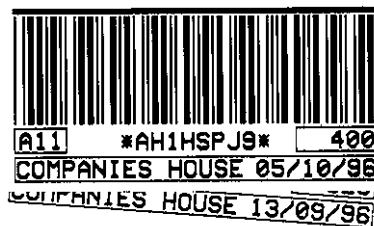


MARIE STOPES INTERNATIONAL GROUP
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1995
COMPANY NUMBER 1102208
CHARITY NUMBER 265543



MARIE STOPES INTERNATIONAL GROUP

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1995

CONTENTS

1. Group information
- 2-3. Directors' report
4. Auditors' report
5. Income and expenditure account
6. Statement of total recognised gains and losses
7. Balance sheet
8. Cash flow statement
- 9-23. Notes to the financial statements

DIRECTORS

Edgar W Stanford - chairman
Philip D Harvey
Baroness Seear
Baroness Robson
Sir Charles Pereira
David W Logan
Baroness Flather - appointed 13 February 1996
Baroness Gould - appointed 13 February 1996

SECRETARY

Dr T R L Black

GROUP COMPANIES

Holding company : Marie Stopes International
(Limited by Guarantee)
Company no. 1102208
Charity no. 265543

Subsidiaries : Options Consultancy Services Limited (formerly Marie Stopes
Consultancy Services Limited)
Company no. 2695347

Brown Street Nurses Limited
Company no. 1329204

All companies are incorporated and registered in England

REGISTERED AUDITORS

Somers Baker Prince Kurz
Chartered Accountants and Certified Accountants
Premier House
45 Ealing Road
Wembley
Middlesex HA0 4BA

FOR THE YEAR ENDED 31 DECEMBER 1995

The board of directors present their report and the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITY

The principal activity of the company has continued to be the worldwide provision of reproductive healthcare services.

REVIEW OF THE BUSINESS

The directors consider that the results for the year under review are satisfactory and they are optimistic about future prospects.

FUTURE DEVELOPMENTS

The company will continue to use all available resources to pursue its mission of ensuring an individual's fundamental right to have "Children by Choice not Chance" in developing countries.

RESULTS

The results for the year are set out on page 5.

FIXED ASSETS

The freehold property at Manstone Road was sold on 16 February 1996 for £200,000.

The charity acquired a freehold property on 8 June 1995 and subsequently carried out improvements to enable the charity to centralise and coordinate its operations effectively. The cost at 31 December 1995 amounted to £1,300,000.

Other fixed assets acquired during the year amounted to £213,000 (group) and £186,000 (company) as detailed in note 10 to the financial statements.

Full details on fixed assets are set out in note 10 to the financial statements.

DIRECTORS

The directors who served in the year to 31 December 1995 and the current directors are given on page 1.

FOR THE YEAR ENDED 31 DECEMBER 1995

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by Section 310(3) of the Companies Act 1985.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Somers Baker Prince Kurz, Chartered Accountants and Certified Accountants, as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board,



Dr. T. R. L. Black
Secretary

Registered office

Marie Stopes House
108 Whitfield Street
London W1P 6BE

9 August 1996

MARIE STOPES INTERNATIONAL GROUP

We have audited the financial statements set out on pages 5 to 23 which have been prepared under the historical cost convention as modified by the revaluation of freehold properties and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

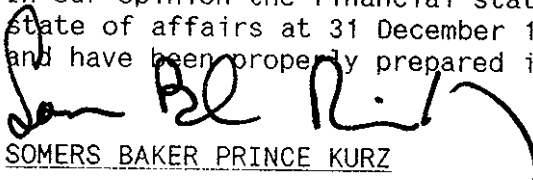
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the group's state of affairs at 31 December 1995 and of its surplus for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


