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Auditors

Chantrey Vellacott
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
Baroness Robson
Sir Charles Pereira
David W Logan
Baroness Flather
Dr 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)



Trustees' Annual Report

The Board of Trustees presents its report and the audited financial statements for the year ended 31 December 1997.

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 **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.
- 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.

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 which 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 charity can operate. As a company Marie Stopes International has a general investment power.

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

Trustees and their Statutory Responsibilities

The Trustees serving at 31 December 1997 are noted on page 1. None of the Trustees received any reimbursement of expenses during the year (1996: None). All of those listed served as Trustees throughout the year other than Dr Timothy Rutter, who was appointed on 16 September 1997. Baroness Seear, who died on 23 April 1997, and Baroness Gould, who resigned on 30 June 1997, also served as Trustees 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.

Results and Review of the Business

The net increase in funds for the financial year was £1,586,000 (1996: £222,000). The Trustees are pleased with the results for the year under review and they anticipate further growth in service delivery and profitability 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 7% to 172,000 in 1997, compared with 161,000 in 1996. Couple years of protection provided by Marie Stopes International's overseas partners rose by 11% to 2,085,000 in 1997, compared with 1,871,000 in 1996.

UK Developments & Results

Marie Stopes International's UK operations have continued to grow and develop throughout 1997 achieving an increase in income from £9,413,000 to £10,508,000, an increase of over 11%.

1997 saw the completion of six purpose built day units situated within existing clinics and a complete refurbishment of the operating theatre suite in one clinic. Marie Stopes International finally succeeded in obtaining approval to perform early termination of pregnancy procedures in small day centres without full operating theatre facilities in July 1997. This breakthrough allowed Marie Stopes International to meet an increase in demand for termination of pregnancy services of over 10%.

During 1997 MSI UK have opened four new pregnancy advice centres and three new vasectomy centres. These developments allow a more local service to be offered to many hundreds of men and women each year, allowing an improved service to reach a wider audience.

This process of local expansion has further developed relations between MSI UK and local Health Authorities, Trusts and fundholding GP's. In 1997 approximately 35% of income was derived from contract caseload.

Overseas Developments & Results

1997 has seen the overseas programmes division expand its activities into a number of new countries and into different types of projects. These have contributed to a 28% increase in grants receivable to £9,192,000 in 1997, from £7,139,000 in 1996.

A technical assistance project got underway in Cambodia, helping the Cambodian government to provide reproductive health services on a national scale. New clinic-based service delivery projects were funded in Mozambique, Yemen, Mongolia, Myanmar and a contraceptive social marketing project in Albania.

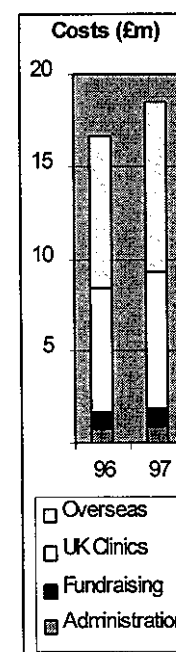
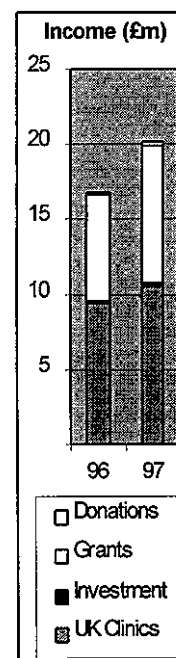
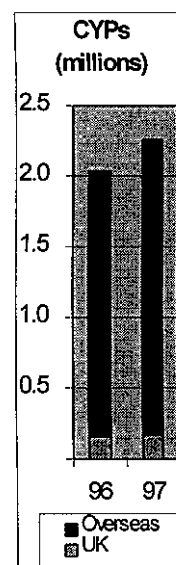
Great leaps forward have also been made in the year in existing projects. The contraceptive social marketing programme in Uganda achieved an impressive sales figure of 7 million condoms in its first full year. The clinic programme in Malawi increased its CYPs by 120% from 1996 to 1997, which means it now provides almost half of the contraceptives available in Malawi.

