understanding of the effectiveness of volunteering for development and measure its value to society.

We plan to mobilise volunteers, and civil society more generally, to engage with the ‘roll out’ of the Sustainable Development Goals at national level, and to ensure that citizen engagement is embedded within the implementation and the monitoring and review of the goals and targets. We will continue to work with other organisations, networks and agencies to share our expertise on volunteering for development, and to organise and advocate for an enabling environment for volunteering and active citizenship.

Partnerships – developing new forms of partnership to have a greater global impact.

We recognise that by engaging, collaborating and partnering with other organisations – whether non-governmental organisations, civil society organisations, informal social movements or academic institutions – we will become a stronger organisation. Through sharing knowledge and expertise we will be able to identify and develop stronger and more informed solutions to overcoming poverty, which build on experiences and lessons learnt from past approaches, utilising the unique strengths of all the organisations involved.

Looking ahead

Next year will be a time of transformational change for VSO – we will undergo a number of shifts so that ultimately we will become a stronger organisation. We are committed to becoming ever more agile, ensuring that our resources and expertise are as close to our development programmes as possible. This will allow us to think strategically about the areas in which we need to invest in order to grow as an organisation. Through focusing on the shifts outlined above, and further strengthening our focus areas, we will be able to continue delivering sustainable development in the lives of poor and marginalised people in the countries in which we work.

Principal risks and uncertainties

The Executive Board identifies key risks facing VSO after considering the input from each UK-based department, country office and federation member. These key risks are documented in a risk register, which is discussed with the Audit and Risk Committee and International Board of 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 been, or will be, taken in mitigation. The risk register is reviewed quarterly, amended, and actions are taken accordingly.

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

- the scale and size of VSO in the future is significantly different from our predictions and aspirations
- VSO is unable to secure sufficient unrestricted funding which severely restricts the future vision of VSO
- VSO is unable to deliver successful development programmes and deliver on commitments across the organisation from an inability to plan, achieve and maintain the right balance of technical expertise in people resources.

The trustees are satisfied that there are procedures in place commensurate with the key risks and other identified risks to prevent or manage their effects. These procedures include active implementation of control systems and processes throughout the entire organisation, the transfer of risk to external insurers and the management of risks that cannot be avoided. Where appropriate, financial provision may be made on the balance sheet, 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 identified risks. The Audit and Risk Committee monitors the implementation of the internal audit plan.

We have placed particular attention on improving our ability to demonstrate our contribution to development via robust evidence gathered through systematic monitoring and evaluation. We have addressed our ability to resource programmes adequately with volunteers, and reviewed our federation structure to ensure that we are fit for purpose to achieve strategic goals, and make best use of our resources. Our trustees recognise that some areas of work require the acceptance and management of risk if our key objectives are to be achieved.

Financial review

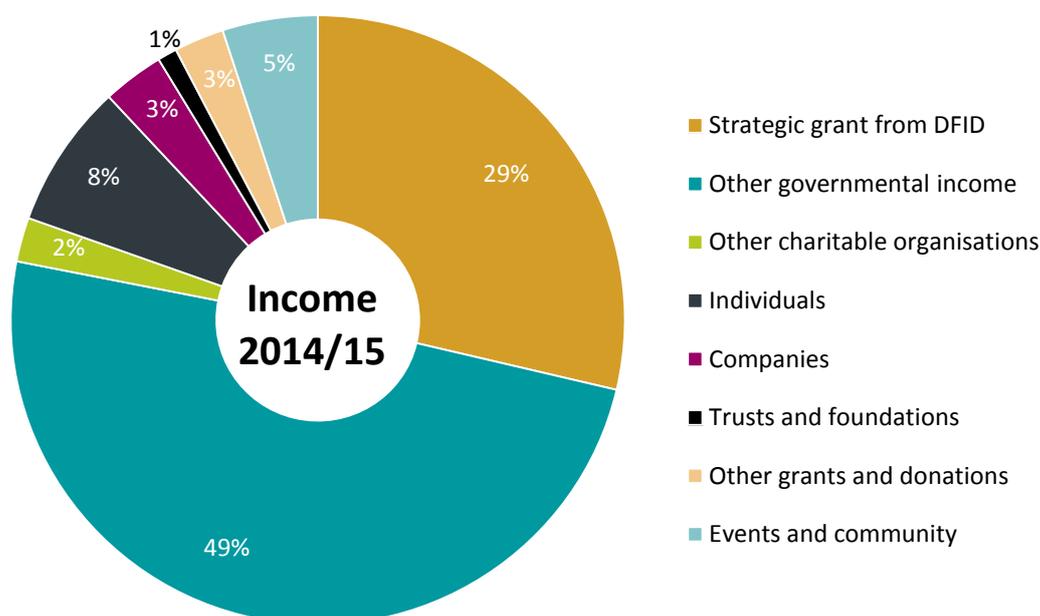
In 2014/15, incoming resources totalled £77.0 million, an increase of £8.3 million (12%) on the previous year (£68.7 million). Income continues to increase year-on-year, this success being achieved by diversifying our income streams through bidding for specific projects, and our fundraising efforts, which have generated new funds.

Income

The increase in 2014/15 income is predominantly related to the International Citizen Service (ICS) programme. In 2012/13, DFID awarded a three-year contract to VSO to manage the ICS programme. In 2014/15, this contract represents £24.4 million of income and £22.9 million of expenditure, an increase of 44% and 46% respectively on 2013/14. Part of the ICS work is sub-contracted by VSO to 10 other consortium partners, representing £17.7 million of the total expenditure in 2014/15.

In April 2011, a three-year strategic grant agreement was signed with DFID, providing VSO with a grant of £30 million in 2011/12, £26 million in 2012/13 and £22 million in 2013/14. A further two-year extension to this grant was agreed, whereby we received £22 million in 2014/15 and will receive another £22 million in 2015/16. VSO is grateful to DFID for its continued support and looks forward to maintaining a strong relationship with DFID in the future.

A key source of unrestricted income for VSO is individual giving. Our continued investment in this area during 2013/14 and 2014/15 has resulted in a 38% increase in income over the last year. We have also sustained and developed new funding relationships with other key partners, with income from corporates growing by over 20%.



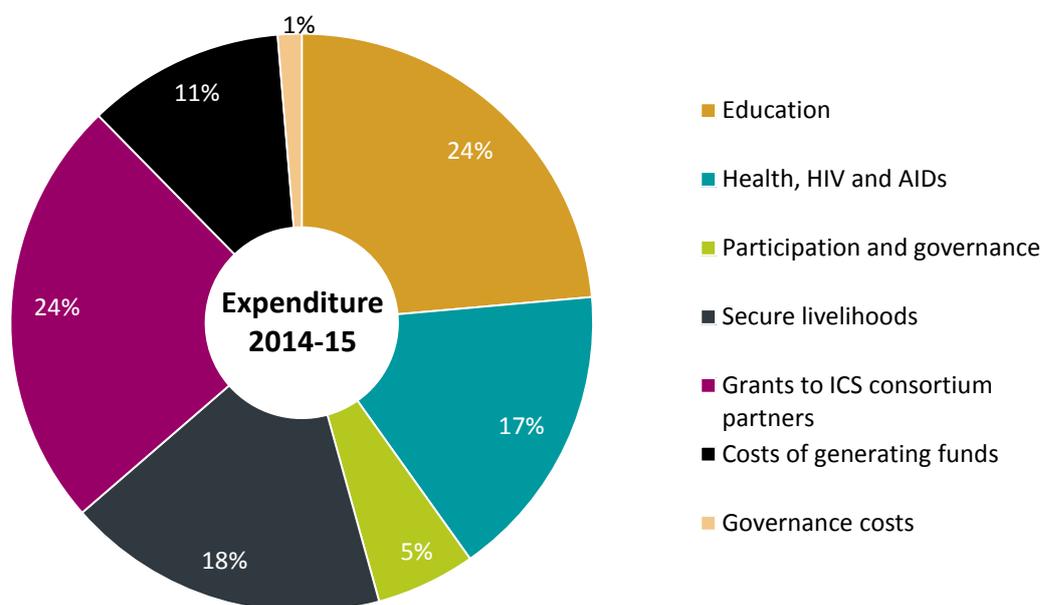
Expenditure

In accordance with the requirements of *Accounting and reporting by charities: statement of recommended practice* (SORP 2005), charitable expenditure is presented in relation to each of VSO's four thematic areas. Expenditure is allocated directly to the relevant area where possible, with measures such as employee headcount and volunteer days used to allocate costs not directly attributable.

