



Annual Report and Financial Statements

For the year ended
31 March 2013



This is the Annual Report and Financial Statements 2012/13 of Voluntary Service Overseas, a company limited by guarantee with registered company number 703509 and registered charity number 313757. Throughout this Annual Report, Voluntary Service Overseas is referred to as 'VSO'.

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Thank you	68



Bring VSO's work to life:

1. Download the free Layar app from www.layar.com/download
2. Look for pages with the icon
3. Open the Layar app, scan the page and see VSO's work brought to life.

In our efforts to maintain and improve our accountability to stakeholders, we have taken steps in 2012/13 to increase the data quality relating to the depth and breadth of our work. We have improved processes around eliminating data that cannot be verified, and removing any double counting in reporting the number of people we reach. This is an ongoing process and we will work to keep improving data integrity when reporting on our work.

Cover image: Nimay Halder and Tripti Rani Nana, youth volunteers, assisting local farmer Bibek to adapt to climate change in Bangladesh.
©VSO/Simon Rawles

VSO at a glance

VSO is different to most organisations that fight poverty. We fight poverty through the lasting power of volunteering. We send doctors, midwives, teachers and other skilled professionals to work with communities worldwide, sharing knowledge and expertise to save lives and create positive change. Most importantly, this change continues long after the volunteers have returned home, and local people are empowered to lift themselves out of poverty. At VSO, we believe in finding lasting, sustainable solutions to fight poverty. We can only do this by working together.

VSO works with and supports partner organisations at every level of society, from government organisations at a national level to health and education facilities at a local level. In 2012/13 we supported 725 partners across our six development goal areas of education, health, HIV and AIDS, secure livelihoods, participation and governance, and disability. This was achieved through a range of interventions including international volunteers, national volunteers, youth volunteers, small grants and international study tours.

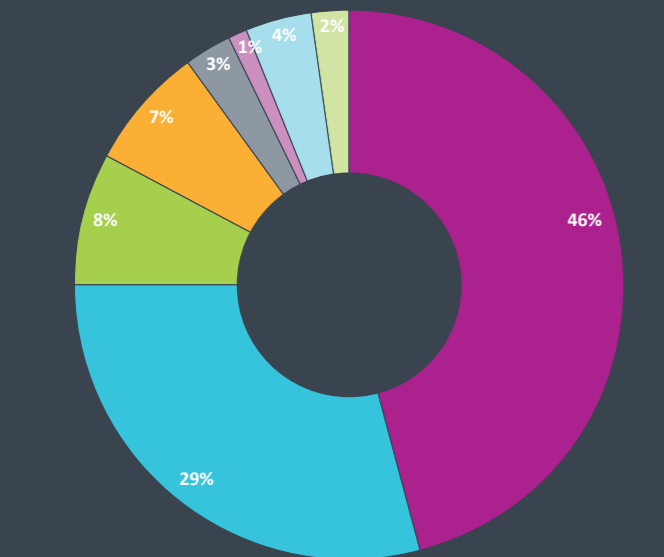
Where we work

VSO international volunteers can be of any nationality, but applications are currently managed by one of eight recruitment bases: **China, India, Indonesia, Ireland, Kenya, Netherlands, Philippines** and the **UK**.

We have programmes in the following countries: **Bangladesh, Burkina Faso, Cambodia, Cameroon, China, Ethiopia, Gambia, Ghana, India, Indonesia, Kenya, Laos, Lesotho, Malawi, Mongolia, Mozambique, Namibia, Nepal, Nigeria, Pakistan, Philippines, Papua New Guinea, Rwanda, Sierra Leone, South Africa, South Sudan, Sri Lanka, Tajikistan, Tanzania, Thailand/Myanmar, Uganda, Vanuatu, Zambia, Zimbabwe.**