The emphasis placed by Marie Stopes International on focus, businesslike management and productivity has helped a number of our partner organisations towards sustainability. Eleven of Marie Stopes International's partners now cover more than 75% of their costs from local income.

Investment in fundraising and publicity in earlier years is beginning to pay off. Donations, legacies and gifts rose by 83% in the year from £113,000 in 1996 to £207,000 in 1997.

Marie Stopes International has also been successful in accessing new sources of funding - diversifying the donor base and so reducing reliance on a small number of donors. Grants from our two main funders - the Department for International Development and the European Union - formed 61% of total grants receivable in 1997, compared with 74% in 1996.

Careful management and a focus on cost control, across both the UK and the overseas programmes divisions, have ensured that the increases in incoming resources have not been mirrored by rising resources expended. Whilst total income has risen by 19% to £20,097,000, total costs have risen by only 12% to £18,511,000.



Marie Stopes International (Limited by Guarantee)

Subsidiaries

Options Consultancy Services Limited enjoyed continued expansion during 1997. While turnover was less than in 1996, due to a greater proportion of business from UK based work and long term overseas contracts, gross profit rose by 48%. Increased overheads were largely due to further investment in human resources, including the recruitment of a Technical Director. Previous investment in business development showed results in further diversification of the client base. Pre-tax profits rose by 82% and have been retained to facilitate future business development.

Brown Street Nurses Limited ceased to trade on 30 June 1997, following the decision of the Directors to wind up Brown Street Nurses Limited and transfer the company's activities to Marie Stopes International. In the final six months of trading, turnover for Brown Street Nurses reached £141,000, compared with £203,000 for the full year in 1996. The loss generated by the company was £2,000 in 1997 and £1,000 in 1996.

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.

1998 promises to be an exciting year for Marie Stopes International in the UK with wider regional development planned. New day centres will allow services to be offered at a local level, minimising the travel and inconvenience for all clients.

The activities of the clinics will be supported by the continued development of a series of clinical audits, the first of which was carried out late in 1997 and by continued review of the ISO 9002 Quality Management System. Standardisation of clinics to strengthen the Marie Stopes 'brand' in the UK and overseas is progressing and will continue to develop in the coming year.

Marie Stopes International will continue to seek new sources of funding for its overseas activities, in order to diversify further the donor base. It is also expected that increasing recognition of Marie Stopes International's experience and expertise around the globe will bring more opportunities for large scale projects.

New projects are planned for 1998 in Angola, Sudan, Lebanon, China, Mexico and Guatemala, in addition to the continued development of existing programmes.

Financial Position & Reserves

At 31 December 1997 Marie Stopes International's total funds amounted to £11,110,000, including funds restricted for overseas projects of £1,807,000.

£447,000 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 £5,585,000 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 1j of these accounts for Marie Stopes International's reserves policy.

Fixed Assets

Marie Stopes International invested £50,000 in the purchase of shares in its subsidiary, Options Consultancy Services Limited, during the year.

Investment in alterations to freehold properties continued in the year, giving rise to additions to fixed assets of £724,000. The expenditure relates primarily to the improvement of UK clinics to create day care facilities.

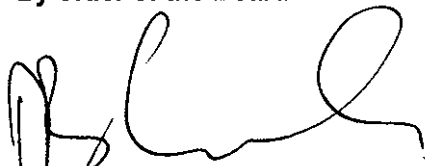
Details of movements in fixed assets during the year are given in note 8 to the financial statements.

Auditors

During the year Somers Baker Prince Kurz resigned as auditors and Chantrey Vellacott were appointed in their place.