VSO spent £64.5 million on charitable activities in 2014/15, amounting to 88% of total expenditure. This represents a 9% increase on 2013/14, with a £1.5 million increase in expenditure against the education goal and a £0.8 million increase in expenditure against the secure livelihoods goal. Expenditure on health, HIV and AIDS has reduced by £1.3 million due to reduced restricted grant expenditure in this area. The spend against the participation and governance goal has reduced by £1.9 million year on year as we have increased emphasis on education and secure livelihoods. Payments to ICS consortium partners have increased by £6.1 million in 2014/15 to £17.7 million. As in previous years, the ICS contract has been presented separately to highlight the different thematic areas introduced by other consortium members.

In 2014/15, fundraising costs increased by £1.2 million, reflecting the continued investment in fundraising required to increase and diversify our unrestricted income. Much of this investment has been directed towards individual giving where we have recruited over 21,000 new individual donors, contributing to an increase in our unrestricted income.

Governance expenditure in 2014/15 has reduced significantly, by 56% compared with 2013/14, since work on our Quality and Performance strategic change programme has come to an end.



Funds held

Total funds carried forward on 31 March 2015 amounted to £18.7 million, of which £6.0 million were restricted funds. Unrestricted funds increased from £9.1 million to £12.7 million due to an increase in the designated reserve held against the ICS contract (this reflects the current position whereby VSO has received more funds on this contract than we have currently spent) and the creation of a new £2.2 million reserve to fund the transformational change programme. The general reserve remains unchanged at £5.5 million.

Reserves policy

The reserves policy covers the level of free reserves that would be immediately available for activities within VSO's overall purpose, and 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. It also allows VSO to take advantage of strategic opportunities. The policy sets out the actions that trustees are expected to take to maintain reserves at an appropriate level. The trustees review this level periodically. At the last review in March 2015, a free reserve target level was agreed of £7.5 million and was considered appropriate to address what will be needed over the coming years. On 31 March 2015, VSO's free reserves stood at £5.5 million. When adding in our fixed asset reserve, which is depreciated over 3 to 10 years, our reserves stand at £7.2 million.

Looking ahead to 2015/16, SORP 2015 will require the recognition of a liability for any additional repayment plans agreed in relation to deficits on multi-employer plans, which are accounted for as defined contribution schemes. VSO currently has an agreed deficit reduction payment plan with a present value of £2.8 million, this will have the effect of reducing the general reserve from £5.5 million to £2.7 million. As previously mentioned, VSO has initiated a transformational change programme to ensure that resources are efficiently deployed as close as possible to our development programmes. A consequence of this change programme will be to increase our reserves towards the target level of £7.5 million. The trustees will continue to evaluate the required reserve levels as we proceed through 2015/2016.

Investment policy

Aim

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

Policy

VSO's policy is to maintain a risk profile with no assets rated less than single A and with no single credit exposure amounting to more than 20% of the total at any one time. The Board reviews the policy annually, 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 is thought fit, subject to any legal requirements. The Finance Team reports regularly to the Audit and Risk Committee on the composition of investments held and their maturity profile. Cash deposits are held with Barclays and the Charities Aid Foundation.

Achievements

Many organisations holding riskier investment portfolios were negatively impacted by the global economic climate. VSO continues to take a cautious approach and managed to preserve capital through investing in liquid or near-liquid assets.

During 2014/15 it was agreed with the Audit and Risk Committee to open a deposit account with Standard Chartered Bank to diversify deposits, and that no more than 60% of British funds would be held with Barclays. The Finance Team and Audit and Risk Committee continue to review the best options available for investment of our funds.



On behalf of the Board of Trustees

Mari Simonen, Chair

Date: 9 July 2015

Reference and administrative details

Charity name: Voluntary Service Overseas
Charity registration: 313757 (England and Wales), SC039117 (Scotland)
Company registration: 703509
Registered office: 100 London Road, Kingston upon Thames KT2 6QJ

The International Board of Trustees as at 31 March 2015 (no changes in membership up until 9 July 2015, for upcoming changes see the blue box on page 40).

Mari Simonen (Chair)†	Former Deputy Executive Director, United Nations Population Fund (UNFPA), New York, USA
John Bason (Honorary Treasurer)*†	Finance Director, Associated British Foods Plc, London, UK
Tom Carver	Vice-President, Communications and Strategy, Carnegie Endowment for International Peace, Washington, USA
Pamela Culpeppert	Chief People Officer, Golin, Chicago, USA
Rasheda Choudhury	Executive Director (CEO), Campaign for Popular Education, Dhaka, Bangladesh
Dr Noerine Kaleeba	Patron and Founder, TASO Uganda, and Vice Chair, Uganda National Health Research Organization, Uganda
Steven Pidgeon*	Fundraising teacher, consultant, author and conference presenter, UK
Anjali Sen*	Regional Director, International Planned Parenthood Federation South Asia region, Delhi, India
Wayan Vota	Senior Mobile Advisor, FHI 360, Washington, USA
Sam Younger CBE (Vice Chair)^	Council member of the Advertising Standards Authority, Public Interest Observer, Chartered Institute of Taxation, Consultant, UK

Independent International Board sub-committee members as at 31 March 2015 (no changes in membership up until 9 July 2015, for upcoming changes see the blue box on page 40).

Hugh Burkitt^, Jose Gonsalves*, Hardeep Jhutti^, Superna Khosla^, Neil Menzies*, Chris Merry^, Dr Judy Muthuri^, Amanda Rowlatt^, Christine Wallace^, Steve Westwell^

Former members of the International Board of Trustees (during reporting year 2014/15)

Sir Andrew Cubie KBE, CBE, FRSE Consultant, Edinburgh, UK (until November 2014)

* Audit and Risk Committee (Board sub-committee)

† Remuneration Committee (Board sub-committee)

^ UK Board (Board sub-committee)

Federation Council members until 16 February 2015 (for upcoming changes please see the blue box on page 40).

The Rt Hon the Baroness Armstrong of Hill Top[^] Chair

Pieter Marres	VSO Netherlands
David Kitusa	VSO Jitolee (Kenya)
Vitaliano Nanagas II	VSO Bahaginan (Philippines)
Iarla Mongey	VSO Ireland
John McLean	VSO China Co-opted
Hardeep Jhutti	VSO UK

Global Leadership Team as at 31 March 2015

Dr Philip Goodwin	Chief Executive
Donne Cameron	Executive Director of Programmes
Matthew Foster	Director of Strategy and Programme Effectiveness
Kathryn Gordon	Executive Director of People and Organisational Development
Graham Loader	Executive Director of Finance and Corporate Services
Brian Rockliffe OBE	Director of International Citizen Service
Angela Salt OBE	Director of UK and Global Fundraising and Communications
John Sayer	Director of Asia and Pacific Group

The Global Leadership team was dissolved on 2 June 2015. An Executive Board was formed as of 2 June 2015 comprising the following members (no changes in membership up until 9 July 2015):

Dr Philip Goodwin	Chief Executive
Donne Cameron	Executive Director of Programmes
Kathryn Gordon	Executive Director of People and Organisational Development
Graham Loader	Executive Director of Finance and Corporate Services

Former Global Leadership Team members (during reporting year 2014/15)

Amanda Bringans	Director of Global Fundraising and Communications (until February 2015)
James Emerson	Interim Chief Executive (until February 2015)
Paul Green	Director of Finance, IT and Corporate Performance (until September 2014)
Marg Mayne	Chief Executive (until July 2014)

International federation members

During the financial year VSO worked within an international federation of member organisations and four independent members (for upcoming changes see the blue box on page 40).

