

Marie Stopes International Group

Contents

Board of Trustees	1
Report of the Board of Trustees	2-4
Auditors' report	5
Income and expenditure account	6
<i>Note of historical cost profits and losses</i>	7
Group balance sheet	8
Company balance sheet	9
Cashflow statement	10
Notes to the financial statements	11-27

Auditors

Chantrey Vellacott DFK
Russell Square House
10-12 Russell Square
London WC1B 5LF

Principal Bankers

Clydesdale Bank PLC
35 Regent Street
London SW1Y 4ND

Solicitors

Andrew Lutley
Springfield
Rookery Hill
Ashted Park
Ashted
Surrey KT21 1HY

Board of Trustees

Edgar W Stanford, Chairman
Philip D Harvey
Sir Charles Pereira
David W Logan
Baroness Flather
Mr Timothy Rutter

Secretary

Dr TRL Black

Registered Office

153-157 Cleveland Street
London
W1P 5PG

Company Number

1102208 (registered in England and Wales)

Charity Number

265543 (registered in England)



Marie Stopes International Group

Trustees' Annual Report

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 1998.

Objects and Organisation of the Charity

The principal activity of the charity has continued to be the worldwide provision of reproductive healthcare services. There have been no material changes in policy in the past 12 months.

Marie Stopes International's mission remains to enable people to have **children by choice not chance**. The charity's goal remains the prevention of unwanted births. These are achieved through:

- **A clear focus on family planning** while undertaking a broad spectrum of reproductive health activities within the remit of the International Conference on Population and Development.
- **A client led, rather than provider driven, approach** which ensures a choice of high quality family planning and reproductive health services, through comprehensive information, advice and delivery mechanisms that are tailored to local needs.
- **A unique commitment to sustainable programmes** through the transfer of enduring management skills and technology to partners and the development of a diverse funding base, including cost recovery mechanisms.

Marie Stopes International operates by way of two divisions. The UK clinic division is responsible for establishing and managing family planning clinics, nursing homes and referral centres in the UK. The overseas programmes division is responsible for establishing, monitoring and providing technical assistance to overseas programmes.

Family planning and reproductive health projects overseas are implemented by an independent non-governmental organisation in each of the countries in which Marie Stopes International works. These organisations work together with Marie Stopes International and each other to create an informal global partnership. A full list of the organisations that receive funding from Marie Stopes International, is available from the charity's registered office.

Marie Stopes International's success depends in a large measure on the optimum involvement of people at all levels and specific policies are followed to this end. All aspects of the employment of people or the engagement of professional services are undertaken regardless of any individual's colour, ethnic or national origins, religion, sex, marital status, sexual orientation, age or disability.

Constitution of the Charity

Marie Stopes International is a registered charity and is constituted as a company, limited by guarantee. Its objects and powers and other constitutional matters are set out in its Memorandum and Articles of Association. The Memorandum and Articles of Association do not contain any onerous restrictions concerning the way in which the company can operate. As a company Marie Stopes International has a general investment power.

Trustees are subject to retirement by rotation. New appointments and re-appointments are made by members of the Board at Annual General Meetings.

Trustees and their Statutory Responsibilities

The Trustees serving at 31 December 1998 are noted on page 1. None of the Trustees received any reimbursement of expenses during the year (1997: None). Baroness Robson, who resigned on 15 September 1998, also served as a Trustee during the year.

Company and charity law requires the Board, as Trustees and Directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the results for that period. In preparing those financial statements, the Trustees 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 and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will be able to continue to meet its objectives.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Marie Stopes International Group

Results and Review of the Business

The net increase in funds for the financial year was £1,955,000 (1997: £1,609,000). The Trustees are pleased with the results for the year under review and they anticipate further growth in service delivery and improvements in cost recovery in the future.

Marie Stopes International measures the impact of its activities through a statistical measure, couple years of protection, the international yardstick for assessing the impact of any method of family planning. One couple year of protection will provide one couple with contraceptive cover for one year.

Couple years of protection (CYPs) provided by Marie Stopes International's UK clinics division rose by 10% in the year to 190,000 in 1998, compared with 172,000 in 1997. Couple years of protection provided by Marie Stopes International's overseas partners rose by 28% in the year to 2,676,000 in 1998, compared with 2,085,000 in 1997.

UK Developments & Results

Marie Stopes International's UK operations have continued to grow and develop throughout 1998 achieving an increase in income from £10,827,000 to £12,840,000, an increase of over 18%.

Building on the successful development of six purpose built day centres in 1997, demand for termination of pregnancy services continued to grow, increasing by over 22%.

Work began in the year on the development of a centralised telephone call handling service for all Marie Stopes International UK activities. This is planned to become fully operational in mid-1999, gradually handling all calls to all centres. It is envisaged that these developments will improve client access to services whilst simultaneously freeing up time to enable clinic based teams to concentrate on maintaining a high quality 'face-to-face' service.

Development of a new centre in Bristol also began this year. The centre is planned to open in mid-1999 and will provide clients with vasectomy, pregnancy advice, early termination of pregnancy and general family planning services.

Marie Stopes International UK is preparing for proposed changes to primary care funding and referral systems as GP Fundholding is replaced

by Primary Care Groups. It is hoped that a seamless service will be provided to GP's to continue the positive relationships that have been built up with them and their patients during the past nine years.