SOMERS BAKER PRINCE KURZ

CHARTERED ACCOUNTANTS AND CERTIFIED ACCOUNTANTS
AND REGISTERED AUDITORS

Premier House
45 Ealing Road
Wembley
Middlesex HA0 4BA

29 August 1996

MARIE STOPES INTERNATIONAL GROUP

INCOME AND EXPENDITURE ACCOUNT

Page 5

FOR THE YEAR ENDED 31 DECEMBER 1995

	NOTES	GROUP				COMPANY			
		1995		1994		1995		1994	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>INCOME</u> - continuing operations									
Services provided		9,166		8,777		8,081		8,004	
Less : Fees waived		(84)		(70)		(84)		(70)	
		-----		-----		-----		-----	
			9,082		8,707		7,997		7,934
Less : Cost of services			(4,386)		(4,251)		(3,636)		(3,727)
			-----		-----		-----		-----
			4,696		4,456		4,361		4,207
Donations received	(3)	6,348		6,734		6,348		6,734	
Disbursements for overseas projects	(4)	(5,525)		(6,145)		(5,525)		(6,145)	
			-----		-----		-----		-----
			823		589		823		589
			-----		-----		-----		-----
			5,519		5,045		5,184		4,796
<u>ADMINISTRATIVE EXPENSES</u>			(4,832)		(4,033)		(4,540)		(3,806)
			-----		-----		-----		-----
<u>OPERATING SURPLUS</u>									
- Continuing operations	(5)		687		1,012		644		990
Amounts written off investments			(2)		-		(2)		-
Other income	(6)	102		96		110		105	
Interest payable	(7)	(157)		(155)		(157)		(155)	
			---		---		---		---
			(55)		(59)		(47)		(50)
			-----		-----		-----		-----
<u>SURPLUS BEFORE TAXATION</u>			630		953		595		940
Taxation	(22)		(5)		-		-		-
			-----		-----		-----		-----
<u>SURPLUS FOR THE FINANCIAL YEAR</u>			625		953		595		940
			-----		-----		-----		-----
Minority Interest	(16)		-		-		-		-
			-----		-----		-----		-----
<u>SURPLUS ATTRIBUTABLE TO THE PARENT COMPANY</u>			625		953				
			-----		-----				

The notes on pages 9 to 23 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Page 6

FOR THE YEAR ENDED 31 DECEMBER 1995

	NOTE	GROUP		COMPANY	
		1995 £'000	1994 £'000	1995 £'000	1994 £'000
Surplus on ordinary activities for the year		625	953	595	940
Unrealised surplus on revaluation of freehold properties		-	1,180	-	1,180
		-----	-----	-----	-----
<u>TOTAL RECOGNISED GAINS AND LOSSES</u>		625	2,133	595	2,120
		=====	=====	=====	=====

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1995

		GROUP		COMPANY	
		1995 £'000	1994 £'000	1995 £'000	1994 £'000
Surplus on ordinary activities for the year		625	953	595	940
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(2i)	183	(173)	183	(173)
		---	---	---	---
<u>HISTORICAL COST SURPLUS ON ORDINARY ACTIVITIES FOR THE YEAR</u>		808	780	778	767
		===	===	===	===

The notes on pages 9 to 23 form part of these financial statements

BALANCE SHEET

Page 7

AS AT 31 DECEMBER 1995

	NOTES	GROUP				COMPANY			
		1995		1994		1995		1994	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FIXED ASSETS									
Tangible assets	(10)		7,767		6,922		7,743		6,914
Investments	(11)		-		-		35		35
			-----		-----		-----		-----
			7,767		6,922		7,778		6,949
CURRENT ASSETS									
Stocks	(12)	87		60		53		49	
Debtors	(13)	1,700		1,332		1,643		1,262	
Short term investments	(11)	3		5		3		5	
Cash at bank and in hand		2,597		2,242		2,596		2,233	
			-----		-----		-----		-----
		4,387		3,639		4,295		3,549	
		-----		-----		-----		-----	
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR									
Bank and other loans	(14)	326		278		326		278	
Bank overdraft		86		35		75		30	
Trade creditors		507		331		459		280	
Other creditors	(15)	342		378		303		324	
			-----		-----		-----		-----
		1,261		1,022		1,163		912	
		-----		-----		-----		-----	
NET CURRENT ASSETS			3,126		2,617		3,132		2,637
			-----		-----		-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			10,893		9,539		10,910		9,586
			-----		-----		-----		-----
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR									
	(14)		(1,608)		(1,547)		(1,608)		(1,547)
			-----		-----		-----		-----
			9,285		7,992		9,302		8,039
Minority Interest	(16)		-		-		-----		-----
			-----		-----		-----		-----
			9,285		7,992		-----		-----
			-----		-----		-----		-----
ACCUMULATED FUNDS	(17)								
Unrestricted funds									
General reserves			4,145		3,354		4,162		3,401
Designated funds									
Contingency reserves	5			171		5		171	
Revaluation reserves		3,052		3,052		3,052		3,052	
			-----		-----		-----		-----
			3,057		3,223		3,057		3,223
			-----		-----		-----		-----
			7,202		6,577		7,219		6,624
Restricted funds									
Specific reserves			2,083		1,415		2,083		1,415
			-----		-----		-----		-----
			9,285		7,992		9,302		8,039
			-----		-----		-----		-----