- VSO Jitolee (Kenya) (www.vsojitolee.org)
- VSO Netherlands (www.vso.nl)
- VSO Bahaginan (Philippines) (www.vsobahaginan.org)
- VSO Ireland (www.vso.ie)

Royal patron: HRH The Princess Royal

Bankers: Barclays Bank Plc, 1 Churchill Place, Canary Wharf, London E14 5HP
Standard Chartered Bank, 1 Basinghall Avenue, London EC2V 5DD

Auditor: BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Structure, governance and management

Our structure

Voluntary Service Overseas (VSO) is a company limited by guarantee, registered in England and Wales, with company number 703509. It is registered as a charity in England and Wales and as a Scottish cross-border charity. VSO's activities in Scotland are the same as those carried out in England and Wales and, as required by the Office of the Scottish Charity Regulator, VSO is reporting on its Scottish activities as an integral part of this report.

VSO has three wholly owned subsidiaries: VSO Trading Limited (England and Wales), British Executive Service Overseas (England and Wales) (dormant) and Beijing VSO Consulting Company Limited, a Chinese-registered, wholly foreign-owned enterprise. VSO's governing document is its Memorandum and Articles of Association.

Our governance

International Board

VSO's governing body is the International Board, currently comprising ten trustees. They are the legal corporate directors and members of VSO. The International Board meets at least three times a year in person and also has discussions by telephone if necessary. Formal meetings typically last for at least one full day, with an additional half-day briefing session to offer the opportunity for further engagement and insight into VSO's work. All trustees serve for an initial period of three years, with the option of a further extension of three years. They serve voluntarily and receive no reimbursement other than out-of-pocket expenses.

The trustees are recruited through an open selection process. This process has been overseen by the VSO Federation Council. They receive a comprehensive induction on appointment, and ongoing engagement throughout their term of office through regular updates from the Chief Executive, a designated link to a member of the Executive Board, membership of relevant board sub-committees, and participation as expert advisers to ad hoc organisational working groups. The performance of the International Board as a whole is a continuous process. Feedback is received after each board meeting and this contributes to the planning of the next meeting. Individual members and the Executive Board are invited to contribute to a review of the group's performance annually. Individual trustees make annual commitments to VSO over and above their responsibilities as directors and members. A formal board effectiveness review is carried out each year facilitated by an independent third party.

There is a formal list of matters reserved for the International Board; they are responsible for approving and monitoring implementation of VSO's long-term strategy, annual corporate business plan, objectives and budget, approval of constitutional changes, and the appointment of the Chief Executive.



Mari Simonen, Chair

Chair, Remuneration Committee



John Bason, Honorary Treasurer

*Chair, Audit and Risk Committee
Remuneration Committee*



Tom Carver



Sam Younger CBE, Vice Chair

Chair, UK Board



Pamela Culpepper

Remuneration Committee



Rasheda Choudhury



Dr Noerine Kaleeba



Steven Pidgeon

Audit and Risk Committee



Anjali Sen

Audit and Risk Committee



Wayan Vota

International Board sub-committees

During 2014/15, the International Board had three sub-committees, two of which have independent members (see page 35 for details):

- the Audit and Risk, responsible for assessing the effectiveness of operational and financial risk management and internal control
- the Remuneration, responsible for deciding remuneration for the Executive Board
- the UK Board, responsible for VSO's operational activities in the UK.

Executive Board (known as the Global Leadership Team until June 2015)

The International Board delegates VSO's day-to-day management to the chief executive and the Executive Board. The Executive Board has operational oversight of VSO's global work. Each member is responsible for an area of VSO's global operations, including finance, human resources and organisational development, as well as programmes.

The Executive Board meets monthly to oversee implementation of strategic and operational activity, allocate resources, set and monitor standards, and determine core approaches to how VSO works. The Executive Board formally reviews achievements against VSO's development, operational and financial objectives quarterly, in collaboration with senior employees across the VSO Federation.



Dr Philip Goodwin
Chief Executive



Donne Cameron
Executive Director of
Programmes



Kathryn Gordon
Executive Director of People
and Organisational
Development



Graham Loader
Executive Director of
Finance and Corporate
Services

The VSO Federation

VSO has worked as part of the VSO Federation – an international network of independent organisations that share VSO's vision of a world without poverty, in which people work together to fulfil their potential. The VSO Federation comprises VSO (operating as both VSO International and VSO UK), VSO Ireland, VSO Jitolee (Kenya), VSO Netherlands and VSO Bahaginan (Philippines).

Each VSO federation member is a self-governing, not-for-profit legal entity. As signatories to the VSO Federation Agreement, the federation members have committed to work together as the VSO Federation to jointly deliver the VSO strategy. They have agreed to global policies for volunteer recruitment, fundraising, advocacy and programme delivery, and work closely together to achieve the objectives in the VSO corporate business plan.

Each federation member (and VSO UK) has had representation on the VSO Federation Council, a body created to advise the International Board on matters relevant to the VSO Federation, with responsibility for issues relating to membership of the VSO Federation, including membership criteria, the admission of new members, and conducting membership status reviews. The Federation Council has had a key role in the governance of VSO itself, being responsible for recruiting and selecting candidates to serve on VSO's International Board.

Annual reports for each VSO federation member are available on their websites.

VSO is committed to achieving best practice standards of corporate governance (in line with the recommendations in the UK Good Governance Code for the Voluntary and Community Sector).

Upcoming changes to VSO's governance

VSO's governance has historically involved three separate bodies as provided in the VSO Federation agreement. These are the International Board, the Federation Council and the UK Board, a sub-committee of the International Board. At its meeting in Delhi in November 2014 the International Board discussed simplifying this complex structure with a view to achieving greater accountability and clarity in VSO's governance. At a meeting of the VSO Federation Council held in Nairobi in February 2015 the Federation Council agreed in principle with the proposals of the International Board. It is anticipated that during the course of 2015/16 the International Board membership will be expanded, the UK board will be disbanded, and the VSO Federation Agreement will be terminated and replaced with a simplified form of cooperation agreement. We believe that this change will simplify and strengthen our future governance.

Other information

Public benefit

VSO developed our *People First* strategy and three-year corporate business plan to advance our charitable objectives, as outlined in our governance document, and to ensure we provide public benefit based on guidance from the Charity Commission. Through this process our Executive Board and trustees ensure that our activities continue to be in line with our charitable objectives while contributing to public benefit. This report shows how our organisation operates for the public benefit by detailing our objectives, activities, achievements and performance.

Grant-making policies

Under the terms of the partnership agreements that exist between the charity and the other members of the VSO Federation, ICS consortium members and in-country partner organisations, the charity provides funds to such organisations in order to allow them to undertake agreed activities in pursuit of VSO's aims.

VSO in Scotland

We have continued to increase our presence and activity in Scotland in order to deliver our overall objectives. This has been achieved through developing our networks and relationships with key stakeholders including the international department of the Scottish Government, and the Scottish Malawi Partnership. We have worked closely with partners such as the James Hutton Institute, an international research centre based in Scotland, to benefit from their knowledge. We also participated in the launch of the exhibition "Scotland versus poverty", at the Commonwealth Games in the summer.

Our contribution to international development was recognised by the Scottish Government during the year through continuation funding for a health rights project in Orissa, India, and a climate change project in Malawi – pioneering local capacity building to influence climate-proof water management in four vulnerable districts. We also continued to deliver two further projects in Malawi to improve maternal and neonatal health.

This year saw the start of a new Scottish Government Climate Justice Programme focused on climate change adaptation through better water management. We were very pleased to receive a grant over two years to implement this project in a further district in Malawi. We were also awarded a new three-year grant, to start from April 2015, to deliver an innovative education project, Unlocking Talent Through Technology in Malawi. This uses tablet-based technology to improve literacy and numeracy learning outcomes for primary school children.

Of the volunteers recruited by VSO UK in 2014/15, 11% of the international volunteers and 8% of the VSO ICS volunteers lived in Scotland when they applied.