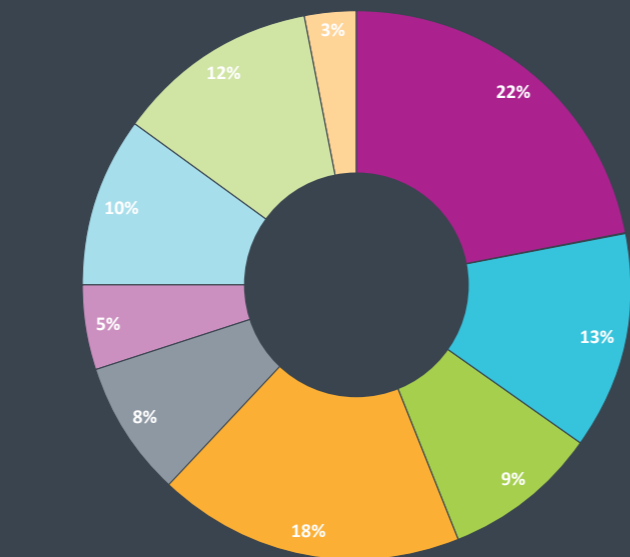


Income 2012/13



- DFID core grant
- Other governmental income
- Other charitable organisations
- Individuals
- Companies
- Trusts and foundations
- Other grants and donations
- Events and community

Expenditure 2012/13



- Education
- Health
- HIV and AIDS
- Secure livelihoods
- Participation and governance
- Disability
- Payments to ICS partners
- Fundraising
- Governance costs



Lucy and her mother Natalia. Turn to page 23 to find out more about how VSO helped Lucy, a 9-year-old disabled girl, attend school and actively participate in the classroom.



See Misi's story

"I wouldn't be around now, I'd be dead... that's the truth, I got the treatment, extra care and support from Dr Simon... now every time I see him or think of him, I take him to be my real father, as I have no parents." Misi, a tuberculosis (TB) survivor from Uganda, describes the difference that VSO volunteer Dr Simon Blankley made to his life.

Chair and Chief Executive's introduction: VSO is changing...

As VSO celebrates 55 years of working through volunteers to fight poverty, it is a good time to look back at our achievements and also forward to a challenging, but exciting, future.

The world today is different to the world of 1958. Globally, life expectancy and literacy rates have risen, infant mortality has dropped, and the number of those living in extreme poverty has halved – well ahead of the 2015 Millennium Development Goal target. But, despite these important steps forward, there are still significant issues: many women face discrimination and violence on a daily basis; 2.5 billion people still lack access to adequate sanitation facilities; and climate change is driving food prices even further out of the reach of the poorest families.

So, although our vision of working through volunteers towards a **world without poverty** has never changed, the way we approach this has evolved – and will continue to do so as our world keeps changing.

We are proud of our successes this year and we're continually committed to learning from, and improving, our development work and impact. Together with our supporters, partners and donors, last year VSO reached over nine million people. We helped over two million children, including 20,000 disabled children, to get the education they deserve. Our volunteers trained over 12,000 health professionals, and reached over three million people by providing HIV and AIDS support.



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A changing funding model

Over the last three years we have actively sought to change the way that we are funded, moving from an organisation that is predominantly funded with a core unrestricted grant from the UK Department for International Development (DFID), to one that relies more on a diverse range of restricted funding from other donors.

Between 2011/12 and 2012/13 our overall income grew, despite a fall in our DFID core grant of £4 million. This is partly as a result of increased investment in our UK and Federation-wide Individual Giving Programmes. During the last 12 months we recruited an extra 38,000 donors overall, of which 20,000 came from the UK.

Cost effectiveness

As you will see through this report we have also embarked on a number of internal efficiency programmes to ensure that as much as possible of the money given to us by supporters and donors is directed to our development work. While this is not new, we have had a particular focus over the past two years on looking at new and innovative ways of working. We are on track to reduce overhead costs as a proportion of our total expenditure by at least 30% between 2010/11 and 2013/14.

Quality programming and evidencing our impact

As for many other organisations in our sector, 2012/13 was a challenging year for VSO. Our local partner organisations are becoming more sophisticated in their work, demanding more highly skilled volunteers and more innovative ways of supporting people-centred development. We are called to work in increasingly fragile and difficult places – in 2012/13 we increased our presence in South Sudan and northern Uganda, and our international volunteers went to Pakistan for the first time in three years. We are also reconfiguring our presence in the key emerging economies of China and India.

In this challenging context, donors are requiring more robust information in order to measure the impact VSO is having on those that we work with. During 2012/13 we commissioned an independent progress review of our work, looking at the quality and measurability of our programmes across a wide breadth of our interventions. The findings acknowledged the quality of VSO's work and highlighted areas where we excel; they also emphasised the need for us to better demonstrate impact and evidence our results. We have taken these findings very seriously and have set up a structured programme of change and improvement, looking at the consistency of our programme quality and effectiveness, as well as improving our monitoring and evaluation processes. Our approach is to build on what we have, and to search out and strengthen areas that can be improved.