These financial statements were approved by the board of directors on 9 August 1996 and were signed on its behalf by :

E W STANFORD - Director

The notes on pages 9 to 23 form part of these financial statements.

X E W Stanford

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1995

	NOTES	GROUP				COMPANY			
		1995		1994		1995		1994	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	(18)		1,093		1,183		1,068		1,172
TAXATION									
Corporation tax			(5)		-		-		-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE									
Amounts written off investments	(2)			-		(2)		-	
Interest receivable	91			96		99		105	
Interest paid	(157)			(155)		(157)		(155)	
Rent receivable	10			-		10		-	
Sundry income	1			-		1		-	
		---		---		---		---	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(57)		(59)		(49)		(50)
INVESTING ACTIVITIES									
Payments to acquire tangible fixed assets	(1,513)			(123)		(1,486)		(119)	
Receipts from sale of tangible fixed assets	5			-		4		-	
		----		----		----		----	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(1,508)		(123)		(1,482)		(119)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(477)		1,001		(463)		1,003
FINANCING	(19)								
Increase/(decrease) in general reserves	166			34		166		34	
Increase/(decrease) in contingency reserves	(166)			71		(166)		71	
Increase/(decrease) in specific reserves	668			(35)		668		(35)	
New long term loan	400			-		400		-	
Repayment of loans	(289)			(326)		(289)		(326)	
		---		---		---		---	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			779		(256)		779		(256)
INCREASE IN CASH AND CASH EQUIVALENTS	(20)(21)		302		745		316		747
		-----		---		-----		---	

The notes on pages 9 to 23 form part of these financial statements

1. GROUP

a) Marie Stopes International

Marie Stopes International is the ultimate holding company and the parent undertaking of Options Consultancy Services Limited and Brown Street Nurses Limited. It is a company limited by guarantee, the liability of the members being limited to £1 each. The company is also registered as a charity and takes advantage of the tax exemptions available to charities.

b) Options Consultancy Services Limited

As disclosed in Note 11(a), Options Consultancy Services Limited is a wholly owned subsidiary undertaking of Marie Stopes International.

c) Brown Street Nurses Limited

As disclosed in Note 11(a), Brown Street Nurses Limited is a 99% owned subsidiary undertaking of Marie Stopes International.

2. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties. The financial statements have been prepared in accordance with applicable accounting standards and on an accruals basis, with the exception of general grants and donations which are included as income as and when received.

b) Statement of Recommended Practice No. 2

These financial statements have not been prepared in accordance with Statement of Recommended Practice No. 2. The cost of extracting and presenting the information for the current and preceding year would be excessive and not be cost effective. It is expected to present the financial statements in accordance with the Statement next year.

c) Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings made up to 31 December 1995. The profits and losses of subsidiary undertakings are consolidated from the date of acquisition. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets is written off (or credited) to reserves in the year.

d) Income

Income comprises the gross amounts receivable from clients for family planning services and receipts of grants and donations.

e) Specific reserves

Funds received in respect of specific projects are credited direct to the individual specific project accounts. The specific project accounts are then debited with payments made in respect of the projects.