VSO in India

In order to optimise volunteer recruitment, fundraising and programmatic opportunities in India, VSO plans to enter into an agreement to transfer its operations to an independently operated charitable trust – the VSO India Trust – whose trustees are all of Indian nationality. The VSO India Trust will carry out the work of VSO in India by agreement with VSO.

Accountability

We recognise the importance of being accountable to those we work with and for. In 2014/15 we maintained the existing processes and procedures we had in place, while also taking steps to improve and strengthen our accountability to those we work with. Each quarter, we review our progress against the plans set out in our corporate business plan; this allows us to see where we are doing well, and which areas may need extra resources and support to achieve the targets set. For more information on this see page 27.

This year we carried out eight internal audits of our country offices according to a rotating schedule. These audits are designed to ensure that we have strong financial and non-financial processes in place, and to identify and mitigate risks. Our regional structure and a self-audit tool allow for regular reviews between internal audits. We carry out due diligence checks on organisations we work with, and maintain an ethical review log to ensure that our private sector partners and donors meet the criteria set out in our ethical fundraising policy.

During 2014/15 we maintained the International Aid Transparency Initiative (IATI) standards, and continued to publish financial and strategic information on the IATI website each quarter. We publish key documents on our VSO International websites, including current and previous annual reports and financial statements, the results of our independent progress reviews, and external evaluations of our programme work.

As a partner of the International Civil Society Centre (ICSC), we work with other world leading international civil society organisations to promote robust accountability and transparency in setting objectives, measuring results, and reporting within the sector. Together we work to develop effective leadership and strategies for successfully navigating change - ultimately maximising our impact for a sustainable and more equitable world. We are pleased that in 2015/16, our chief executive, Philip Goodwin, will become a board member of the ICSC, and we look forward to the opportunities this will provide us to collaborate further with other international civil society organisations over the coming year.

The work of our Impact and Effectiveness change programme has improved the way we understand and describe our sustainable impact on poverty through our development programmes. As part of our efforts to understand and learn from our results, we meet each of our partners regularly to discuss, understand, evaluate and learn from our work with them; these meetings often include speaking to community members about their experiences. Our global indicators help us guide the investigations and conversations we held with partners during these meetings.

Besides using participatory methods to assess our progress, we have continued to refine the definitions and the protocols we use to collect and analyse data against our indicators to ensure that our development results are measured rigorously and consistently, and provide robust results, as discussed further on page 43. Over the coming year we will invest in strengthening data management systems to better support our country offices to measure and monitor their programmes' impact, and conduct more impact evaluations.

Equal opportunities

VSO is committed to the principle of equal opportunities and diversity. Our success depends on people and capitalising on what is unique about individuals. We aim to treat employees, volunteers and applicants for jobs fairly, and ensure they are recruited, trained and promoted solely on the basis of their abilities. We value their right to dignity at work.

VSO will not tolerate discrimination, harassment, bullying or any other form of unwanted behaviour, whether based on race, caste or class, political or religious beliefs, ethnic or national origin, sex, age, pregnancy, marital status, civil partnership status, HIV status, disability, sexual orientation, trans-gender status, trade union activity or “spent convictions” of ex-offenders.

VSO is committed to ensuring we constantly strive to create a productive environment, representative of, and responsive to, different cultures and groups, where everyone has an equal chance to succeed at all levels through the organisation. As regards to people living with disabilities, their abilities are recognised and valued by:

- focusing on what people can do, rather than on what they cannot
- challenging stereotypes about people with disabilities
- making reasonable adjustments in the workplace to help people with disabilities achieve their full career potential.

VSO ensures that employees with disabilities and volunteers have the opportunity, at least once a year, to discuss with their line manager or their People Group representative any actions that can be taken to develop and use their abilities. VSO will take action to ensure it has an appropriate level of disability awareness.

VSO provides information to its employees through the internal intranet and organisation-wide e-mails. Employees are represented by union representatives and through this mechanism consulted on issues that affect them. Organisational information is disseminated via our quarterly reporting structure where the performance of the organisation, including financial information, is shared.

Policies and procedures are in place for the health and safety of our people, and reporting mechanisms are maintained for concerns to be raised if these high standards are not adhered to.

Note on data quality

The numbers indicating our development impact within this report have been collected by VSO volunteers and partners and validated through the 2014/15 annual partnership reviews, which were undertaken with each of our 489 partners in the education, health, HIV and AIDS, and secure livelihoods sectors. We did not collect data on our participation and governance programmes this year as our programme approach is being developed, so the reach statistics do not include information from our 53 participation and governance partners.

In our efforts to maintain and improve our accountability to stakeholders, we are continuously working to improve the quality of data relating to the depth and breadth of our work. We have ensured standardised definitions and methodologies are used to maintain consistency across all countries, partners and areas. In addition we have improved processes to discounting data that cannot be verified, and eliminating double counting. These efforts are ongoing and we will keep improving data integrity when reporting on our work.

Each country provides a detailed report of their programme work in the past year, giving narrative and context to the numerical information, and sharing examples of best practice, as numbers only tell part of the story. For this reason, throughout the report we have included quotes, stories and examples of how the work of VSO, through our volunteers, has helped to bring about meaningful and lasting change in the lives of many of the poorest people in the world.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Strategic Report, the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 are sufficient to show and explain the charity's transactions and 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 company 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 UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to ensuring the ongoing integrity of the financial statements contained therein.

Information to auditors

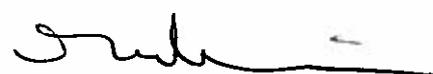
This report and financial statement complies with all current statutory requirements, the requirements of VSO's Memorandum and Articles of Association, and the *Accounting and Reporting by Charities: Statement of Recommended Practice* (SORP 2005). In accordance with company law, as the trustees of the 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.

The trustees' report, incorporating the Strategic report, was approved on behalf of the Board of Trustees by



Mari Simonen, Chair

Date: 9 July 2015

Independent auditor's report to the members and trustees of VSO

We have audited the financial statements of VSO for the year ended 31 March 2015, which comprise the Group Statement of Financial Activities, 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 UK Accounting Standards (UK 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 "Statement of trustees' responsibilities", 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, incorporating the strategic 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) requires 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 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.

BDO LLP

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

Date: 10 July 2015

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 2015

INCOME AND EXPENDITURE

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2				
Strategic grant from Department for International Development (DFID)		22,000	-	22,000	22,000
Contributions from governmental bodies		24,442	13,756	38,198	30,745
Other grants and donations		7,819	4,924	12,743	12,751
Activities for generating funds	2				
Community projects, events and volunteer fundraising		519	3,328	3,847	2,774
Income from lettings		110	10	120	295
Bank interest and investment income		103	1	104	147
Total incoming resources		54,993	22,019	77,012	68,712
Resources expended					
Cost of generating funds		8,061	-	8,061	6,828
Charitable activities	3				
Education		9,231	8,097	17,328	15,823
Health, HIV and AIDS		6,639	5,569	12,208	13,465
Participation and governance		2,589	1,470	4,059	5,911
Secure livelihoods		6,125	7,010	13,135	12,365
Grants to ICS consortium partners		17,719	-	17,719	11,622
Governance costs	4	973	-	973	2,212
Total resources expended		51,336	22,146	73,482	68,227
Net incoming/(outgoing) resources	5	3,657	(127)	3,530	486
Net movement in funds		3,657	(127)	3,530	486
Total funds brought forward		9,074	6,087	15,161	14,675
Total funds carried forward		12,731	5,960	18,691	15,161

All amounts relate to continuing activities.

The notes on pages 50 to 71 form part of these financial statements.