Overseas Developments & Results

1998 has seen a continued expansion of the charity's activities into both new countries and new areas of activity. Grants receivable rose to £9,798,000 in 1998 from £9,192,000 in 1997, an increase of almost 7%.

A technical assistance project commenced in China, helping the Chinese government to provide reproductive health services on a national scale.

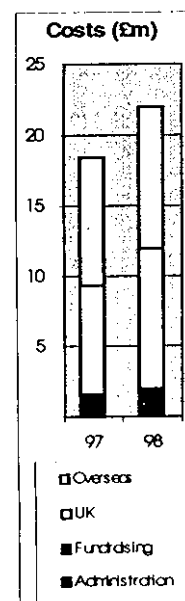
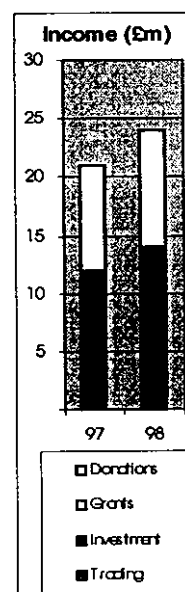
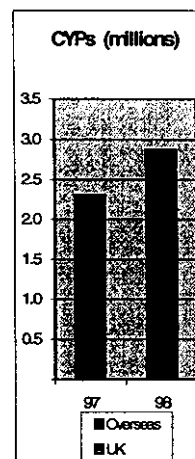
The contraceptive social marketing programme in Uganda went from strength to strength and in its second full year of operations sales of 12 million condoms were achieved compared to sales of 7 million condoms in 1997. The clinic programme in Malawi increased its CYPs by 198% from 1997 to 1998; the Bangladesh programme increased its CYPs by 168% over the same period.

The charity continues to concentrate on cost effective service delivery and efficient use of available resources. At the year end six international partner programmes had covered more than 90% of costs from local income.

Our fundraising and publicity campaigns continued to bear fruit and whilst unrestricted donations from Trusts and Foundations fell to £93,000 in 1998 from £137,000 in 1997 the value of restricted grants from Trusts and Foundations rose from £2,192,000 in 1997 to £2,316,000 in 1998.

The development and diversification of the donor base has continued and funding from the United Nations rose to £2,372,000 in 1998 compared to £475,000 in 1997. Grants from our two other main funders – the Department for International Development and the European Union – formed 43% of total grants receivable in 1998, compared with 61% in 1997.

Continual focus is placed on ensuring that administrative costs are minimised and that donor funds are utilised for their maximum potential. Whilst incoming resources increased by £3,280,000 to £24,602,000 in 1998 administration and management costs rose by only £304,000 to £1,561,000 in 1998.



Marie Stopes International Group

Subsidiary

Options Consultancy Services Limited continued to expand during the year. Turnover rose by 44% due to the company undertaking more overseas based projects than in 1997 and well as an overall upswing in activity. Gross profit rose by 22% and pre-tax profits by a very substantial 85.7%. This reflects a lesser increase in administrative expenses than in 1997, in particular for human resources, and improved margins on some aspects of the business. Options was successful in augmenting its involvement in long term project management contracts during the year. Profits have been retained to facilitate the further expansion and diversification of the business during 1999.

Millennium Bug

The charity is currently taking the appropriate steps to ensure that its business process and systems, including computer hardware and software, is Year 2000 compliant. Key suppliers and customers have been contacted as part of this process. The charity will continue to use its best endeavours to minimise the effects of the millennium bug.

Future Developments

The charity 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 developed and developing countries.

The following year will present a number of opportunities and challenges to the charity. The establishment of a series of benchmarks for clinical care and service provision is now well advanced and it is intended that their introduction, on a global basis, will begin in late 1999. These standards will act as a template for best practice and represent the most effective aspects of service delivery drawn from the 30 partner organisations.

Effective evaluation and monitoring of international programmes will remain a key component of our long term strategy and a series of reporting frameworks is being introduced to ensure that key performance indicators are readily identifiable. Development of an extranet facility will take place to enable the partner organisations to update monthly management information and gain access to data from both the charity and other partners.

Marie Stopes International will continue to seek new sources of funding and support for its overseas activities, in order to diversify further the donor base. It is also expected that increasing recognition of Marie Stopes International's expertise and professionalism

will bring more opportunities to implement an increasing number of large-scale projects.

Financial Position & Reserves

At 31 December 1998 Marie Stopes International's total funds amounted to £13,117,000, including funds restricted for overseas projects of £2,532,000.

£967,000 of the unrestricted funds held has been set aside to cover Marie Stopes International's future contributions due to existing co-financed projects.

A further £3,271,000 of the unrestricted funds at the year end is a revaluation reserve, representing the difference between the written down value of freehold properties and the most recent professional valuations of such properties.

The remaining funds of £6,347,000 at the year end are unrestricted general funds. These are available to cover any deficit on the restricted funds for any particular project. See note 1k of these accounts for Marie Stopes International's reserves policy.

Fixed Assets

The cost of investment in implementing a call handling service for all UK client services is included in the additions to computer equipment of £952,000.

Capital costs of £380,000 were also incurred in refurbishing short leasehold premises for the launch of the Bristol centre.