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

By order of the Board



Dr TRL Black
Secretary

Date: 19 June 1998

Marie Stopes International (Limited by Guarantee)

Auditors Report to the Trustees of Marie Stopes International

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

On [date] 1998 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 1997 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 subsidiaries as at 31 December 1997 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

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

19 June 1998

Marie Stopes International (Limited by Guarantee)

Income and Expenditure Account and Statement of Financial Activities for the year ended 31 December 1997

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 1997 £'000	As Restated 1996 £'000
Incoming Resources					
Donations, legacies and gifts	2a	207	-	207	113
Grants receivable	2b	-	9,192	9,192	7,139
Investment income	2c	190	-	190	156
Income from trade in furtherance of the objects of the charity	2d	10,508	-	10,508	9,413
Total Incoming Resources		10,905	9,192	20,097	16,821
Resources Expended					
Direct charitable expenditure:					
Disbursements for overseas programmes	3a	232	7,926	8,158	7,264
Overseas programmes support costs	3b	1,044	-	1,044	939
UK programme costs	3c	7,446	-	7,446	6,745
		8,722	7,926	16,648	14,948
Other expenditure:					
Fundraising and publicity	4a	1,014	-	1,014	878
Management and administration of the charity	4b	849	-	849	738
		1,863	-	1,863	1,616
Total Resources Expended	5	10,585	7,926	18,511	16,564
Net Incoming Resources Before Transfers		320	1,266	1,586	257
Transfers between funds	15	827	(827)	-	-
Net Incoming Resources for the year		1,147	439	1,586	257
Other Recognised Gains and Losses					
Unrealised loss on investment assets		-	-	-	(35)
Net Movement in Funds		1,147	439	1,586	222
Fund Balances brought forward at 1 January 1997	15	8,156	1,368	9,524	9,302
Fund Balances carried forward at 31 December 1997	15	9,303	1,807	11,110	9,524

The notes on pages 10 to 24 form part of these financial statements.

Marie Stopes International (Limited by Guarantee)

**Note of Historical Cost Profits and Losses
for the year ended 31 December 1997**

	Unrestricted Funds 1997 £'000	As Restated Unrestricted Funds 1996 £'000
Net movement in unrestricted funds for the year	1,147	937
Revaluation deficit crystallised on disposal of properties	-	(219)
Surplus on ordinary activities for the year	1,147	718
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	218	252
Historical cost surplus on ordinary activities for the year	1,365	970

The notes on pages 10 to 24 form part of these financial statements.

Marie Stopes International (Limited by Guarantee)

Balance Sheet at 31 December 1997

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 1997 £'000	As Restated 1996 £'000
Fixed Assets					
Tangible assets	8	7,648	-	7,648	7,403
Investments	9a	50	-	50	-
		<u>7,698</u>	<u>-</u>	<u>7,698</u>	<u>7,403</u>
Current Assets					
Stocks and work in progress	10	59	-	59	59
Debtors	11	1,021	466	1,487	1,436
Short term investments	9b	3	-	3	3
Cash at bank and in hand		2,527	1,341	3,868	2,732
		<u>3,610</u>	<u>1,807</u>	<u>5,417</u>	<u>4,230</u>
Creditors: amounts falling due within one year	12a	1,003	-	1,003	868
Net Current Assets		<u>2,607</u>	<u>1,807</u>	<u>4,414</u>	<u>3,362</u>
Total Assets less Current Liabilities		<u>10,305</u>	<u>1,807</u>	<u>12,112</u>	<u>10,765</u>
Creditors: amounts falling due after more than one year	12b	1,002	-	1,002	1,241
Net Assets		<u>9,303</u>	<u>1,807</u>	<u>11,110</u>	<u>9,524</u>
Unrestricted Funds					
General reserves	15	5,585	-	5,585	4,182
Designated funds - contingency reserve	15	447	-	447	703
Capital fund - revaluation reserve	15	3,271	-	3,271	3,271
		<u>9,303</u>	<u>-</u>	<u>9,303</u>	<u>8,156</u>
Restricted Funds					
Specific reserves	14/15	-	1,807	1,807	1,368
		<u>9,303</u>	<u>1,807</u>	<u>11,110</u>	<u>9,524</u>

Approved by the Board of Trustees on 19 June 1998
and signed on its behalf by

E W Stanford

E W STANFORD *Chairman*

The notes on pages 10 to 24 form part of these financial statements.