Balance sheets as at 31 March 2015

	Note	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Fixed assets					
Tangible assets	8	1,676	1,816	1,676	1,816
Investments	9	-	-	12	43
		1,676	1,816	1,688	1,859
Current assets					
Debtors	10	11,095	13,795	11,435	14,225
Short-term deposits		2,534	1,000	2,000	552
Cash at bank and in hand:					
In the United Kingdom		13,230	8,693	13,220	8,693
Overseas		2,669	2,491	2,669	2,457
		29,528	25,979	29,324	25,927
Creditors: amounts falling due within one year	11	(12,033)	(8,842)	(11,841)	(8,833)
Net current assets		17,495	17,137	17,483	17,094
Total assets less current liabilities		19,171	18,953	19,171	18,953
Creditors: amounts falling due after one year	12	(480)	(3,792)	(480)	(3,792)
Net assets		18,691	15,161	18,691	15,161
Restricted funds:					
Income funds	13,15	5,960	6,087	5,960	6,087
Unrestricted funds:					
Designated funds					
Fixed asset fund	14,15	1,676	1,816	1,676	1,816
ICS fund	14,15	3,329	1,743	3,329	1,743
Change programme fund	14,15	2,210	-	2,210	-
General fund	14,15	5,515	5,515	5,515	5,515
		18,691	15,161	18,691	15,161

The notes on pages 50 to 71 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 9 July 2015.


John Bason, Honorary Treasurer

Date: 9 July 2015

Consolidated cash flow statement for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000	2014 £'000	£'000
Net cash inflow/(outflow) from operating activities	17		6,841		(1,734)
Returns on investments and servicing of finance					
Interest received		104		147	
		<hr/>	104	<hr/>	147
Capital expenditure and financial investment					
(Purchase) of tangible fixed assets	8	(697)		(2,472)	
		<hr/>	(697)	<hr/>	(2,472)
Cash inflow/(outflow) before use of liquid resources and financing			6,248		(4,059)
Management of liquid resources					
(Increase)/Decrease in short-term deposits	19	(1,533)		3,536	
		<hr/>	(1,533)	<hr/>	3,536
Increase/(decrease) in cash	19		4,715		(522)
		<hr/>		<hr/>	

Notes forming part of the financial statements for the year ended 31 March 2015

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified for inclusion of investments at valuation. The financial statements are prepared in accordance with applicable accounting standards, *Accounting and reporting by charities: statement of recommended practice* (SORP 2005), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006.

The consolidated financial statements 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; 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 conditions 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 either the charity being notified of an impending distribution, or the legacy being received, whichever occurs earliest. For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs earliest. Pro bono services and gifts in kind are valued at the estimated value to the charity.

Contracted funds: Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 13 and 14).

Costs of generating funds

These costs 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.

Accounting policies (note 1) continued

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 four thematic goals set out in its strategic plan. Where possible, resources expended have been allocated directly to the relevant areas. 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, internal audit, the costs of auditing and publishing the annual report and financial statements and the expenses of the Board of Trustees.

Grants and consortium payments (see note 3)

Under the terms of the partnership agreements that exist between the charity and the other members of the VSO Federation, VSO provided funds to federation members in order to allow them to undertake agreed activities in pursuit of VSO's aims. Also included under this heading are payments made to the consortium partners of the International Citizens Service (ICS) Programme. These grants and payments are recognised as expenditure in the year that they are due.

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 down 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 as outlined below:

Assets held in the UK

Leasehold improvements	over the length of the lease
Furniture, equipment, fixtures and fittings	over 5 years
Computer equipment	over 4 years

Assets held overseas

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

Accounting policies (note 1) continued

Investments

The only investments VSO currently holds are investments in its subsidiary companies. Investments are stated at market value, except for the 100% shareholding in VSO Trading Limited, which is stated at cost, and the 100% shareholding in Beijing VSO Consulting Company Limited, which is stated at net asset value.

Realised gains and losses are shown in the statement of financial activities (SOFA). An impairment of the investment in Beijing VSO Consulting Company Limited has been recognised in the year, reducing the investment value to the subsidiary's net asset value.

Short-term deposits are held when cash in hand temporarily exceeds operational requirements. This includes fixed-term and notice accounts.

Liability for returning volunteers

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

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates 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 SOFA.

Pension costs

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

Pension contributions paid by the parent charity in respect of employees to a defined benefit, multi-employer scheme are charged to the SOFA when they become payable. This is in line with FRS17 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 21).

Operating leases

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

2 Income analysis

a) Contributions from government bodies

Contributions from governmental bodies are defined as income from public institutional agencies, including those where the contribution is funded by government agencies, e.g. governments, the European Union, the United Nations, and the World Bank.

	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Department for International Development (DFID):				
Core strategic grant	22,000	-	22,000	22,000
Other income	24,442	8,042	32,484	24,211
Australian Department for Foreign Affairs and Trade (DFAT)	-	310	310	1,802
European Union	-	483	483	544
Irish Aid	-	464	464	377
Norwegian Embassy	-	776	776	-
Scottish Government	-	607	607	460
Sweden / Norad	-	845	845	930
UNICEF	-	685	685	911
Other public funding	-	1,544	1,544	1,510
	46,442	13,756	60,198	52,745

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.

	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Comic Relief	-	1,012	1,012	64
Companies	303	1,995	2,298	1,883
Cuso International	-	256	256	1,582
Gifts in kind and pro bono services	722	-	722	567
Individuals	5,941	201	6,142	4,446
Legacies	680	-	680	725
Lottery	-	258	258	187
Major donors	60	240	300	455
Other charitable organisations	-	233	233	1,754
Trusts and foundations	57	710	767	998
Other	56	19	75	90
	7,819	4,924	12,743	12,751

Income analysis (note 2) continued

c) Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Community projects	50	10	60	44
Events	262	64	326	380
Lettings and property	110	10	120	295
Volunteer fundraising	207	3,254	3,461	2,350
	629	3,338	3,967	3,069

3 Charitable activities

	Grants and consortium payments £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	2015 Total costs £'000	2014 Total costs £'000
By thematic area						
Education	996	5,779	8,416	2,137	17,328	15,823
Health, HIV and AIDS	610	4,165	6,129	1,304	12,208	13,465
Participation and governance	246	1,358	1,937	518	4,059	5,911
Secure livelihoods	516	3,754	7,718	1,147	13,135	12,365
Payments to ICS consortium partners						
Balloon Kenya	241	-	-	-	241	-
Challenges Worldwide	447	-	-	-	447	-
Lattitude Global Volunteering	1,299	-	-	-	1,299	251
Progressio	1,830	-	-	-	1,830	1,761
Raleigh International	4,741	-	-	-	4,741	3,539
Restless Development	2,593	-	-	-	2,593	2,283
Skillshare International	1,266	-	-	-	1,266	353
Tearfund	1,929	-	-	-	1,929	1,072
United Nations Association International Service	2,475	-	-	-	2,475	2,363
Y Care International	899	-	-	-	899	-
Total	20,087	15,056	24,200	5,106	64,448	59,187

Charitable activities (excluding apportioned support costs) include pro bono services valued at £157,000 (2014: £239,000).

Charitable activities (note 3) continued

Breakdown of apportioned support costs

	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	Information technology £'000	Total 2015 £'000	Total 2014 £'000
Education	331	596	556	654	2,137	1,667
Health, HIV and AIDS	202	364	339	399	1,304	1,226
Participation and governance	80	145	135	159	518	571
Secure livelihoods	178	320	298	351	1,147	1,072
Apportioned support costs - charitable activities	791	1,425	1,328	1,563	5,106	4,536
Support costs - fundraising	181	325	303	357	1,167	1,114
Support costs - governance	28	51	48	56	183	286
Total apportioned support costs	1,000	1,801	1,679	1,976	6,456	5,936

£610,000 (2014: £590,000) of total apportioned support costs are covered by restricted or designated funds.

Apportioned support costs include pro bono services valued at £282,000 (2014: £319,000).

4 Governance costs

	2015 £'000	2014 £'000
Board meetings	31	20
Chief executive's office	585	560
Implementation of strategic change programmes	243	1,494
Internal and external audit	114	138
	973	2,212

Governance costs include pro bono services valued at £12,000 (2014: £11,000).