Investment in alterations to freehold properties continued in the year, giving rise to additions to fixed assets of £223,000. The expenditure primarily represents the ongoing refurbishment of clinics to maintain a high quality environment for our clients.

Details of movements in fixed assets during the year are given in note 8 to the financial statements.

Auditors

In accordance with the Companies Act 1985, a resolution to reappoint Chantrey Vellacott DFK as auditors to Marie Stopes International will be put to the Annual General Meeting.

By order of the Board


Dr TRL Black
Secretary

Date: 25 June 1999

Marie Stopes International Group

Auditors Report to the Trustees of Marie Stopes International

Marie Stopes International is the parent undertaking of Marie Stopes International Group.

On 25 June 1999 we reported as auditors of Marie Stopes International Group, to the members on the financial statements prepared under section 226 of the Companies Act for the year ended 31 December 1998 and our audit report was as follows:

We have audited the financial statements set out on pages 6 to 27 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 11 to 12.

Respective responsibilities of Trustees and auditors

As described on page 2 the charity's Trustees (who also act as directors of Marie Stopes International for the purposes of company law) 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 to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practises 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 state of affairs of the charitable company and its subsidiary as at 31 December 1998 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Chantrey Vellacott DFK

Russell Square House
10-12 Russell Square
London WC1B 5LF

25 June 1999

Marie Stopes International Group

Consolidated Income and Expenditure Account and Statement of Financial Activities for the year ended 31 December 1998

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 1998 £'000	Total 1997 £'000
Incoming Resources					
Donations, legacies and gifts	2a	165	-	165	207
Grants receivable	2b	-	9,798	9,798	9,192
Investment income	2c	292	-	292	186
Income from trade in the furtherance of the objects of the charity	2d	14,347	-	14,347	11,737
Total Incoming Resources		14,804	9,798	24,602	21,322
Resources Expended					
Direct charitable expenditure:					
Disbursements for overseas programmes	3a	489	8,198	8,687	8,158
Overseas programmes support costs	3b	1,259	-	1,259	1,044
UK programme costs	3c	9,920	-	9,920	8,219
		11,668	8,198	19,866	17,421
Other expenditure:					
Fundraising and publicity	4a	1,220	-	1,220	1,035
Management and administration of the charity	4b	1,561	-	1,561	1,257
		2,781	-	2,781	2,292
Total Resources Expended	5	14,449	8,198	22,647	19,713
Net Incoming Resources Before Transfers		355	1,600	1,955	1,609
Transfers between funds	15	875	(875)	-	-
Net Incoming Resources for the year		1,230	725	1,955	1,609
Fund Balances brought forward at 1 January 1998	15	9,355	1,807	11,162	9,553
Fund Balances carried forward at 31 December 1998	15	10,585	2,532	13,117	11,162

The notes on pages 11 to 27 form part of these financial statements.

Marie Stopes International Group

**Note of Historical Cost Consolidated Profits and Losses
for the year ended 31 December 1998**

	Unrestricted Funds 1998 £'000	Unrestricted Funds 1997 £'000
Net movement in unrestricted funds for the year	1,230	1,170
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	226	218
Historical cost surplus on ordinary activities for the year	1,456	1,388

The notes on pages 11 to 27 form part of these financial statements.

Marie Stopes International Group

Group Balance Sheet at 31 December 1998

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 1998 £'000	Total 1997 £'000
Fixed Assets					
Tangible assets	8	8,374	-	8,374	7,659
Investments	9a	-	-	-	-
		<u>8,374</u>	<u>-</u>	<u>8,374</u>	<u>7,659</u>
Current Assets					
Stocks and work in progress	10	155	-	155	102
Debtors	11	1,311	612	1,923	1,728
Short term investments	9b	3	-	3	3
Cash at bank and in hand		3,121	1,920	5,041	3,869
		<u>4,590</u>	<u>2,532</u>	<u>7,122</u>	<u>5,702</u>
Creditors: amounts falling due within one year	12a	1,750	-	1,750	1,197
Net Current Assets		<u>2,840</u>	<u>2,532</u>	<u>5,372</u>	<u>4,505</u>
Total Assets less Current Liabilities		<u>11,214</u>	<u>2,532</u>	<u>13,746</u>	<u>12,164</u>
Creditors: amounts falling due after more than one year	12b	629	-	629	1,002
Net Assets		<u>10,585</u>	<u>2,532</u>	<u>13,117</u>	<u>11,162</u>
Unrestricted Funds					
General reserves	15	6,347	-	6,347	5,637
Designated funds - contingency reserve	15	967	-	967	447
Capital fund - revaluation reserve	15	3,271	-	3,271	3,271
		<u>10,585</u>	<u>-</u>	<u>10,585</u>	<u>9,355</u>
Restricted Funds					
Specific reserves	14/15	-	2,532	2,532	1,807
		<u>10,585</u>	<u>2,532</u>	<u>13,117</u>	<u>11,162</u>

Approved by the Board of Trustees on 25 June 1999
and signed on its behalf by


E W STANFORD *Chairman*

The notes on pages 11 to 27 form part of these financial statements.