Marie Stopes International (Limited by Guarantee)

Cashflow Statement for the year ended 31 December 1997

		1997	As Restated
	Note	£'000	1996
			£'000
Net Cash Inflow from Operating Activities	16	2,293	789
Returns on Investments and Servicing of Finance			
Interest received		145	110
Interest paid		(120)	(137)
Rent received		37	6
Sundry income		8	-
Net Cash Inflow/(Outflow) for Returns on Investments and Servicing of Finance		70	(21)
Capital Expenditure and Financial Investment			
Purchase of shares in subsidiary		(50)	-
Purchase of tangible fixed assets		(903)	(757)
Proceeds from sale of tangible fixed assets		-	574
Net Cash Outflow for Capital Expenditure and Financial Investment		(953)	(183)
Net Cash Inflow before Financing		1,410	585
Financing			
Repayment of loans		(265)	(374)
Net Cash Outflow for Financing		(265)	(374)
Increase in cash	17/18	1,145	211

The notes on pages 10 to 24 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 December 1997

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 applicable Accounting Standards, the Statement of Recommended Practice on Accounting by Charities and the Charities Act 1993.

The principal accounting policies adopted are as follows:

a) Income

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

b) 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.

c) 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.

d) 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.

e) 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.

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.

Notes to the Financial Statements for the year ended 31 December 1997

1 Accounting Policies (continued)

f) **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

g) **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.

h) **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.

i) **Goodwill**

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

j) **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 (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

2 Incoming resources	Unrestricted Funds £'000	Restricted Funds £'000	Total 1997 £'000	As Restated 1996 £'000
a) Donations, legacies and gifts				
Discretionary income raised by campaigns from:				
Trusts & foundations	137	-	137	58
Direct Mail	29	-	29	33
Covenants	10	-	10	12
Other	29	-	29	8
	<u>205</u>	<u>-</u>	<u>205</u>	<u>111</u>
Donations received at UK clinics	2	-	2	2
	<u>207</u>	<u>-</u>	<u>207</u>	<u>113</u>
b) Grants receivable				
Department for International Development	-	4,114	4,114	3,067
European Union	-	1,534	1,534	2,243
United Nations	-	475	475	146
Kreditanstalt für Wiederaufbau	-	817	817	96
Finnish Foreign Affairs Ministry	-	11	11	-
Romanian Ministry of Health	-	7	7	-
National Lottery	-	29	29	-
UK trusts & foundations	-	879	879	691
Offshore trusts & foundations	-	1,313	1,313	882
Other	-	13	13	14
	<u>-</u>	<u>9,192</u>	<u>9,192</u>	<u>7,139</u>
c) Investment income				
Bank interest receivable	141	-	141	105
Interest receivable from subsidiary	4	-	4	5
Rent receivable	37	-	37	6
Exchange gains	-	-	-	40
Sundry income	8	-	8	-
	<u>190</u>	<u>-</u>	<u>190</u>	<u>156</u>
d) Trade in furtherance of the objects of the charity				
Provision of family planning services in the UK	10,697	-	10,697	9,554
Fees waived	(189)	-	(189)	(141)
	<u>10,508</u>	<u>-</u>	<u>10,508</u>	<u>9,413</u>