FOR THE YEAR ENDED 31 DECEMBER 1995

2. ACCOUNTING POLICIES (CONTINUED)f) Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Monetary assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date, except where the company has entered into forward exchange contracts, in which case the foreign currency balances covered are converted at the forward contract rate. Exchange differences are taken into account in arriving at the operating surplus.

g) Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund managed by the Standard Life Assurance Company.

h) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

i) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation has been provided at rates calculated to write off the cost or valuation of fixed assets less their estimated residual value, over their useful economic lives on the following bases :-

Freehold properties	:	Straight line basis over the estimated useful life but none in year of revaluation.
Leasehold properties	:	Straight line basis over the lease period.
Furniture, fixtures, fittings and office equipment	:	20% per annum on the straight line basis. (1994 - 20% per annum on the reducing balance basis)
Medical equipment	:	20% per annum on the straight line basis. (1994 - 20% per annum on the reducing balance basis)
Computer equipment	:	25% per annum on the straight line basis. (1994 - 20% per annum on the reducing balance basis)
Motor vehicles	:	25% per annum on the straight line basis. (1994 - 25% per annum on the reducing balance basis).

FOR THE YEAR ENDED 31 DECEMBER 1995

2. ACCOUNTING POLICIES (CONTINUED)j) Stocks

Medical supplies, drugs and family planning requisites for resale are stated at the lower of cost and net realisable value.

Medical supplies and drugs used in the course of treatment are valued at cost.

Work in progress represents costs incurred, not yet invoiced at the year end and is valued at the lower of cost and net realisable value.

k) Investments

The current asset investments are shown in the financial statements at market value. Any material increase or decrease in the value is taken to the income and expenditure account.

l) Goodwill

Goodwill is written off against general reserves in the year of acquisition.

3. DONATIONS RECEIVED (GROUP AND COMPANY)

	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Donations received during the year include the following :-		
Grants from ODA realised in the year from specific reserves	2,258 =====	2,018 =====

FOR THE YEAR ENDED 31 DECEMBER 1995

4. DISBURSEMENTS FOR OVERSEAS PROJECTS FUNDED BY THE ODA (GROUP AND COMPANY)

			1995	1994	
ODA grants disbursed on overseas projects					
were as follows :-			£'000	£'000	
Africa	Ethiopia	Addis Ababa Clinic	-	1	
		Social Marketing	-	100	
	Kenya	National Youth Service	130	141	
	Malawi	4 Clinics	2	139	
		Refugees	52	120	
		Male Awareness	-	113	
		Clinics Expansion	722	111	
	Sierra Leone	Male Awareness	46	68	
		Refugees	16	13	
		Emergency Reproductive Healthcare	3	-	
	Zimbabwe	Institutional Strengthening	22	-	
Asia	Bangladesh	Reproductive Health Education	35	38	
		Relief Programme	4	-	
		Reproductive Healthcare: Bilat	197	-	
		Family Life Education Project	62	68	
	India	Reproductive Health Education	53	2	
		CSM	95	77	
		Franchising Blue Print Project	12	-	
	Nepal	Clinic	71	56	
	Pakistan	Clinics	111	33	
	Phillipines	Mobile Outreach	16	-	
	Sri Lanka	Mahaweli Clinic	93	144	
		Refugees	62	-	
	Vietnam	Clinic	25	38	
	Europe	Bosnia	Reproductive Healthcare	72	177
			Counselling	64	419
Transfer to Local NGO			69	29	
Phase 3			67	-	
Tulsa Workshop			18	-	
Latin America	Mexico	Reproductive Health Education	-	29	
		Reproductive Healthcare	102	102	
	Nicaragua	Institutional Strengthening	5	-	
	Peru	Callao Centre	32	-	
			2,258	2,018	
			=====	=====	

FOR THE YEAR ENDED 31 DECEMBER 1995

5. OPERATING SURPLUS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
The surplus is arrived at after charging/ (crediting) :-				
Auditors' remuneration				
- audit	28	25	23	19
- other services	5	4	5	3
Depreciation	663	103	654	101
Exchange differences	(2)	(29)	(2)	(29)
Hire of equipment and equipment rentals	4	9	4	9
	===	===	===	===