Marie Stopes International Group

Company Balance Sheet at 31 December 1998

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 1998 £'000	Total 1997 £'000
Fixed Assets					
Tangible assets	8	8,361	-	8,361	7,648
Investments	9a	50	-	50	50
		<u>8,411</u>	<u>-</u>	<u>8,411</u>	<u>7,698</u>
Current Assets					
Stocks and work in progress	10	59	-	59	59
Debtors	11	989	612	1,601	1,487
Short term investments	9b	3	-	3	3
Cash at bank and in hand		3,051	1,920	4,971	3,868
		<u>4,102</u>	<u>2,532</u>	<u>6,634</u>	<u>5,417</u>
Creditors: amounts falling due within one year	12a	1,399	-	1,399	1,003
Net Current Assets		<u>2,703</u>	<u>2,532</u>	<u>5,235</u>	<u>4,414</u>
Total Assets less Current Liabilities		<u>11,114</u>	<u>2,532</u>	<u>13,646</u>	<u>12,112</u>
Creditors: amounts falling due after more than one year	12b	629	-	629	1,002
Net Assets		<u>10,485</u>	<u>2,532</u>	<u>13,017</u>	<u>11,110</u>
Unrestricted Funds					
General reserves	15	6,247	-	6,247	5,585
Designated funds - contingency reserve	15	967	-	967	447
Capital fund - revaluation reserve	15	3,271	-	3,271	3,271
		<u>10,485</u>	<u>-</u>	<u>10,485</u>	<u>9,303</u>
Restricted Funds					
Specific reserves	14/15	-	2,532	2,532	1,807
		<u>10,485</u>	<u>2,532</u>	<u>13,017</u>	<u>11,110</u>

Approved by the Board of Trustees on 25 June 1999
and signed on its behalf by

E. W. Stanford
E W STANFORD *Chairman*

The notes on pages 11 to 27 form part of these financial statements.

Marie Stopes International Group

Consolidated Cashflow Statement for the year ended 31 December 1998

	Note	1998 £'000	1997 £'000
Net Cash Inflow from Operating Activities	16	3,010	2,339
Taxation			
Corporation tax		(14)	(8)
Net Cash Outflow for Taxation		(14)	(8)
Returns on Investments and Servicing of Finance			
Interest received		244	141
Interest paid		(106)	(128)
Rent received		40	37
Sundry income		8	8
Net Cash Inflow for Returns on Investments and Servicing of Finance		186	58
Capital Expenditure and Financial Investment			
Purchase of tangible fixed assets		(1,660)	(908)
Proceeds from sale of tangible fixed assets		2	-
Net Cash Outflow for Capital Expenditure and Financial Investment		(1,658)	(908)
Net Cash Inflow before Financing		1,524	1,481
Financing			
Repayment of loans		(381)	(265)
Net Cash Outflow for Financing		(381)	(265)
Increase in cash	17/18	1,143	1,216

The notes on pages 11 to 27 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 1998

1 Accounting Policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with Statement of Recommended Practice Accounting by Charities and applicable Accounting Standards.

The principal accounting policies adopted are as follows:

a) Basis of consolidation

The operating results of Options Consultancy Services Limited have been fully consolidated in the Income and Expenditure Account.

b) Income

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

c) Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date and exchange differences are included in the Income and Expenditure Account.

d) Pension costs

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

e) 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.

f) Allocation of costs

Costs incurred by the Charity are allocated across the various types of expenditure as follows:

Disbursements for overseas programmes - Costs relating directly to overseas programmes, eg transfers of funds, purchase of supplies.

Overseas programmes support costs - Costs relating to the development, monitoring and support of overseas programmes, eg programme teams' salaries, office costs allocated on the basis of space used.

UK programme costs - Costs relating directly to service provision within the UK, eg clinic running costs and salaries.

Fundraising and publicity - Costs relating to donor and media relations and advertising, eg production of publications, visits to donors, office costs allocated on the basis of space used.

Notes to the Financial Statements for the year ended 31 December 1998

1 Accounting Policies (continued)

Management and administration of the charity - Costs relating to the charity's head office which cannot be directly identified as applicable to one of the other categories, eg finance costs, office costs allocated on the basis of space used.

g) 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, on a straight line basis over their useful economic lives as follows:

Freehold properties	Over estimated useful life but none in the year of revaluation
Leasehold properties	Over period of the lease
Furniture, fixtures, fittings and office equipment	20% per annum
Medical equipment	20% per annum
Computer equipment	25% per annum
Motor vehicles	25% per annum

h) Stocks

Medical supplies, drugs and family planning requisites for retail sale 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.

i) Investments

Current asset investments are shown in the financial statements at market value. Any material increase or decrease in the value is included in the Income and Expenditure Account.

j) Goodwill

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

k) Reserves

General reserves - It is the aim of the Trustees 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 is reviewed on an annual basis and the adequacy of the policy judged in the light of all relevant information.

Contingency reserves - The contingency reserves represent provisions made by the charity equal to the charity's outstanding commitment to co-financed projects.

Revaluation reserves - The revaluation reserves represent the difference between the written down value of freehold properties and professional valuations of such properties calculated at the time of the professional valuation.

Specific reserves - The specific reserves represent funds made available to the charity to be expended in accordance with the wishes of the donor. Transfers are made from restricted funds to unrestricted funds equal to amounts specified by donors as available from project funds to contribute towards the running costs of the charity.