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

3	Direct charitable expenditure	Unrestricted Funds £'000	Restricted Funds £'000	Total 1997 £'000	As Restated 1996 £'000
a)	Disbursements for overseas programmes				
	Africa & Arab World				
	Ethiopia	-	224	224	56
	Kenya	35	80	115	379
	Madagascar	-	150	150	46
	Malawi	-	1,857	1,857	1,352
	Mozambique	-	9	9	-
	Sierra Leone	25	55	80	256
	South Africa	98	191	289	82
	Syria	1	-	1	-
	Tanzania	16	348	364	301
	Uganda	11	149	160	217
	West Bank	-	222	222	34
	Yemen	8	1	9	-
	Zimbabwe	10	130	140	117
	Training, research & development	31	26	57	38
	Asia				
	Bangladesh	-	542	542	555
	Cambodia	-	277	277	-
	India	2	818	820	441
	Indonesia	-	30	30	123
	Mongolia	-	56	56	-
	Myanmar	-	74	74	-
	Nepal	2	198	200	180
	Pakistan	-	154	154	205
	Philippines	-	333	333	273
	Sri Lanka	-	199	199	439
	Vietnam	-	141	141	69
	Training, research & development	4	29	33	23
	Europe				
	Former Yugoslavia	(69)	350	281	1,093
	Romania	-	11	11	6
	Training, research & development	2	-	2	-
	Latin America				
	Bolivia	9	24	33	150
	Haiti	4	9	13	2
	Honduras	-	104	104	67
	Nicaragua	39	119	158	287
	Peru	1	135	136	122
	Training, research & development	1	16	17	6
	Cross-regional				
	Advocacy	-	145	145	87
	Refugees & Internally Displaced People	-	17	17	33
	Social Marketing	2	630	632	214
	Training, research & development	-	73	73	11
		232	7,926	8,158	7,264

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

3	Direct charitable expenditure (continued)	As Restated	
		1997 £'000	1996 £'000
	Disbursements for overseas programmes include the following payments disclosed separately in accordance with the requirements of the donor.		
	Funded by Department for International Development		
	Madagascar Institutional Strengthening	12	-
	Malawi Clinics Expansion	1,903	1,432
	Mozambique Reproductive Health for Refugees	12	-
	Sierra Leone Male Awareness	-	42
	Sierra Leone Refugees	-	3
	Sierra Leone Maternal and Child Health	-	27
	Sierra Leone Institutional Strengthening	43	57
	Tanzania Institutional Strengthening	72	45
	Zimbabwe Institutional Strengthening	39	79
	Bosnia Reproductive Healthcare	-	4
	Bosnia Counselling - Phase 2	-	16
	Bosnia Counselling - Phase 3	-	1
	Bosnia Kupljensko Reproductive Healthcare	-	16
	Bangladesh Reproductive Healthcare	539	592
	Bangladesh Refugees	-	7
	India Reproductive Health Education	84	100
	India Reproductive Health in Orissa	570	-
	India Condoms	-	103
	Nepal Family Planning Clinic	9	58
	Pakistan Baluchistan Research	-	25
	Pakistan Community Based Distribution	45	108
	Philippines Mobile Outreach	120	188
	Philippines Franchising Feasibility Study	26	-
	Sri Lanka Mahaweli Clinic	-	69
	Sri Lanka Refugees	193	341
	Vietnam Disaster Fund	-	9
	Nicaragua Community Based Family Planning	59	80
	Nicaragua Institutional Strengthening	9	29
	Peru Clinic	140	137
	Franchising Blueprint	-	15
	Ghana Social Marketing	-	4
	Kenya Social Marketing	-	7
	Uganda Social Marketing	25	22
	Albania Feasibility Study	-	4
		3,900	3,620
	Funded by National Lottery		
	Zimbabwe 2 Clinics	26	-

Notes to the Financial Statements for the year ended 31 December 1997

3	Direct charitable expenditure (continued)	As Restated	
		1997 £'000	1996 £'000
	Funded by United Nations		
	State of the World Population Report	4	1
	Guide to EU Funding	-	14
	Advocacy - Parliamentarians	5	18
	Advocacy - European Public	3	-
	Bosnia Refugees	56	110
	Mongolia Clinic	55	-
	Haiti Technical Assistance	9	-
	Cambodia Reproductive Health	150	-
	Cambodia Ministry of Women's Affairs	127	-
		409	143