6. OTHER INCOME

Bank interest received	91	96	91	96
Interest receivable from Options Consultancy Services Limited	-	-	8	9
Rent receivable	10	-	10	-
Sundry income	1	-	1	-
	---	---	---	---
	102	96	110	105
	===	===	===	===

7. INTEREST PAYABLE AND SIMILAR CHARGES

Bank loans and overdrafts	108	98	108	98
Other loans wholly repayable within five years	10	12	10	12
Other loans not wholly repayable within five years	39	45	39	45
	---	---	---	---
	157	155	157	155
	===	===	===	===

FOR THE YEAR ENDED 31 DECEMBER 1995

8. EMPLOYEES

Average number of people employed by the company during the year (including directors)

	Number of employees			
	GROUP		COMPANY	
	1995	1994	1995	1994
Directors	6	6	6	6
Overseas programme support	38	34	33	30
Medical	80	79	80	79
UK programme support	95	99	95	99
	---	---	---	---
	219	218	214	214
	===	===	===	===

	GROUP		COMPANY	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Employees costs (excluding directors)				
Wages and salaries	3,111	2,823	3,004	2,737
Social security costs	311	314	303	309
Employer's pension contributions	28	24	28	24
	---	---	---	---
	3,450	3,161	3,335	3,070
	=====	=====	=====	=====

Allocated as follows :-

Cost of services provided	1,301	1,351	1,301	1,351
Administrative expenses - wages and salaries	2,121	1,786	2,006	1,695
- pensions	28	24	28	24
	---	---	---	---
	3,450	3,161	3,335	3,070
	=====	=====	=====	=====

9. DIRECTORS' EMOLUMENTS

None of the directors of Marie Stopes International received any emoluments for their services to the company during the year (1994 : £nil).

FOR THE YEAR ENDED 31 DECEMBER 1995

10. TANGIBLE ASSETS - GROUP		FURNITURE, FIXTURES FITTINGS & OFFICE EQUIPMENT					MEDICAL EQUIPMENT		COMPUTER EQUIPMENT		MOTOR VEHICLES		TOTAL
Cost or Valuation	FREEHOLD PROPERTIES £'000	SHORT LEASEHOLD PROPERTIES £'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1.1.1995	6,505	19	495	199	319	21	7,558						
Additions	1,300	3	96	30	69	15	1,513						
Disposals	-	(7)	(2)	-	(1)	(5)	(15)						
At 31.12.1995	7,805	15	589	229	387	31	9,056						
Depreciation													
At 1.1.1995	-	9	323	123	165	16	636						
Charge for the year	408	1	110	45	92	7	663						
Elimination on disposals	-	(6)	-	-	-	(4)	(10)						
At 31.12.1995	408	4	433	168	257	19	1,289						
NET BOOK VALUE													
At 31.12.1995	7,397	11	156	61	130	12	7,767						
At 31.12.1994	6,505	10	172	76	154	5	6,922						
Depreciation charge for the year based on the old rates	408	1	54	21	44	5	533						
TANGIBLE ASSETS - COMPANY													
Cost or Valuation													
At 1.1.1995	6,505	11	483	199	311	21	7,530						
Additions	1,300	-	85	30	56	15	1,486						
Disposals	-	-	(2)	-	(1)	(5)	(8)						
At 31.12.1995	7,805	11	566	229	366	31	9,008						
Depreciation													
At 1.1.1995	-	2	313	123	162	16	616						
Charge for the year	408	1	106	45	87	7	654						
Elimination on disposals	-	-	-	-	(1)	(4)	(5)						
At 31.12.1995	408	3	419	168	248	19	1,265						
NET BOOK VALUE													
At 31.12.1995	7,397	8	147	61	118	12	7,743						
At 31.12.1994	6,505	9	170	76	149	5	6,914						
Depreciation charge for the year based on the old rates	408	1	51	21	41	5	527						

FOR THE YEAR ENDED 31 DECEMBER 1995

10. TANGIBLE ASSETS (CONTINUED)

The freehold properties are revalued in alternate years. The latest revaluation was at 1 December 1994 by Nelson Bakewell, Chartered Surveyors, on the basis of the open market value for existing use.