Breadth of volunteering support

A commitment of our *People First* strategy is to offer our partners an increasing range of support, enabling us to respond flexibly to different needs at a local level. A key example of this is our role in supporting youth volunteering. We have just successfully completed the first year of a three-year £55 million contract from DFID for the International Citizen Service (ICS) youth programme. Leading a consortium that will eventually send 7,000 youth volunteers from the UK, partnered with 7,000 local volunteers, we are ensuring that young people worldwide are able to play an active and worthwhile role in their own future.

We are also placing stronger emphasis on national volunteering programmes, our advocacy work to create a stronger civil society, and our partnerships with the private sector. Our work with Mondelēz International in Ghana is an inspiring example of how businesses and NGOs can work together with community groups and the local government, using people from all parties to bring alive a shared vision of thriving cocoa-farming communities – find out more on page 30.

While these innovations are exciting, our cohort of international volunteers – mostly mid-career professionals – remains a core part of our work. Building on our approach to offer opportunities to volunteers from the global south, we successfully began recruiting volunteers from South Africa, Zambia and Zimbabwe last year, to add to existing southern recruitment bases in China, India, Indonesia and Kenya.

Expanding where we recruit, and increasing and strengthening the broad range of volunteering, adds value to our work, provides the right type of support to those that need it, and brings more people together in the fight against poverty.

VSO is changing... whether it is changing lives or changing the way we adapt to the evolving needs of the world.

We couldn't do it without your support. Thank you.



Mari Simonen
Mari Simonen
VSO Chair



Marg Mayne
Marg Mayne
Chief Executive



A review of the finances

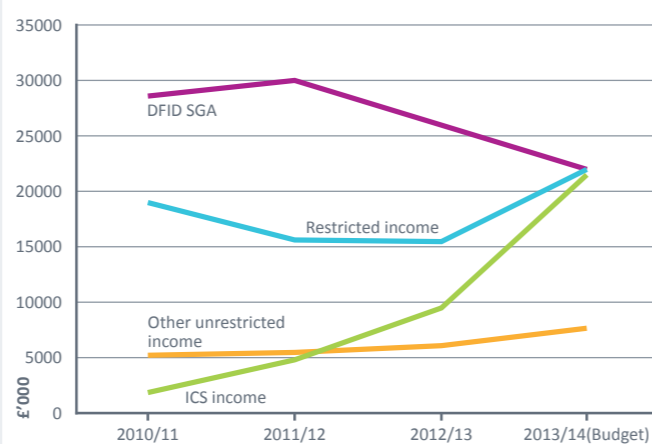
Three years ago we embarked on a number of initiatives to change the shape and scope of VSO. Our aim was to diversify our funding and review our operational model in order to increase the quality of our work and to make efficiency savings – maximising the funds going to our programmes. These initiatives were contained within two change programmes, *Global Income Growth* and *Quality and Performance*, and required a fundamental shift in the way we operate and a greater emphasis on fundraising across the whole organisation.

Our *Global Income Growth* programme was put into place to diversify our funding base and to reduce our reliance on our DFID core grant which in 2010/11 accounted for 52% of our income. During 2011/12 we created a global fundraising plan and set aside a significant investment saved from reductions in our ongoing operating costs.

To date we have had considerable success in working towards these objectives. Between 2010/11 and 2012/13 we increased our unrestricted income (excluding our DFID grant) by 19%, helping to offset the reduction in our DFID grant from £30 million last year to £26 million this year. In 2012/13 the proportion of our income provided by our DFID grant reduced to 46%, and we expect to see another significant reduction in 2013/14 as our investment in fundraising starts to pay off and non-DFID grant revenues increase.

The second change programme, *Quality and Performance*, also underway, made a significant difference to the way that we approach our work. As part of this we made considerable savings in our ongoing operational costs. Changing the way we recruit volunteers, structure our country offices and provide central support, makes sure that what we are doing is efficient and cost effective. London employees are also preparing for an office move from Putney to Kingston in June 2013, which will release more than £400,000 per annum to be invested back into our work and beneficiaries.

VSO Income 2010/11 – 2013/14



Changes to our operating and funding models, and ensuring that more of our funding goes into our programmatic work and therefore to our beneficiaries, means that VSO is now, and will continue to be, a changed organisation to the one it was just a few years ago. We have a strong future ahead of us with a good foundation to continue to deliver on our commitment: reducing poverty in the places where we work.