	Unrestricted Funds £'000	Restricted Funds £'000	Total 1997 £'000	As Restated 1996 £'000
b) Overseas programmes support costs				
Technical assistance & monitoring costs	815	-	815	749
Consultancy	23	-	23	11
Literature	12	-	12	7
Office costs	194	-	194	172
	1,044	-	1,044	939

c) UK programme costs				
Provision of family planning services	7,446	-	7,446	6,745
	7,446	-	7,446	6,745

4 Other expenditure

a) Fundraising and publicity				
UK marketing & advertising	554	-	554	526
Fundraising	437	-	437	342
Overseas programmes press & publicity	23	-	23	10
	1,014	-	1,014	878

b) Management and administration of the charity				
Salaries & office costs	827	-	827	707
Audit fee	22	-	22	26
Auditors' remuneration for other services	-	-	-	5
	849	-	849	738

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

5 Total resources expended

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total 1997 £'000	As Restated 1996 £'000
Disbursements for overseas programmes	-	-	8,158	8,158	7,264
Overseas programme support costs	686	43	315	1,044	939
UK programme costs	2,791	535	4,120	7,446	6,745
Fundraising & publicity	257	21	736	1,014	878
Management & administration	456	59	334	849	738
	4,190	658	13,663	18,511	16,564

Staff costs:

Wages & salaries	3,803	3,405
Social security costs	349	325
Employer's pension contributions	38	29
	4,190	3,759

Other costs:

Disbursements for overseas programmes	8,158	7,264
Medical costs	2,922	2,658
Operating leases - land & buildings	114	100
Premises costs	624	580
Equipment rental	11	4
Marketing, fundraising & publicity	714	603
Bank & loan charges & interest	185	210
Legal & professional fees	192	168
Audit fees	22	31
Office costs	721	664
Gain on disposal of fixed assets	-	(107)
	13,663	12,175

The average number of employees analysed by function was:

Trustees	7	8
UK services	176	176
Overseas programmes support	34	29
Fundraising & publicity	10	8
Management & administration	10	8
	237	229

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

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

6 Directors' emoluments

None of the directors received any emoluments during the year (1996: None).

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

7	Interest payable and similar charges	As Restated	
		1997 £'000	1996 £'000
	Bank loans & overdrafts	85	94
	Other loans wholly repayable within five years	35	8
	Other loans not wholly repayable within five years	-	35
		120	137

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.

	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 1.1.97	7,738	100	591	366	419	27	9,241
Additions	724	28	59	25	67	-	903
At 31.12.97	8,462	128	650	391	486	27	10,144
Depreciation							
At 1.1.97	780	20	477	224	325	12	1,838
Charge for the year	450	29	59	48	66	6	658
At 31.12.97	1,230	49	536	272	391	18	2,496
Net book value							
At 31.12.97	7,232	79	114	119	95	9	7,648
At 31.12.96	6,958	80	114	142	94	15	7,403

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

8 Tangible fixed assets (continued)

The net book value at 31 December 1997 represents fixed assets used for:

	£'000
Direct charitable purposes	
UK programme	6,361
Overseas programme support office	504
	<u>6,865</u>
Other purposes	
Fundraising & publicity	252
Management & administration of the charity	531
	<u>7,648</u>

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

	1997	As Restated 1996
	£'000	£'000
Cost	5,795	5,094
Accumulated depreciation	(1,423)	(1,370)
Net book value	<u>4,372</u>	<u>3,724</u>

9 Investments

	1997	As Restated 1996
	£'000	£'000
a) Fixed asset investments		
Investment in subsidiary companies at cost:		
99 ordinary shares - Brown Street Nurses Limited	-	-
50,100 (1996: 100) ordinary shares - Options Consultancy Services Limited	50	-
	<u>50</u>	<u>-</u>