Marie Stopes International Group

Notes to the Financial Statements for the year ended 31 December 1998

2 Incoming resources	Unrestricted Funds £'000	Restricted Funds £'000	Total 1998 £'000	Total 1997 £'000
a) Donations, legacies and gifts				
Discretionary income raised by campaigns from:				
Trusts & foundations	93	-	93	137
Direct Mail	33	-	33	29
Covenants	18	-	18	10
Other	21	-	21	29
	<u>165</u>	<u>-</u>	<u>165</u>	<u>205</u>
<i>Donations received at UK clinics</i>	-	-	-	2
	<u>165</u>	<u>-</u>	<u>165</u>	<u>207</u>
b) Grants receivable				
Department for International Development	-	3,580	3,580	4,114
European Union	-	642	642	1,534
United Nations	-	2,372	2,372	475
Kreditanstalt fur Wiederaufbau	-	863	863	817
World Bank	-	18	18	-
Finnish Foreign Affairs Ministry	-	-	-	11
Romanian Ministry of Health	-	-	-	7
National Lottery	-	12	12	29
UK trusts & foundations	-	1,162	1,162	879
Offshore trusts & foundations	-	1,154	1,154	1,313
Other	-	(5)	(5)	13
	<u>-</u>	<u>9,798</u>	<u>9,798</u>	<u>9,192</u>
c) Investment income				
Bank interest receivable	244	-	244	141
Rent receivable	40	-	40	37
Sundry income	8	-	8	8
	<u>292</u>	<u>-</u>	<u>292</u>	<u>186</u>
d) Trade in furtherance of the objects of the charity				
Provision of family planning services in the	12,840	-	12,840	10,827
Fees waived	(72)	-	(72)	(189)
Reproductive health consultancy services	1,579	-	1,579	1,099
	<u>14,347</u>	<u>-</u>	<u>14,347</u>	<u>11,737</u>

Notes to the Financial Statements for the year ended 31 December 1998

3	Direct charitable expenditure	Unrestricted Funds £'000	Restricted Funds £'000	Total 1998 £'000	Total 1997 £'000
a) Disbursements for overseas programmes					
Africa & Arab World					
	Angola	-	21	21	-
	Ethiopia	3	62	65	224
	Kenya	28	75	103	115
	Lebanon	-	11	11	-
	Madagascar	-	176	176	150
	Malawi	-	1,370	1,370	1,857
	Mozambique	-	154	154	9
	Sierra Leone	4	251	255	80
	South Africa	245	2	247	289
	Syria	1	-	1	1
	Tanzania	61	106	167	364
	Uganda	-	114	114	160
	West Bank	-	-	-	222
	Yemen	14	77	91	9
	Zimbabwe	-	150	150	140
	Training, research & development	29	(2)	27	57
Asia					
	Bangladesh	-	535	535	542
	Cambodia	-	791	791	277
	China	-	1,010	1,010	-
	India	-	509	509	820
	Indonesia	-	4	4	30
	Mongolia	-	78	78	56
	Myanmar	-	122	122	74
	Nepal	-	128	128	200
	Pakistan	5	307	312	154
	Philippines	15	240	255	333
	Sri Lanka	-	208	208	199
	Vietnam	5	273	278	141
	Training, research & development	25	5	30	33
Europe					
	Former Yugoslavia	13	120	133	281
	Romania	6	(6)	-	11
	Training, research & development	1	26	27	2
Latin America					
	Bolivia	18	143	161	33
	Haiti	-	9	9	13
	Honduras	-	104	104	104
	Nicaragua	(8)	172	164	158
	Peru	-	153	153	136
	Training, research & development	12	4	16	17
Cross-regional					
	Advocacy	4	70	74	145
	Refugees & Internally Displaced People	-	25	25	17
	Social Marketing	6	546	552	632
	Training, research & development	2	55	57	73
		489	8,198	8,687	8,158

Marie Stopes International Group

Notes to the Financial Statements for the year ended 31 December 1998

3 Direct charitable expenditure (continued)

Disbursements for overseas programmes include the following payments disclosed separately in accordance with the requirements of the donor.

Funded by Department for International Development

	1998 £'000	1997 £'000
Angola Clinics	21	-
Madagascar Institutional Strengthening	70	12
Malawi Clinics Expansion	1,090	1,903
Mozambique Reproductive Health for Refugees	167	12
Sierra Leone Emergency Reproductive Health	182	-
Sierra Leone Institutional Strengthening	1	43
Tanzania Institutional Strengthening	9	72
Zimbabwe Slum Clinic & Outreach	48	-
Zimbabwe Institutional Strengthening	0	39
Bangladesh Reproductive Healthcare	515	539
India Reproductive Health Education	54	84
India Reproductive Health in Orissa	309	570
Nepal Family Planning Clinic	-	9
Pakistan Sindh RH Project	6	-
Pakistan Community Based Distribution	78	45
Philippines Mobile Outreach	95	120
Philippines Franchising Feasibility Study	3	26
Sri Lanka Mannar Reproductive Health	64	-
Sri Lanka Refugees	169	193
Vietnam Clinics	77	-
Bolivia Clinics	34	-
Nicaragua Community Based Family Planning	-	59
Nicaragua Institutional Strengthening	2	9
Nicaragua Adolescent Franchise	48	-
Peru Clinic	110	140
Uganda Social Marketing	2	25