Paul Green
Director of Finance, IT and Corporate Performance



About VSO: People First

Who are we?

VSO is the world's leading independent development charity working for change through volunteers. Those volunteers work at the heart of local communities to develop health and education resources, employment opportunities, and to give poor people a voice. In short, VSO fights poverty through the lasting power of volunteering.

Why do we do this?

There are still 1.2 billion people in the world living in absolute poverty, struggling to survive on less than \$1.25 a day. At VSO we believe this is wrong – people shouldn't struggle to feed, clothe and educate their family – so we work with people to overcome their own poverty, on a global scale.

When did we start?

In 1958, and we'll continue for as long as it takes to achieve our vision.

Our vision is a world without poverty.

Our mission is bringing people together to fight poverty.

Where do we work?

We work where we believe we can make the most difference against poverty – currently this is in 34 countries around the world. We have a global network where federation members and country offices work together through integrated regional groupings. Both federation members and country offices can now recruit volunteers, fundraise, advocate and deliver programmes.

What are our values?

Whether our work is with local communities to support better education or health services, or with governments aiming to encourage pro-poor policies, it is always grounded in our four key values:

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



What are our charitable objects?

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

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



VSO is increasingly looking for new and innovative ways of bringing people together to fight poverty. The different interventions below show some of the ways in which we make a difference to the lives of millions of people around the world.

International volunteering

This is at the heart of our development work – working with partner organisations through international volunteers to build capacity and share lasting skills that change people's lives. Last year 1,845 international VSO volunteers worked in our programmes, providing over 340,000 volunteering days and reaching millions of people across the world.

National volunteering

Promoting local people's involvement within their own communities and countries. In 2012/13, national volunteers worked with 160 partners in 25 countries – providing over 2.6 million volunteering days.

International knowledge-sharing

Bringing our partners from different countries together to share knowledge and practices, and to build their professional networks. Last year we facilitated some 4,240 international knowledge-sharing days between our partners.

Youth and ICS volunteering

Developing a network of young volunteers around the world who can take an active role in ending poverty and create a positive impact.

Diaspora volunteering

Helping volunteers return to their country of birth to work with their own communities to create change.

Corporate volunteering and partnerships

Building long-term strategic partnerships with companies such as Accenture, Barclays PLC, BG Group and Randstad – both financially and through employee volunteering.

International policy and advocacy

VSO's policy work has had an impact in the UK and internationally. Last year, we contributed to the work of the Gender and Development Network, UNESCO, UNICEF and the UN-led post-2015 process, among others.



Activities, achievements and performance

Highlights of the year



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International volunteers return to Pakistan

Three years ago, VSO stopped sending volunteers to Pakistan in light of the difficult security situation. However, this year, international volunteers from VSO have returned to the country. VSO Pakistan works in disaster-prone areas, and the two volunteers who started their placements in February 2013 worked with the local community on preparing for and responding to natural disasters. More international volunteers will follow in the coming year.



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International Citizen Service

Following a successful pilot, 2012/13 was the first year of International Citizen Service (ICS). VSO is delivering ICS by leading a consortium of like-minded development organisations working together towards a common goal: to end poverty. The consortium as a whole has seen over 2,000 young people from the UK and the developing world living and working side by side in local communities on development projects. For more information please see page 24.



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VSO's legacy in Namibia

Over the past 25 years, 753 VSO international volunteers have worked and shared their skills and expertise in Namibia, focusing on the areas of education, HIV and AIDS, secure livelihoods and disability. This year, our work in Namibia came to an end owing to its classification as an upper-middle income country. It is sad to leave, but fantastic to look back over the achievements of the past 25 years. In particular, since 2009 VSO has partnered with the Mehozetu Network, a network of centres that works with orphans and other vulnerable children who have been affected by HIV and AIDS. Both long- and short-term volunteers as well as youth volunteering teams have worked with the project, introducing organisational structures, providing advocacy and psychosocial support training and supervising the construction of new centres and installation of solar panels. This network is now well on its way to generating funds to sustain itself, through a local milling service purchased with a small grant from VSO and the British High Commission. We are proud of our achievements in Namibia and look forward to being able to channel resources into other countries where the need is greater.