The freehold property at Manstone Road, was subsequently revalued on 6 June 1995 by Nelson Bakewell, Chartered Surveyors, on the basis of the open market value for disposal of the property (market value at 6 June 1995 £195,000). The property was disposed on 16 February 1996 at £200,000.

The financial statements do not differentiate between the value of land and the value of freehold properties because, in the opinion of the directors, the difference is not material.

The historical cost of the freehold properties included at valuation is as follows :

	GROUP AND COMPANY	
	1995	1994
	£'000	£'000
Cost	5,621	4,321
Accumulated depreciation	(1,332)	(1,108)
Net Book Value	4,289	3,213
	=====	=====

11. INVESTMENTS

	COMPANY	
	1995	1994
	£'000	£'000
a) <u>Fixed Asset Investments</u>		
Investment in subsidiary companies at cost :-		
99 Ordinary Shares - Brown Street Nurses Ltd	35.0	35.0
100 Ordinary Shares - Options Consultancy Services Ltd	0.1	0.1
	-----	-----
	35.1	35.1
	=====	=====

The company owns :-

- (i) 99% of the issued share capital of Brown Street Nurses Limited, a company registered in the UK whose principal activity is the provision of medical assistance.
- (ii) 100% of the issued share capital of Options Consultancy Services Limited, a company registered in the UK whose principal activity is the provision of consultancy services in the field of population, family planning and public health.

Under the equity method of valuation, the investment of the company in the shares of subsidiary undertakings is as follows:

	1995	1994
	£'000	£'000
Brown Street Nurses Limited	4	5
Options Consultancy Services Limited	14	(17)
	===	===

FOR THE YEAR ENDED 31 DECEMBER 1995

11. INVESTMENTS (CONTINUED)

The aggregate amounts of capital and reserves and profit/(loss) for the subsidiaries is as follows :

	1995		1994	
	Capital & Reserves/ (Deficiency) in shareholders funds £'000	Profit/ (Loss) for the year £'000	Capital & Reserves/ (Deficiency) in shareholders funds £'000	Profit/ (Loss) for the year £'000
Brown Street Nurses Ltd	4	(1)	5	8
	====	====	====	====
Options Consultancy Services Ltd	14	31	(17)	5
	====	====	====	====

b) Current Asset Investments

Listed investments :-

Cost/Valuation

GROUP AND COMPANY

	1995 £'000	1994 £'000
At 1.1.1995	5	5
Diminution in value	(2)	-
	----	----
At 31.12.1995	3	5
	====	====

The market value of the investments listed on the Stock Exchange at 31 December 1995 was £3,000 (1994 : £5,000).

12. STOCKS AND WORK IN PROGRESS

	GROUP		COMPANY	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Medical supplies, drugs and family planning requisites	54	50	53	49
Work in progress	33	10	-	-
	----	----	----	----
	87	60	53	49
	====	====	====	====

13. DEBTORS

Trade debtors	1,533	1,155	1,388	1,034
Amounts owed by group undertakings*	-	-	129	79
Other debtors	31	78	4	59
Prepayments and accrued income	136	99	122	90
	-----	-----	-----	-----
	1,700	1,332	1,643	1,262
	=====	=====	=====	=====

* Amounts owed by group undertakings (company)

Brown Street Nurses Limited	12	1
Options Consultancy Services Limited	117	78
	---	---
	129	79
	===	==

FOR THE YEAR ENDED 31 DECEMBER 1995

14. LOANS

	<u>GROUP AND COMPANY</u>	
	<u>1995</u>	<u>1994</u>
	<u>£'000</u>	<u>£'000</u>
Bank loans	1,439	1,264
Other loans	495	561
	-----	-----
	1,934	1,825
	=====	=====
Amounts repayable :		
In one year or less, or on demand	326	278
One and two years	313	286
Between two and five years	852	856
	-----	-----
In five years or more	1,491	1,420
	443	405
	-----	-----
	1,934	1,825
	=====	=====

Bank loans of £672,000 (1994 : £793,000) outstanding at the year end carry an interest rate of 1.5% above the bank base rate. Bank loans of £387,000 (1994 : £471,000) outstanding at the year end carry an interest rate of 1.75% above the bank base rate. Bank loans of £380,000 (1994 : £nil) outstanding at the year end carry an interest rate of 1.25% above the bank base rate, with 2% reduction in the bank base rate for the first year.