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

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

Brown Street Nurses Limited	-	2
Options Consultancy Services Limited	102	27

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

9 Investments (continued)

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

	1997 Capital & reserves £'000	Profit/(loss) for the year £'000	As Restated 1996 Capital & reserves £'000	Profit/(loss) for the year £'000
Brown Street Nurses Limited	-	(2)	2	(2)
Options Consultancy Services Limited	102	25	27	13

b) Current asset investments	1997 £'000	As Restated 1996 £'000
Listed investments at valuation at 1.1.97 and 31.12.97	3	3

10 Stocks and work in progress

Medical supplies, drugs & family planning requisites	59	59
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11 Debtors	Unrestricted Funds £'000	Restricted Funds £'000	Total 1997 £'000	As Restated 1996 £'000
Trade debtors	699	466	1,165	1,260
Loans to overseas programmes	89	-	89	49
Amounts owed by Options Consultancy Services Limited	54	-	54	-
Other debtors	30	-	30	16
Prepayments & accrued income	149	-	149	111
	1,021	466	1,487	1,436

Amounts repayable after more than one year are £79,167 (1996: £39,166) included in loans to overseas programmes and £50,000 (1996: £nil) included in amounts owed by Options Consultancy Services Limited.

12 Creditors	Unrestricted Funds £'000	Restricted Funds £'000	Total 1997 £'000	As Restated 1996 £'000
a) Amounts falling due within one year				
Bank & other loans	272	-	272	279
Trade creditors	276	-	276	248
Other taxes and social security	120	-	120	98
Accruals & deferred income	335	-	335	243
	1,003	-	1,003	868

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

		As Restated	
		1997	1996
		£'000	£'000
12 Creditors			
b) Amounts falling due after more than one year			
Bank & other loans		<u>1,002</u>	<u>1,241</u>
13 Loans			
Bank loans		947	1,137
Other loans		327	383
		<u>1,274</u>	<u>1,520</u>
Amounts repayable:			
In one year or less or on demand		272	279
Between one & two years		267	287
Between two & five years		568	698
		<u>1,107</u>	<u>1,264</u>
In five years or more		167	256
		<u>1,274</u>	<u>1,520</u>
Amounts repayable by instalments any of which fall for payment after five years:			
Instalments payable within five years		562	733
Instalments payable after five years		167	256
		<u>729</u>	<u>989</u>
Interest rates applicable to loans outstanding at the year end are as follows:			
Bank loans:			
1.5% above bank base rate		428	495
1.75% above bank base rate		218	302
1.25% above bank base rate, with 2% reduction in bank base rate for the first year		301	340
		<u>947</u>	<u>1,137</u>
Other loans:			
Fixed rate at 9.0% per annum		37	58
Fixed rate at 9.5% per annum		290	325
		<u>327</u>	<u>383</u>

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 1997

14 Restricted funds	As Restated At 1 Jan 1997 £'000	Net movement £'000	At 31 Dec 1997 £'000
Africa & Arab World			
Egypt	149	(8)	141
Ethiopia	167	(112)	55
Kenya	1	3	4
Madagascar	11	118	129
Malawi	39	(38)	1
Mozambique	-	93	93
Sierra Leone	4	9	13
South Africa	94	(92)	2
Syria	-	11	11
Tanzania	3	(3)	-
Uganda	56	(37)	19
West Bank	224	(224)	-
Yemen	-	168	168
Zimbabwe	53	(47)	6
Training, research & development	24	(22)	2
Asia			
Bangladesh	29	10	39
Cambodia	-	3	3
India	19	156	175
Indonesia	16	14	30
Myanmar	-	4	4
Nepal	19	101	120
Pakistan	16	(6)	10
Philippines	62	(21)	41
Sri Lanka	-	2	2
Vietnam	13	47	60
Training, research & development	3	1	4
Europe			
Former Yugoslavia	11	121	132
Romania	2	(2)	-
Latin America			
Bolivia	71	69	140
Honduras	31	(11)	20
Nicaragua	23	(21)	2
Peru	8	(5)	3
Cross-regional			
Advocacy	102	(34)	68
Refugees & Internally Displaced People	71	(33)	38
Social Marketing	-	198	198
Training, research & development	47	27	74
	1,368	439	1,807