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Partnership with United Nations Volunteers

In April 2012, VSO and United Nations Volunteers announced a new partnership, aiming to promote people's participation in development through volunteering. Over the past year, we have been working together at a global level to promote and advocate for volunteerism as a force for development. At a national level we have collaborated to bring together volunteer-involving organisations to build networks, to strengthen volunteer management practices and to promote enabling policies. We are looking forward to continuing this partnership in the coming year. We will work together to understand the impact of volunteering in development through evidence-based research, sharing learning on youth volunteering and working in fragile states, as well as continuing our joint advocacy on volunteering for development.

Three new ways of working

As part of our *People First* strategy we have committed to diversifying the support we offer our partners. This year we introduced a number of innovative new ways of working, including: volunteers working in cluster groups in Nigeria in response to the challenging security situation there; working with East African diaspora communities in Canada and the USA to volunteer in their countries of origin; and working with Chinese companies operating in Tanzania to form a social investment fund that provides money and people for development work in Tanzania. We will adapt these successful models in other countries where we work.



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Recruiting volunteers from southern Africa

Our team of international volunteers comprises individuals of over 40 nationalities and in 2012/13, we were pleased to welcome international volunteers from South Africa, Zambia and Zimbabwe. Twelve volunteers from southern Africa are currently sharing their skills across the globe and we continue to increase the number of volunteers we recruit from the developing world.



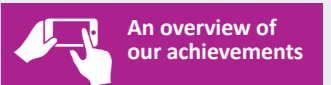
©VSO/Ben Langdon

South Sudan

VSO started working in South Sudan in 2011 and our work has grown so quickly that, this year, over 60 volunteers have contributed to improving education, health services and governance in the country. In addition, our programme received an A+ rating for its project review report from DFID, which is testimony to the high quality of the programme.



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Education



Our aim

To strengthen formal basic education, increase the number of children completing primary education, and improve access to education for the most disadvantaged: girls, those with disabilities, ethnic minorities and children affected by HIV and AIDS.

How we did this

In 16 countries we worked with 164 education partners at national, provincial and district levels, including government organisations, schools and teacher-training institutes, education networks and civil society organisations (CSOs).

Our work involved supporting the training of education practitioners and volunteers, and focused on improving the quality and management of school inspection processes in some areas. We also provided support that enabled civil organisations to strengthen their ability to be effective in policy management, networking and national volunteering.

How this work is changing lives

- In Ghana's Talensi Nabdam district, there was a 10% increase from the previous year in the number of pupils passing Basic Certificate Examinations.
- Cambodia, Ethiopia, Ghana and Malawi VSO partners have all engaged at a national level in inclusive education policy development.
- In Nepal, we organised focus group discussions with marginalised groups and shared the results at a national seminar organised by the National Campaign for Education.
- In Nigeria's Kano State, we developed an intensive teacher-training programme for indigenous national graduates from local communities. This resulted in the employment of 22 national volunteers and, as a result, 10,000 pupils have enjoyed the benefit of improved, child-friendly teaching methods.
- In South Sudan and Uganda, we worked with national-level partners to improve the quality and management of school inspection processes.

At a glance

Over 2 million

children benefited from the quality education services we have supported, including more than 20,000 disabled children.

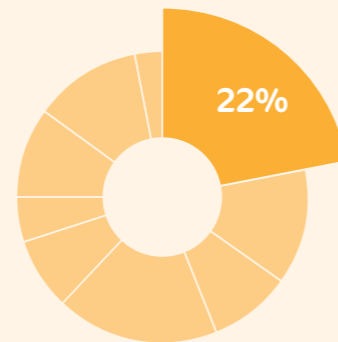
Over 200,000

children have been supported to complete their primary education.

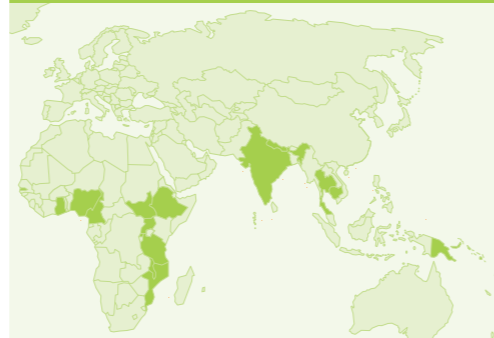
148,000

education practitioners have been trained.