5 Net incoming/(outgoing) resources

	2015 £'000	2014 £'000
Net incoming/(outgoing) resources is stated after charging:		
Auditors' remuneration	25	23
Audit of VSO Trading Limited	3	3
Depreciation:		
UK assets	485	395
Overseas assets	351	887
Loss on exchange rate movements (realised and unrealised)	132	984

The loss on exchange rate movements in the year to 31 March 2015 includes gains of £35,000 (2014: losses of £954,000) of unrealised exchange rate movements which have predominately arisen from the translation of non-sterling cash balances for reporting purposes.

6 Trustee remuneration

The trustees received no remuneration during the year (2014: £nil).

Expenses reimbursed to trustees or paid for on their behalf, for activities undertaken on behalf of the charity amounted to £31,000 (2014: £20,000), paid to 10 trustees (2014: eight).

7 Employee emoluments

	2015	2014
	£'000	£'000
Employee costs during the year:		
Wages and salaries	17,508	18,641
Social security costs	1,266	1,363
Pension costs	946	956
Temporary staff	702	405
	20,422	21,365

The 2015 wages and salaries figure includes an amount of £397,000 (2014: £923,000) relating to severance pay. This primarily relates to reorganisation in the UK office and the planned closure of country offices.

Average full-time equivalent number of persons employed:		2015	2014
UK		261	261
Overseas	UK appointed	57	74
	Locally appointed	394	425
		712	760

The number of individual staff whose emoluments, during the financial year, fall into the following bands is:

	2015	2014
£60,001-70,000	5	3
£70,001-80,000	1	1
£80,000-90,000	3	4
£90,001-100,000	2	1
£100,000-110,000	2	1
£120,001-130,000	-	-
£140,001-150,000	-	1

Ten of these staff are members of VSO's pension scheme. The pension costs recognised on behalf of these staff members for the year totalled £35,000 (2014: £40,000). For two of these staff VSO paid into a defined contribution money purchase scheme administered by The Pensions Trust (£11,000 of the total), and for the other eight staff VSO paid into a defined contribution scheme administered by Scottish Widows (£24,000 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
Cost					
At 1 April 2014	1,029	515	1,208	1,562	4,314
Additions	297	13	36	351	697
Disposals	-	-	-	(237)	(237)
At 31 March 2015	1,326	528	1,244	1,676	4,774
Accumulated depreciation					
At 1 April 2014	88	432	416	1,562	2,498
Charge for the year	158	25	303	351	837
Disposals	-	-	-	(237)	(237)
At 31 March 2015	246	457	719	1,676	3,098
Net book value					
At 31 March 2014	941	83	792	-	1,816
At 31 March 2015	1,080	71	525	-	1,676

9 Investments

Group and Charity	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Market value at the beginning of the year	-	-	43	132
Impairment	-	-	(31)	(89)
Market value at 31 March	-	-	12	43

Investments held by the charity at 31 March 2015 comprise £2 held in VSO Trading Limited and £11,568 (US\$17,119) held in Beijing VSO Consulting Company Limited. VSO Trading Limited is stated at cost and Beijing VSO Consulting Company Limited is stated at net asset value.

VSO Trading Limited

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

Beijing VSO Consulting Company Limited

The investment in Beijing VSO Consulting Company Limited (see note 20) is held at a net asset value of US\$17,119 (£11,568) in the books of the parent charity. The original cost of the investment in Beijing VSO Consulting Company Limited was US\$210,000. This was impaired in the prior year to US\$68,205 and has been further impaired in the current year to US\$17,119 based on the company's net asset value at 31 March 2015.

10 Debtors

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Accrued income	5,145	6,674	5,145	6,674
Amounts due from federation members and strategic alliance partners	266	278	266	278
Amounts due from ICS consortium partners (working capital advances)	3,686	5,031	3,686	5,031
Amounts due from VSO Trading Limited	-	-	342	439
Other debtors	1,399	1,236	1,397	1,227
Prepayments	599	576	599	576
	11,095	13,795	11,435	14,225

All amounts above are due within one year.

Legacy income of £22,000 has been accrued for at 31 March 2015. VSO has been notified of entitlement to further legacy income of approximately £150,000 but, as accurate estimates of the values of these legacies are not available, this income has not been recognised in the current financial year.

11 Creditors: amounts falling due within one year

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Accruals and deferred income	1,205	2,408	1,013	2,405
Amounts due to federation members	110	364	110	364
Liability for volunteer allowances	18	33	18	33
Other creditors	399	127	399	127
Pension contributions payable	171	101	171	101
Provision for national staff end-of-service costs	58	73	58	73
Provision for returning volunteers	111	183	111	183
Taxation and social security	764	555	764	554
Trade creditors	2,697	998	2,697	993
Working capital advance from DFID for ICS	6,500	4,000	6,500	4,000
	12,033	8,842	11,841	8,833

12 Creditors: amounts falling due after one year

	Group and Charity	
	2015	2014
	£'000	£'000
Provision for national staff end-of-service costs	165	218
Provision for returning volunteers	29	74
Provision for dilapidations	286	-
Working capital advance from DFID for ICS	-	3,500
	480	3,792

No interest is incurred on any of the above creditors

13 Restricted funds – group and charity

Movement on restricted funds

Project name	Country	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Closing balance £'000
Achieving Learning Outcomes for All	Rwanda	(24)	299	312	(36)
Addressing HIV and AIDS in the Beira Corridor	Mozambique	68	163	186	45
Business of Girl's Education	Mozambique	(1)	261	261	(1)
Canadian Programme Partnership Agreement	Global	-	243	227	16
Capacity building towards the realisation of HSDP IV of SNNPR programme	Ethiopia	206	-	171	35
Care and Education for Migrant Children	Thailand	211	-	211	-
Cash 2 project	Tanzania	-	193	4	188
Coaching on the quality of care services and health management and administration at SFRH	Tanzania	109	242	227	124
Education funding for Rwanda	Rwanda	-	1,507	1,524	(17)
Education Strengthening in Papua New Guinea	PNG	35	242	318	(41)
Effect - Education	Myanmar	-	227	255	(28)
English language teacher training	Tanzania	-	348	472	(124)
Enhancing employability through vocational training	Tanzania	-	538	193	345
Equipment and Technology for Sub-Consultancy	Malawi	18	167	165	20
EU Aid Volunteers Building in Resilience	Global	193	31	225	-
Evaluating and Improving Primary Education	Africa	-	464	464	-
Every Child Reading	PNG	200	(5)	180	16
Health Partnership Scheme through THET	Malawi	327	416	438	305
IBM Corporate Services Corp	Global	-	229	208	21
Knowledge Exchange	Global	-	686	522	165
Literacy, Language and Learning Initiative	Rwanda	(13)	62	268	(219)
Maji Project	Malawi	-	152	36	117
Making Markets Work for the Poor II	Global	-	470	254	216
Million Hours Fund	Global	221	165	207	179
Ntcheu Integrated Maternal Health Project	Malawi	69	125	193	1
Overcoming poverty through innovative livelihood	Bangladesh	-	76	62	14
Regional HIV/AIDS Initiative for Southern Africa	RAISA	1,033	1,243	1,509	767
Rural Enterprises Support Project	Ghana	395	279	239	435
Sisters for Sisters Education	Nepal	-	300	322	(23)
Tackling Education Needs Inclusively II	Ghana	-	960	230	729
Uganda School Health and Reading Programme	Uganda	-	149	149	-
Unlocking Talent Through Technology	Malawi	-	776	3	774
Voices for Development	UK	286	6	292	-
VSO DFID Programme	South Sudan	39	230	182	87
VSO PAC/DAC Capacity Building Project	PNG	362	609	766	205
Waters: Towards equitable resource strategies	Malawi	2	182	170	14
Youth development programme - capacity building and support provision to vocational training institutions and functional youth literacy programme	Uganda	-	3,755	3,307	448
Other specific programme funds* (see page 61)	Global	2,350	6,227	7,392	1,185
		6,087	22,019	22,146	5,960

The restricted funds closing balance comprises the unexpended balances of donations and grants held for specific purposes. Deficits on some restricted funds have arisen at the year end due to timing of cash receipts; the receipts are expected in the coming year and no transfer from the general fund is, therefore, required. Similarly, it is anticipated that any surpluses on funds will be expended during the coming financial year.