Other loans consist of £87,000 (1994 : £108,000) at a fixed rate of 9.5% per annum, and £408,000 (1994 : £453,000) at a fixed rate of 9% per annum.

	<u>GROUP AND COMPANY</u>	
	<u>1995</u>	<u>1994</u>
	<u>£'000</u>	<u>£'000</u>
Amounts repayable by instalments any of which fall for payment after five years :-		
Instalments payable within five years	756	563
Instalments payable after five years	444	405
	-----	---
	1,200	£968
	=====	===

The bank loans are secured on the company's freehold properties and by way of a floating charge over the assets.

The other loans are unsecured loans from DKT International, a company incorporated in the USA, in which Mr P D Harvey and Dr T R L Black are directors.

FOR THE YEAR ENDED 31 DECEMBER 1995

15. OTHER CREDITORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>	<u>1994</u> <u>£'000</u>
Corporation tax	5	-	-	-
Other taxes and social security	100	91	96	89
Accruals and deferred income	237	287	207	235
	---	---	---	---
	342	378	303	324
	===	===	===	===

16. MINORITY INTEREST

1% of the issued share capital of Brown Street Nurses Limited, being 1 ordinary share of £1 is held by Dalreagh Private Nursing Home Limited. At 31 December 1995, the minority interest amounted to £36 (1994 : £47).

17. ACCUMULATED FUNDSStatement of policy on reservesGeneral reserves

It is the aim of the directors that the balance of funds retained in the general reserve will become sufficient to finance up to 6 months unfunded expenditure and loan repayments. This policy will be reviewed on an annual basis and the adequacy of the policy judged in the light of all relevant information.

Revaluation reserves

The revaluation reserve represents the difference between the written down book value of freehold properties and professional valuations of such properties calculated at the time of the professional valuation.

Contingency reserves

The contingency reserves represent provisions made by the company to cover commitments on European Union co-funded projects.

Specific reserves

The specific reserves represent funds made available to the company to be expended in accordance with the wishes of the donor. All such funds are credited to the specific reserves upon receipt and held until expenditure is made which complies with the wishes of the original donor.

FOR THE YEAR ENDED 31 DECEMBER 1995

17. ACCUMULATED FUNDS (CONTINUED)

The movements on accumulated funds are as follows :

	GROUP				COMPANY			
	Unrestricted Funds General Reserves £'000	Designated Contingency Reserves £'000	Funds Revaluation Reserves £'000	Restricted Funds Specific Reserves £'000	Unrestricted Funds General Reserves £'000	Designated Contingency Reserves £'000	Funds Revaluation Reserves £'000	Restricted Funds Specific Reserves £'000
At 1 January 1995	3,354	171	3,052	1,415	3,401	171	3,052	1,415
Surplus on ordinary activities	625				595			
Transfer from contingency reserves to general reserves	166	(166)			166	(166)		
Specific donations: received				5,756				5,756
receivable				368				368
Disbursements for overseas projects				(5,456)				(5,456)
At 31 December 1995	4,145	5	3,052	2,083	4,162	5	3,052	2,083

a) Contingency reserves

The balance on the contingency reserves represents provisions for the company's commitment on European Union co-funded projects.

The transfer from contingency reserves to general reserves is in respect of a provision for the company's commitment on European Union co-funded projects no longer required.

b) Revaluation reserves

Included in the revaluation reserves is a deficit of £358,000 (1994 : £358,000) relating to one freehold property. The directors are of the opinion that, in the fullness of time, the revaluation surplus in respect of this property will be restored and in the circumstances they do not consider it necessary to make a provision for this deficit through general reserves.

c) Specific reserves

A charge for £46,000 has been made against specific funds of Bosnia Phase 3 project for interest receivable on late payment of grant by the funder, ECHO. This charge has been verbally authorised by ECHO officials.