% Expenditure on goal



Countries we work in



Cambodia, Cameroon, Ethiopia, Gambia, Ghana, India, Malawi, Mozambique, Nepal, Nigeria, Papua New Guinea, Rwanda, South Sudan, Tanzania, Thailand, Uganda

Campaigning to change lives

We prioritised the development of our global education advocacy strategy in 2012/13 in five countries: Cambodia, Cameroon, Kenya, Nigeria and Tanzania. This work focused on marginalisation and inequality in education, particularly with regard to girls and children with disabilities.

VSO volunteers gave teachers from communities in Cambodia, India, Nepal, Nigeria, Rwanda and South Sudan an opportunity to have their views heard by influential decision-makers. Their views were collated and fed into UNESCO's 2013 *Education for All Global Monitoring Report*.

In partnership with UNESCO Bangkok, we conducted research on education policy implementation in Cambodia, Nepal and Thailand. In India, VSO supported JOSH, a youth organisation, in monitoring the implementation of the Right to Education Act in Delhi.

What the future holds

We will continue to engage in education networks and coalitions across the world. In particular, our research on gender inequalities in teaching and education management continues in Cameroon and Rwanda. The findings of our ongoing Right to Education policy research in Cambodia, Nepal and Thailand will be used by UNESCO to make policy recommendations.

My career has given me many leadership qualities so when I saw the advertisement for a management support officer I thought 'I retired still feeling strong so why sit at home and waste my experience?'

Scholastica Gyiele, a retired District Director of Education, one of six national volunteers working on the Tackling Education Needs Inclusively (TENI) project in Ghana.

Raising standards in rural Ethiopian classrooms



More than half of the world's out-of-school children live in just 15 countries, and nearly 3 million of them are in Ethiopia, where only 54% of children complete primary school. Tackling traditional 'chalk and talk' methods of teaching is a major challenge. Many children arrive at school tired and hungry after a long walk and no breakfast. Teachers are also exhausted from long lessons, standing and teaching from the blackboards – especially when classes are large, and there isn't enough teaching equipment to go around.

In Amhara, the poorest region in Ethiopia, VSO volunteer Patricia Gilhooley spent a year encouraging the use of active learning methods in several primary schools and a teacher-training college.

Her aim was to both excite and motivate the children while simultaneously reducing the strain on the teachers. She did this by forging close links between the college and 13 local primary schools, enabling the college to supply the kind of staff that schools really need. "I've seen an enormous change," Pat enthuses. "Teachers see that if their pupils actually take part in what they're learning, if they're active, then not only do they learn more but they remember what they learn – whereas if somebody is lecturing you, it's very easy to sit there and not take it in. There used to be a high dropout rate in this school, but now it has gone from 15% to 3%."

The number of schools in Ethiopia has increased in the last decade, and VSO is helping to make sure the number and quality of teachers keeps pace.

Health

Our aim

To improve the quality of available healthcare services and drive the implementation of healthcare policy initiatives.

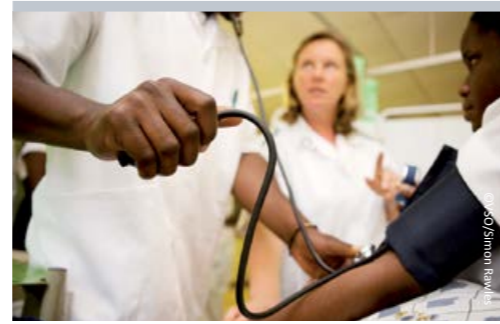
How we did this

We work with 140 health partners in over 20 countries across Africa, Asia and the Pacific, to support disadvantaged people in fulfilling their rights to physical, mental and social wellbeing, and to offer good quality, essential health services.

To achieve our aim, we have supported the implementation of national policies. We have also helped to gather evidence of the challenges faced by healthcare workers and lobbied governments for changes and improvements to the sector. Our work also included training community health workers and volunteers so that they have the right conditions to continue best practices.

How this work is changing lives

- In Sri Lanka, our volunteers have been working with partners to ensure that community mental health rehabilitation centres, outpatient clinics, and occupational and horticultural therapy units are staffed by trained workers.
- In Sierra Leone, we have supported the continuing professional development of 274 health workers in government hospitals to improve the quality of maternal and child health services. This has led to reductions in maternal and child mortality levels.
- At the Central Hospital in Maseru, Lesotho, our paediatrician volunteer has contributed to a 90% reduction in infant mortality by training nurses and doctors in neonatal care, and a 40% reduction in maternal mortality.
- Three VSO volunteers in South Sudan have focused on the pre-service training of 234 nursing students in three training institutions.
- We have provided capacity-building support to 51 partners from across 14 countries in the areas of policy engagement, networking and national volunteering.