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

15 Accumulated funds

	General reserves £'000	Contingency reserves £'000	Revaluation reserves £'000	Restricted reserves £'000
At 1 January 1997, as previously reported	4,182	703	3,271	2,088
Prior year adjustment (note 23)	-	-	-	(720)
As restated	4,182	703	3,271	1,368
Net incoming resources before transfers	320	-	-	-
Transfers:				
Movement in contingency provision	256	(256)	-	-
Contributions to overheads	827	-	-	(827)
Specific donations:				
Received	-	-	-	9,192
Disbursements for overseas programmes	-	-	-	(7,926)
At 31 December 1997	5,585	447	3,271	1,807

	1997 £'000	As Restated 1996 £'000
16 Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources for the year	1,586	257
Investment income	(190)	(156)
Interest payable	120	137
Exchange losses	28	-
Depreciation	658	630
(Gain)/loss on disposal of tangible fixed assets	-	(107)
Decrease/(increase) in stocks	-	(6)
Decrease/(increase) in debtors	(51)	207
Increase/(decrease) in creditors	142	(173)
Net cash inflow from operating activities	2,293	789

	1997 £'000	As Restated 1996 £'000
17 Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period	1,145	211
Exchange (loss)/gain	(28)	40
Repayment of loans	265	374
	1,382	625
Net funds at 1 January 1997	1,212	587
Net funds at 31 December 1997	2,594	1,212

Marie Stopes International (Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 December 1997

18	Analysis of changes in net funds as shown in the balance sheet	As Restated			
		At 1 Jan 1997 £'000	Cash flows £'000	Other changes £'000	At 31 Dec 1997 £'000
	Cash at bank & in hand	2,732	1,145	(9)	3,868
		<u>2,732</u>	<u>1,145</u>	<u>(9)</u>	<u>3,868</u>
	Debt due within one year	(279)	265	(258)	(272)
	Debt due after more than one year	(1,241)	-	239	(1,002)
		<u>1,212</u>	<u>1,410</u>	<u>(28)</u>	<u>2,594</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.

20 Financial commitments

a) Capital commitments

Capital commitments as at 31 December 1997 amounted to £115,000 (1996: £76,000)

b) Operating lease commitments

As at 31 December 1997 commitments for the following year under operating leases for land and buildings were as follows:

	£'000
Expiring:	
Between two & five years	82
In five years or more	48
	<u>130</u>

21 Contingent liabilities

At 31 December 1997 the charity had given advance payment guarantees of £256,000 (1996: £256,000) to the Department for International Development in respect of projects in Malawi, US\$350,000 (1996: US\$350,000) to the Ministry of Health (Uganda) in respect of projects in Uganda and DM 350,000 (1996: Nil) to Kreditanstalt für Wiederaufbau for projects in Albania.

Notes to the Financial Statements for the year ended 31 December 1997

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 £65,500 (1996: £70,000) to Dr TRL Black (Secretary) for the provision of consultancy and surgical services. The company also paid £10,500 (1996: £10,000) to Mrs J Black, wife of Dr TRL Black (Secretary) for the provision of secretarial and administrative services.

23 Prior Year Adjustment

In previous years, the charity's policy has been to include certain funds held overseas at the year end by overseas partner programmes in the balance sheet as an asset of the charity.

The Trustees have reconsidered this policy in 1997 and believe it is more appropriate to allocate funds remitted to overseas programmes to the Income and Expenditure Account at the time that these funds are transferred overseas. This treatment has been adopted in the preparation of these financial statements and comparative figures have been restated accordingly.

In restating the results for the year ended 31 December 1996, £720,000 has been debited to the Income and Expenditure Account for that year and fund balances carried forward at 31 December 1996 have decreased by this amount. On the Balance Sheet, the values of trade debtors and trade creditors at 31 December 1996 have been reduced by £734,000 and £14,000 respectively.