3,154	3,900
--------------	--------------

Funded by National Lottery

Zimbabwe 2 Clinics	13	26
--------------------	-----------	-----------

Notes to the Financial Statements for the year ended 31 December 1998

3	Direct charitable expenditure (continued)	1998 £'000	1997 £'000
	Funded by United Nations		
	State of the World Population Report	4	4
	North/South Technical Assistance	11	-
	Advocacy - Parliamentarians	1	5
	Advocacy - European Public	25	3
	Lebanon Technical Assistance	13	-
	Yemen Research & Development	1	-
	Bosnia Refugees	9	56
	China Technical Assistance	1,010	-
	Mongolia Clinic	83	55
	Nepal Outreach Clinic	1	-
	Nepal Reproductive Health Workshop	2	-
	Pakistan Reproductive Health - Punjab	112	-
	Haiti Technical Assistance	37	9
	Cambodia Reproductive Health	730	150
	Cambodia Ministry of Womens Affairs	73	127
	Vietnam Reproductive Health Initiative	28	-
		2,140	409

	Unrestricted Funds £'000	Restricted Funds £'000	Total 1998 £'000	Total 1997 £'000
b) Overseas programmes support costs				
Technical assistance & monitoring costs	937	-	937	815
Consultancy	65	-	65	23
Literature	16	-	16	12
Office costs	241	-	241	194
	1,259	-	1,259	1,044

c) UK programme costs				
Provision of family planning services	8,885	-	8,885	7,567
Reproductive health consultancy services	1,035	-	1,035	652
	9,920	-	9,920	8,219

4 Other expenditure

a) Fundraising and publicity				
UK marketing & advertising	627	-	627	575
Fundraising	539	-	539	437
Overseas programmes press & publicity	54	-	54	23
	1,220	-	1,220	1,035
b) Management and administration of the charity				
Salaries & office costs	1,533	-	1,533	1,229
Audit fee	28	-	28	28
	1,561	-	1,561	1,257

Marie Stopes International Group

Notes to the Financial Statements for the year ended 31 December 1998

5 Total resources expended	Staff costs £'000	Depreciation £'000	Other costs £'000	Total 1998 £'000	Total 1997 £'000
Disbursements for overseas programmes	-	-	8,687	8,687	8,158
Overseas programme support costs	791	39	430	1,260	1,044
UK programme costs	3,204	819	5,897	9,920	8,219
Fundraising & publicity	306	20	894	1,220	1,035
Management & administration	861	65	635	1,561	1,257
	5,162	943	16,543	22,648	19,713

Staff costs:

Wages & salaries	4,675	4,071
Social security costs	439	372
Employer's pension contributions	48	43

5,162	4,486
--------------	--------------

Other costs:

Disbursements for overseas programmes	8,687	8,158
Medical costs	3,559	2,980
Consultancy costs	1,035	652
Operating leases - land & buildings	125	125
Premises costs	789	687
Equipment rental	14	11
Marketing, fundraising & publicity	904	735
Bank & loan charges & interest	195	182
Legal & professional fees	138	192
Audit fees	28	28
Office costs	1,055	804
Tax on profit of Options Consultancy Services Limited	14	8

16,543	14,562
---------------	---------------

The average number of employees analysed by function was:

Trustees	6	7
UK services	201	176
Overseas programmes support	38	34
Fundraising & publicity	12	10
Management & administration	21	19

278	246
------------	------------

The numbers of employees whose emoluments were more than £40,000 were:

£40,001 - £50,000	2	2
£50,001 - £60,000	1	1
£100,001 - £110,000	1	-

Notes to the Financial Statements for the year ended 31 December 1998

6 Directors' emoluments

None of the directors, who are also Trustees of the charity, received any emoluments during the year (1997: None).

7 Interest payable and similar charges

	1998 £'000	1997 £'000
Bank loans & overdrafts	81	93
Other loans wholly repayable within five years	25	35
	<u>106</u>	<u>128</u>

8 Tangible fixed assets

Freehold properties are revalued as deemed necessary by the Trustees. The latest revaluation was at 1 December 1994 by Nelson Bakewell, Chartered Surveyors, on the basis of the open market value for existing use. Properties purchased since the date of the latest valuation are included at cost.

Group Assets

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1.1.98	8,462	128	653	391	516	27	10,177
Additions	223	380	34	71	952	-	1,660
Disposals	-	-	-	-	(2)	-	(2)
At 31.12.98	8,685	508	687	462	1,466	27	11,835
Depreciation							
At 1.1.98	1,230	49	538	272	411	18	2,518
Charge for the year	467	72	55	56	287	6	943
At 31.12.98	1,697	121	593	328	698	24	3,461
Net book value							
At 31.12.98	6,988	387	94	134	768	3	8,374
At 31.12.97	7,232	79	115	119	105	9	7,659