Restricted funds (note 13) continued

* Programmes individually listed above either have income or expenditure over £150,000 or have been detailed at the specific request of the donor. All other amounts are included in "other specific programme funds" which is made up of approximately 170 individual projects.

Contracted funds – group and charity

	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Closing balance £'000
Movement on contracts				
DFID - International Citizen Service (ICS)	1,743	24,443	22,857	3,329

Income and expenditure relating to the above contract is recorded under the unrestricted column on the Consolidated Statement of Financial Activities. The closing balance is shown on the Balance Sheet as a designated fund for ICS.

14 Unrestricted funds – group and charity

Movement on unrestricted funds	General fund £'000	Designated fund - Change Programme £'000	Designated fund - ICS £'000	Designated fund - fixed assets £'000	Total £'000
At 1 April 2014	5,515	-	1,743	1,816	9,074
Surplus for the year	2,071	-	1,586	-	3,657
Transfers between funds	(2,071)	2,210	-	(140)	-
At 31 March 2015	5,515	2,210	3,329	1,676	12,731

Designated funds

Change programme

The change programme fund has been set up to finance the transformational change programme, which is to ensure that resources are efficiently deployed as close to our development programmes as possible.

ICS fund

The ICS fund represents the surplus of income over expenditure relating to the ICS contract; this has been designated by the trustees to be held for future use on the ICS project until such time as the project is completed.

Fixed asset fund

The fixed asset fund represents the extent to which funds are invested in tangible fixed assets for use by the group. Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the year.

15 Analysis of net assets between funds

	General fund	Change programme fund	ICS fund	Fixed asset fund	Restricted funds	Total funds
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Fund balances at 31 March 2015 are represented by:						
Tangible fixed assets	-	-	-	1,676	-	1,676
Current assets	11,529	2,210	9,829	-	5,960	29,528
Current liabilities	(5,533)	-	(6,500)	-	-	(12,033)
Long-term liabilities	(480)	-	-	-	-	(480)
Total net assets	5,515	2,210	3,329	1,676	5,960	18,691

16 Commitments

As at 31 March 2015 the parent charity was committed to making the following non-cancellable payments during the next financial year in respect of operating leases expiring:

	2015	2014
	£'000	£'000
In the UK		
Within five years	1,903	1,987
In more than five years	776	745
Overseas		
Within five years	514	767
	3,193	3,499

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

	2015	2014
	£'000	£'000
Group		
Net incoming resources	3,530	486
Depreciation	837	1,282
Loss on fixed asset disposals	-	56
Investment income	(104)	(147)
Decrease/(increase) in debtors	2,699	(3,573)
Increase in creditors falling due within one year	3,191	3,875
(Decrease) in creditors falling due after more than one year	(3,312)	(3,713)
Net cash inflow/(outflow) from operating activities	6,841	(1,734)

18 Reconciliation of net cash inflow to movement in net funds

	2015 £'000
Increase in cash in the year	4,715
Increase in short-term deposits in the year	1,533
Movement in net funds in the year	<hr/> 6,248
Opening net funds	12,184
Closing net funds	<hr/> 18,432 <hr/>

19 Analysis of net funds

	At 1 April 2014 £'000	Cash Flow £'000	At 31 March 2015 £'000
Cash at bank and in hand	11,184	4,715	15,899
Short-term deposits	1,000	1,533	2,534
Total	<hr/> 12,184 <hr/>	<hr/> 6,248 <hr/>	<hr/> 18,432 <hr/>

20 Subsidiary companies

	2015 £	2014 £
Shares in subsidiary companies:		
VSO Trading Limited	2	2
Beijing VSO Consulting Company Limited	11,568	43,017

VSO Trading Limited

VSO Trading Limited is wholly owned by Voluntary Service Overseas and is registered in England and Wales. As at 31 March 2015, the investment of Voluntary Service Overseas in VSO Trading Limited was £2 (2014: £2).

The principal activity of the subsidiary is to raise 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.

Subsidiary companies (note 20) continued

	2015 £'000	2014 £'000
Profit and loss account		
Turnover	211	247
Total costs	(161)	(145)
Net profit	50	102
Gift Aid payable to Voluntary Service Overseas	(50)	(102)
Retained profit for the year	-	-
	2015 £'000	2014 £'000
Balance sheet		
Current assets	534	448
Creditors: amounts falling due within one year	(534)	(448)
Net assets	-	-

The results of the company are stated after recognising £23,000 (2014: £53,000) of expenditure recharged from VSO.

Beijing VSO Consulting Company Limited

Beijing VSO Consulting Company Limited is a wholly foreign-owned enterprise registered in China. The objective of the company is to contribute to the development of China's markets, to strengthen the economic cooperation between China and other countries, and to enable VSO (as the sole shareholder) to achieve satisfactory economic benefits. It does this by the provision of consultancy, training and market promotion services. A decision was taken to wind down Beijing VSO Consulting Company Limited due to the difficult operating environment, and a need for VSO to place resources elsewhere in order to achieve its objectives. The process to wind down can take from 18 months to 2 years.

Registered on 20 June 2012, VSO is the sole shareholder of the company. The original registered capital of the company was US\$210,000. The value of the investment by VSO in Beijing VSO Consulting Company Limited was impaired in the prior year to US\$68,205 and has been impaired further in the current year to US\$17,119 (£11,568) based on the company's net asset value as at 31 March 2015.

Profits made by the subsidiary shall be distributed to VSO at the discretion of the Board of Directors and in accordance with the requirements of the State Administration of Foreign Exchange of the People's Republic of China.

A summary of the results of Beijing VSO Consulting Company Limited for the year to 31 March is shown below. In accordance with Chinese legislation, the financial year end of the subsidiary is 31 December. Full accounts are available on request from VSO.

Subsidiary companies (note 20) continued

	2015 £'000	2014 £'000
Profit and loss account		
Turnover	-	27
Other income	-	1
	-	28
Total costs after exchange adjustment	(31)	(117)
Net profit/(loss)	(31)	(89)
Retained profit/(loss) for the year	(31)	(89)
	2015 £'000	2014 £'000
Balance sheet		
Current assets	12	43
Net assets	12	43
Issued share capital	132	132
Retained earnings	(120)	(89)
Equity	12	43

21 Pension costs

The charity contributes to two main schemes as detailed below, and to other defined contribution schemes for certain employees, including those based overseas.

The first main scheme available to all UK employees is with Scottish Widows. This defined contribution scheme began in October 2009 and since then this has been the primary scheme for the charity's employees. Since February 2014, in line with legislation, we have been operating an auto-enrolment scheme for all eligible UK employees with the Scottish Widows.

The second main scheme is The Pensions Trust's Growth Plan. This scheme has been closed to new entrants since October 2009.

The total cost of these contributions was:

	2015 £'000	2014 £'000
Scottish Widows	262	217
The Pensions Trust	126	179
The Pensions Trust - deficit reduction plan	382	371
Other (e.g. national employees)	176	189
	946	956

The Pensions Trust Growth Plan series 1, 2, 3 – disclosure note

- VSO participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the State scheme. The Plan is a multi-employer pension plan.
- Contributions paid into the 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 which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.
- The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.
- If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.
- The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Pension costs (note 21) continued

- g. VSO paid contributions at the rate of 8.5% during the accounting period. Members paid contributions at the rate of 5% during the accounting period.
- h. As at 31 March 2015 there were 32 (2014: 46) active members of the Plan employed by VSO. VSO has closed the Plan to new entrants.
- i. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
- j. The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.
- k. If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.
- l. Due to this shortfall, VSO is required to make additional contributions in order to cover this. The Pensions Trust has a plan in place to recover these deficits over 10 years, with a review of the amounts payable by each employer every three years. The initial calculation of VSO's additional contributions was £371,000, which was paid in 2013/14; £382,000 was paid in 2014/15; this increases by 3% per annum under the current recovery plan.
- m. When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.
- n. As a basis for disclosure of a contingent liability as at 31 March 2015, VSO has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for VSO was £7.5 million (2014: £5.5 million).
- o. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. Although closed to new entrants, VSO currently has no intention to withdraw from the scheme.
- p. The Charities SORP (FRS 102) will be the basis of preparation for VSO's 2015/16 financial statements. Under the new SORP VSO will be required to recognise, in full, a liability for the repayment plan agreed per point l above. Based on the existing 10-year repayment plan, if this requirement were in force at 31 March 2015, VSO would be required to recognise a liability of approximately £3 million.