FOR THE YEAR ENDED 31 DECEMBER 1995

18. RECONCILIATION OF OPERATING SURPLUS TO
NET CASH INFLOW FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Operating surplus	687	1,012	644	990
Depreciation charges	663	103	654	101
(Profit)/loss on sale of tangible fixed assets	-	-	(1)	-
Adjustment for exchange differences	(2)	(29)	(2)	(29)
Decrease/(increase) in stock	(27)	32	(4)	6
Decrease/(increase) in debtors	(368)	133	(381)	185
Increase/(decrease) in creditors	140	(68)	158	(81)
	1,093	1,183	1,068	1,172

19. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	GROUP				COMPANY			
	General Reserves £'000	Contingency Reserves £'000	Specific Reserves £'000	Loans £'000	General Reserves £'000	Contingency Reserves £'000	Specific Reserves £'000	Loans £'000
Balance at 1 January 1995	3,354	171	1,415	1,825	3,401	171	1,415	1,825
Surplus for the year	625	-	-	-	595	-	-	-
New long term loan	-	-	-	400	-	-	-	400
Cash inflows/(outflows) from financing	166	(166)	668	(289)	166	(166)	668	(289)
Currency movements	-	-	-	(2)	-	-	-	(2)
Balance at 31 December 1995	4,145	5	2,083	1,934	4,162	5	2,083	1,934

20. ANALYSIS OF CHANGES IN CASH AND CASH
EQUIVALENTS DURING THE YEAR

	GROUP		COMPANY	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Balance at 1 January 1995	2,212	1,467	2,208	1,461
Net cash inflow	302	745	316	747
Balance at 31 December 1995	2,514	2,212	2,524	2,208

FOR THE YEAR ENDED 31 DECEMBER 1995

21. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	GROUP				COMPANY			
	1995	1994	1995	1994	1995	1994	1995	1994
	£'000	£'000	Change in year	Change in year	£'000	£'000	Change in year	Change in year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,597	2,242	355	560	2,596	2,233	363	557
Short term investments	3	5	(2)	-	3	5	(2)	-
Bank overdrafts	(86)	(35)	(51)	185	(75)	(30)	(45)	190
	-----	-----	---	---	-----	-----	---	---
	2,514	2,212	302	745	2,524	2,208	316	747
	=====	=====	===	===	=====	=====	===	===

22. TAXATION - GROUP

a) Marie Stopes International

There is no liability to UK corporation tax as the company is a charity registered in England and takes advantage of the tax exemption available to charities.

b) Options Consultancy Services Limited

	1995	1994
	£'000	£'000
UK Corporation tax based on the accounts @ 25%		
(1994 : 25%)	5	-
	===	===

c) Brown Street Nurses Limited

There is no liability to UK Corporation tax as the company has a taxable loss for the year and losses brought forward from previous years (1994 : £nil).

23. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 1995 (1994 : £nil).

24. CONTINGENT LIABILITIES

At 31 December 1995 the company had no outstanding liability on forward foreign exchange contracts (1994 : £19,000).

At 31 December 1995, the company had given advance payment guarantees of £256,000 (1994 : £nil) to the Overseas Development Agency in respect of projects in Malawi and US\$150,000 (1994 : US\$nil) to the Ministry of Health (Uganda) in respect of projects in Uganda.

FOR THE YEAR ENDED 31 DECEMBER 1995

25. TRANSACTIONS INVOLVING DIRECTORS AND COMPANY SECRETARY

The charity receives an annual donation of US\$600,000 from DKT International, a company incorporated in United States of America in which Mr P D Harvey (director) and Dr T R L Black (secretary) are directors.

The charity also received loans from DKT International as detailed in Note 13 to the financial statements.

During the year, the company paid £58,000 (1994 : £56,000) to Dr T R L Black (secretary) for the provision of consultancy and surgical services. The company also paid £10,000 (1994 : £9,000) to Mrs J Black, wife of Dr T R L Black (secretary) for the provision of company secretarial and administration services.