Notes to the Financial Statements for the year ended 31 December 1998

8 Tangible fixed assets (continued)

Charity assets

	Freehold properties £'000	Short leasehold properties £'000	Furniture, fixtures, fittings & office equipment £'000	Medical equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1.1.98	8,462	128	650	391	486	27	10,144
Additions	223	380	32	71	943	-	1,649
Disposals	-	-	-	-	(2)	-	(2)
At 31.12.98	8,685	508	682	462	1,427	27	11,791
Depreciation							
At 1.1.98	1,230	49	536	272	391	18	2,496
Charge for the year	467	72	54	56	279	6	934
At 31.12.98	1,697	121	590	328	670	24	3,430
Net book value							
At 31.12.98	6,988	387	92	134	757	3	8,361
At 31.12.97	7,232	79	114	119	95	9	7,648

The net book value at 31 December 1998 represents fixed assets used for:

	£'000
Direct charitable purposes	
UK programme	7,137
Overseas programme support office	481
	<u>7,618</u>
Other purposes	
Fundraising & publicity	241
Management & administration of the charity	515
	<u>8,374</u>

Marie Stopes International Group

Notes to the Financial Statements for the year ended 31 December 1998

8 Tangible fixed assets (continued)

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

Group and charity	
1998	1997
£'000	£'000
Cost	6,018
Accumulated depreciation	(1,663)
Net book value	4,355

9 Investments

Charity	
1998	1997
£'000	£'000
a) Fixed asset investments	
Investment in subsidiary companies at cost:	
50,100 (1997: 50,100) ordinary shares - Options Consultancy Services Limited	50

Further information on the activities of the subsidiary is given in the Trustees' Report.

Group and charity	
1998	1997
£'000	£'000
b) Current asset investments	
Listed investments at valuation at 1.1.98 and 31.12.98	3

Marie Stopes International Group

Notes to the Financial Statements for the year ended 31 December 1998

10 Stocks and work in progress	Group		Charity	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Medical supplies, drugs & family planning requisites	59	59	59	59
Work in progress	96	43	-	-
	155	102	59	59

11 Debtors	Unrestricted Funds £'000	Restricted Funds £'000	Total 1998 £'000	Total 1997 £'000
Group debtors				
Trade debtors	1,003	612	1,615	1,417
Loans to overseas programmes	79	-	79	89
Other debtors	61	-	61	69
Prepayments & accrued income	168	-	168	153
	1,311	612	1,923	1,728

Charity debtors

Trade debtors	664	612	1,276	1,165
Loans to overseas programmes	79	-	79	89
Amounts owed by Options Consultancy Services Limited	50	-	50	54
Other debtors	30	-	30	30
Prepayments & accrued income	166	-	166	149
	989	612	1,601	1,487

Amounts repayable after more than one year are £69,167 (1997: £79,167) included in loans to overseas programmes and £50,000 (1997: £50,000) included in amounts owed by Options Consultancy Services Limited.

Marie Stopes International Group

Notes to the Financial Statements for the year ended 31 December 1998

12 Creditors	Unrestricted Funds	Restricted Funds	Total 1998	Total 1997
	£'000	£'000	£'000	£'000

a) Amounts falling due within one year

Group creditors

Bank & other loans	262	-	262	272
Bank overdrafts	25	-	25	17
Trade creditors	697	-	697	327
Corporation tax	14	-	14	8
Other taxes & social security	140	-	140	133
Accruals & deferred income	612	-	612	440
	<u>1,750</u>	<u>-</u>	<u>1,750</u>	<u>1,197</u>

Charity creditors

Bank & other loans	262	-	262	272
Trade creditors	534	-	534	276
Other taxes & social security	131	-	131	120
Accruals & deferred income	472	-	472	335
	<u>1,399</u>	<u>-</u>	<u>1,399</u>	<u>1,003</u>

b) Amounts falling due after more than one year

Bank & other loans	<u>629</u>	<u>1,002</u>
--------------------	------------	--------------

13 Loans

Group and charity

	1998	1997
	£'000	£'000
Bank loans	752	947
Other loans	139	327
	<u>891</u>	<u>1,274</u>

Marie Stopes International Group

Notes to the Financial Statements for the year ended 31 December 1998

13 Loans (continued)

Group and charity

	1998 £'000	1997 £'000
Amounts repayable:		
In one year or less or on demand	262	272
Between one & two years	237	267
Between two & five years	364	568
	863	1,107
In five years or more	28	167
	891	1,274
Amounts repayable by instalments any of which fall for payment after five years:		
Instalments payable within five years	333	562
Instalments payable after five years	28	167
	361	729
Interest rates applicable to loans outstanding at the year end are as follows:		
Bank loans:		
1.5% above bank base rate	361	428
1.75% above bank base rate	134	218
1.25% above bank base rate, with 2% reduction in bank base rate for the first year	257	301
	752	947
Other loans:		
Fixed rate at 9.0% per annum	-	37
Fixed rate at 9.5% per annum	139	290
	139	327

The bank loans are secured on the charity's freehold properties and by way of a floating charge over the assets of the charity. The other loans are unsecured loans from DKT International, a company incorporated in the USA, in which Mr PD Harvey and Dr TRL Black are directors.