22 Financial risk management

VSO is exposed to exchange rate risk on country office expenditure incurred in currencies other than the currency of the income received. When appropriate, VSO hedges against exchange rate fluctuations to protect it against the risk that there could be a significant change in the funds available for programme expenditure.

Appropriate action is taken to mitigate known foreign exchange risk. VSO does not enter into foreign exchange contracts for speculative reasons.

At 31 March 2015 VSO had no open forward contracts (2014: open forward contracts had settlement dates of up to 11 months). The amounts purchased under these contracts were:

	2015	2014
	£'000	£'000
Purchase of:		
United States Dollar	-	640
Ugandan Shilling	-	3,465
Total	<u>-</u>	<u>4,105</u>

23 Grants and contracts

Below we present the grant and contract income received in the current financial year, recognising the contribution of our funding partners, and detailing the programmes and countries supported.

	Country	2015 £'000
Australian Department for Foreign Affairs and Trade		
Building capacity of all health service providers in Vanuatu	Vanuatu	(196)
Improving child nutrition in Mondulkiri	Cambodia	32
Inclusive education quality research program	PNG	(118)
Sustainable protection of marginalized youth and children against trafficking and the worst forms of labour	Burkina Faso	(17)
VSO PAC/DAC capacity building project	PNG	609
British Council		
Myanmar ammatae participation and governance	Myanmar	73
eFect - English language education centres	Myanmar	227
Department for International Development		
Accountable grant arrangement for strengthening aid alignment and communication capacity within the school sector reform programme	Nepal	3
Achieving learning outcomes for all	Rwanda	299
Core grant under strategic partnership agreement	Global	22,000
Education quality improvement project	Tanzania	348
Enhancing coordination of community based volunteering	Zambia	89
Fahama, Ongea, Sikilizwa II	Tanzania	107
Health and social wellbeing	Tanzania	35
Health partnership scheme through THET	Malawi	416
Improved quality of services	Rwanda	1,507
International Citizen Service contract	Global	24,443
Knowledge Exchange	Global	686
Nothing about us without us - addressing exclusion of disabled people	India	5
Sisters for Sisters education	Nepal	300
The business of girls' education	Mozambique	261
VSO programme	South Sudan	230
Youth development programme - capacity building and support provision to vocational training institutions and functional youth literacy programme	Uganda	3,755
European Union		
Cash 2 project	Tanzania	193
EU Aid volunteers building in resilience	India/ Pakistan	31
Inclusive local development	Rwanda	32
Non-formal skills and vocational training for jobs	Uganda	144
Promoting quality and inclusive education for out of reach children	Nepal	12
Strengthening civil society of child rights	Nigeria	60
Other		12
Foreign & Commonwealth Office		
Cross border trade development between Tajikistan and Afghanistan	Tajikistan	72
International Organisation for Migration		
Regional AIDS Initiative for Southern Africa	Africa	387
Irish Aid		
Supporting ministry, local government and housing	Africa	464
National Department of Education Papua New Guinea		
Grade 8 exam data entry	PNG	58
Royal Norwegian Embassy		
Unlocking talent through technology	Malawi	776

Grants and contracts (note 23) continued

Scottish Government		
Maji project	Malawi	152
Ntcheu integrated maternal health project	Malawi	125
Strengthening community action for better health and nutrition	Malawi	148
Water Futures: Towards equitable resource strategies	Malawi	182
Sweden / Norad		
Regional AIDS Initiative for Southern Africa	Africa	845
Swiss Development Corporation		
Men in home based care	Africa	11
Support to St. Francis referral hospital	Tanzania	242
UNICEF		
Capacity building in-service training all health workers	Sierra Leone	51
Capacity building, realizing the quality of UNICEF	Ethiopia	69
Creating child friendly schools 2013-15	Malawi	167
Early childhood centres facility survey	PNG	45
Enhancing the quality of childhood education	Rwanda	118
Gender based violence	PNG	62
Provincial capacity building project	PNG	58
Strengthening education management in 10 provinces	Cambodia	111
Strengthening education management PLUS	Cambodia	30
Other		(26)
USAID		
Literacy, language and learning initiative	Rwanda	62
School health and reading programme	Uganda	149
World Bank		
Improving agricultural productivity and grower associations	Gambia	47
Other income from governmental bodies		
	Global	214
Total income from governmental bodies		60,198

Grants and contracts (note 23) continued

Accenture Foundation		
Improving market access for the poor	Global	470
Other		6
BG Group		
Enhancing employability through vocational training in Lindi	Tanzania	128
Enhancing employability through vocational training in Mtwara	Tanzania	538
Big Lottery Fund		
Addressing HIV and AIDS in the Beira Corridor	Mozambique	163
Overcoming poverty through innovative livelihoods	Bangladesh	76
Other		20
Comic Relief		
Tackling education needs inclusively	Ghana	53
Tackling education needs inclusively II	Ghana	960
Cuso International		
Canadian programme partnership agreement	Global	243
Other		12
Handicap International		
Inclusive futures	Rwanda	18
Other	Tanzania	6
IBM		
IBM International foundation	Global	229
International Fund for Agricultural Development		
Agricultural growth through technology and access to financial services	Sierra Leone	18
JTA International Pty Limited		
Capacity Building - Phase III	PNG	242
Mondelēz International		
Rural enterprise support project	Ghana	279
Pharo Foundation		
Newborn child health	Ethiopia	60
Randstad		
VSO Randstad partnership	Global	85
Restless Development		
Voices for Development	Global	6
Save the Children		
Emergent literacy and maths initiative	Rwanda	21
Syngenta		
Farmers First	Bangladesh	79
Vodacom		
Call for life: Reducing neonatal mortality	Ethiopia	80
Other grants and donations income not individually listed above		8,951
Total income from other grants and donations		<u>12,743</u>

Thank you

VSO would like to take this opportunity to recognise the enormous contribution of our volunteers. Very generously they 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 give up their time to help VSO, both before they leave for placement and after they have returned home, by raising funds and promoting our work.

We would like to recognise and thank a very important but often unheralded group of supporters whose gifts in their wills in 2014/15 have made a huge contribution to VSO's work. VSO could not function without these supporters' generosity and that of thousands of others who give regularly to VSO.

We have received a huge amount of pro bono support and gifts in kind (see note 2) during the year from companies and our corporate partners including Accenture Development Partnerships, Clifford Chance, Google, Microsoft and many others. This type of support is invaluable in enabling us to achieve our goals.

We would also like to thank our other large funding partners, including those not individually listed below, for their continued vital support of our work. In addition, we thank the group of individual donors who have given their generous personal support through VSO's innovative Million Hours Fund.

A.S. Hornby Educational Trust
Accenture
Australian Department of Foreign Affairs and Trade
BG Group
Big Lottery Fund
Bill and Melinda Gates Foundation
Charities Aid Foundation
Clifford Chance
Comic Relief
European Union
Foreign & Commonwealth Office
Greg Dyke and Sue Howes
Guernsey Overseas Aid Commission
IBM
IOM
Mastercard Foundation
Medicor Foundation
Mondelēz International
New Britain Palm Oil Foundation
Pestalozzi Children's Foundation
Pharo Foundation
Randstad
Royal Norwegian Embassy
Schroder Foundation
Scottish Government
Stanley Thomas Johnson Foundation
Sweden
Swire Group
Swiss Agency for Development and Cooperation (SDC)
Syngenta
Tropical Health and Education Institute

UK Government (Department for International Development)
UNDP
UNICEF
USAID
Zochonis Charitable Trust