Notes to the Financial Statements for the year ended 31 December 1998

14 Restricted funds

	At 1 Jan 1998 £'000	Net movement £'000	At 31 Dec 1998 £'000
Africa & Arab World			
Egypt	141	(116)	25
Ethiopia	55	(29)	26
Kenya	4	(4)	-
Madagascar	129	(125)	4
Malawi	1	(1)	-
Mozambique	93	(91)	2
Sierra Leone	13	-	13
South Africa	2	(2)	-
Syria	11	1	12
Uganda	19	22	41
Yemen	168	41	209
Zimbabwe	6	32	38
Training, research & development	2	45	47
Asia			
Bangladesh	39	(15)	24
Cambodia	3	37	40
India	175	96	271
Indonesia	30	(7)	23
Myanmar	4	(4)	-
Nepal	120	(57)	63
Pakistan	10	306	316
Philippines	41	(22)	19
Sri Lanka	2	(1)	1
Vietnam	60	176	236
Training, research & development	4	1	5
Europe			
Former Yugoslavia	132	(122)	10
Latin America			
Bolivia	140	(77)	63
Honduras	20	3	23
Nicaragua	2	1	3
Peru	3	68	71
Cross-regional			
Advocacy	68	136	204
Refugees & Internally Displaced People	38	65	103
Social Marketing	198	346	544
Training, research & development	74	22	96
	1,807	725	2,532

Notes to the Financial Statements for the year ended 31 December 1998

15 Accumulated funds

Group funds	General reserves £'000	Contingency reserves £'000	Revaluation reserves £'000	Restricted reserves £'000
At 1 January 1998	5,637	447	3,271	1,807
Net incoming resources before transfers	355	-	-	-
Transfers:				
Movement in contingency provision	(520)	520	-	-
Contributions to overheads	875	-	-	(875)
Specific donations:				
Received	-	-	-	9,798
Disbursements for overseas programmes	-	-	-	(8,198)
At 31 December 1998	6,347	967	3,271	2,532
Charity funds				
At 1 January 1998	5,585	447	3,271	1,807
Net incoming resources before transfers	307	-	-	-
Transfers:				
Movement in contingency provision	(520)	520	-	-
Contributions to overheads	875	-	-	(875)
Specific donations:				
Received	-	-	-	9,798
Disbursements for overseas programmes	-	-	-	(8,198)
At 31 December 1998	6,247	967	3,271	2,532

Notes to the Financial Statements for the year ended 31 December 1998

16 Reconciliation of net incoming resources to net cash inflow from operating activities

	1998 £'000	1997 £'000
Net incoming resources for the year	1,955	1,609
Investment income	(292)	(186)
Interest payable	106	128
Exchange (gain) / loss	(23)	28
Depreciation	943	665
Tax payable	14	8
Decrease/(increase) in stocks	(53)	4
Decrease/(increase) in debtors	(195)	(4)
Increase/(decrease) in creditors	555	87
Net cash inflow from operating activities	<u>3,010</u>	<u>2,339</u>

17 Reconciliation of net cash flow to movement in net funds

	1998 £'000	1997 £'000
Increase in cash in the period	1,143	1,216
Exchange gain/(loss)	23	(28)
Repayment of loans	381	265
	<u>1,547</u>	<u>1,453</u>
Net funds at 1 January 1998	2,578	1,125
Net funds at 31 December 1998	<u>4,125</u>	<u>2,578</u>

18 Analysis of changes in net funds as shown in the balance sheet

	At 1 Jan 1998 £'000	Cash flows £'000	Other changes £'000	At 31 Dec 1998 £'000
Cash at bank & in hand	3,869	1,151	21	5,041
Bank overdrafts	(17)	(8)	-	(25)
	<u>3,852</u>	<u>1,143</u>	<u>21</u>	<u>5,016</u>
Debt due within one year	(272)	381	(371)	(262)
Debt due after more than one year	(1,002)	-	373	(629)
	<u>2,578</u>	<u>1,524</u>	<u>23</u>	<u>4,125</u>

19 Taxation

Marie Stopes International has 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.

Notes to the Financial Statements for the year ended 31 December 1998

20 Financial commitments

a) Capital commitments

Capital commitments as at 31 December 1998 amounted to £129,000 (1997: £115,000)

b) Operating lease commitments

As at 31 December 1998 commitments for the following year under operating leases for land and buildings were as follows:

	Group £'000	Charity £'000
Expiring:		
Between one & two years	82	82
Between two & five years	11	11
In five years or more	82	82
	<u>175</u>	<u>175</u>

21 Contingent Liabilities

At 31 December 1998 the charity had given advance payment guarantees of £256,000 (1997:£256,000) to the Department for International Development in respect of projects in Malawi, US\$350,000 (1997:US\$350,000) to the Ministry of Health (Uganda) in respect of projects in Uganda and DM 350,000 (1997:DM 350,000) to Kreditanstalt fur Wiederaufbau for projects in Albania.

22 Transactions involving Trustees and Company Secretary

The charity receives an annual donation of US\$600,000 from DKT International, a company incorporated in the USA in which Mr PD Harvey (Trustee) and Dr TRL 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 charity paid £74,400 (1997: £65,500) to Dr TRL Black (Secretary) for the provision of consultancy and surgical services. The charity also paid £11,100 (1997: £10,500) to Mrs J Black, wife of Dr TRL Black (Secretary) for the provision of secretarial and administrative services.

23 Trusts and Companies

Marie Stopes International would like to thank the Eleanor Rathbone Trust for their support during 1998.