At a glance

Over 2 million

men and women in 21 countries have benefited from improved quality health services.

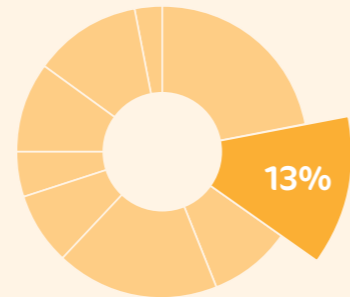
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policy initiatives have been undertaken by our health partners.

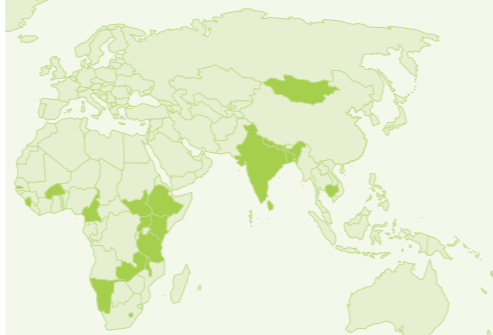
21,800

health practitioners have received high-quality training.

% Expenditure on goal



Countries we work in



Bangladesh, Burkina Faso, Cambodia, Cameroon, Ethiopia, Gambia, India, Kenya, Lesotho, Malawi, Mongolia, Namibia, Nepal, Sierra Leone, South Sudan, Sri Lanka, Tanzania, Uganda, Vanuatu, Zambia

Campaigning to change lives

Our health programmes have become more focused on working with health training colleges and government hospitals, to increase the number of practitioners trained. Results from our programme in Sri Lanka have confirmed the benefit of strengthening community healthcare systems, and this is starting to feature in a number of new VSO health programmes.

We will also use our research into the challenges that health workers across Cambodia face in their jobs, conducted with MEDICAM, to lobby the Cambodian government to recruit, train and retain sufficient health workers to meet the World Health Organisation (WHO) threshold of 2.3 health workers per 1,000 population.

What the future holds

Community health volunteers are increasingly seen in many developing countries as an essential link in the health service provision chain. As an organisation that works through volunteering, we will continue to share our understanding and experience in recruiting, managing and supporting volunteers with the partners we work with, to ensure they are able to best utilise community health volunteers in their work.

I was outcast from society and criticised in the community – people were calling me a mad woman... it was very difficult.... [now] I am very happy, I have no financial problems and the stigma has reduced... I feel that people are even jealous of me now that I am doing so well!

Chandani, who has been helped by the Nivahana Society of Kandy, a VSO partner that provides mental health services in partnership with the Sri Lankan Ministry of Health.

Bridging the healthcare gap in Malawi



Nearly half of all children in Malawi are born without the assistance of a trained health specialist. With large rural populations depending on overburdened hospitals, VSO volunteer midwives play a critical role in improving systems and training local health workers to reduce maternal mortality. Nurse and midwifery trainer Lisa Drayson has spent the last five years in Mzuzu, Malawi, working in a hospital that serves a local population of 95,000 people.

Ideally there should be one midwife per seven patients in Malawi, but the Nurses and Midwives Council of Malawi put the current figure as only one midwife per 700 women. Over two years, Lisa helped in the training of 150 student nurses and midwives, making a huge difference to many local women.

One simple but vital practice Lisa introduced to the hospital was a documentation system – recording patient details on the ward and changing the ward filing system, which was later implemented by managers throughout the entire hospital. “It has had a massive impact,” says Lisa. “There would be nothing written about patients who’d been on the ward for months, patients would die and no one would know why.”

Lisa has spent the last two years of her extended VSO placement lecturing at Mzuzu University Hospital, where 100% of the students passed exams that enable them to register as nurses and midwives in 2011; a triumph after only 38% passed the same exams in 2010. Lisa believes the success is due to a succession of VSO volunteers in a similar role at the university, building upon the work of one another: “Coming from the outside to really influence the ways things are done can be difficult, which is why you need to be there long-term to bring about real change.”

HIV and AIDS



Our aim

To ensure people with HIV and AIDS have access to the treatment, care and support they need.

How we did this

Our work is focused on both providing treatment and campaigning to ensure that those affected by HIV and AIDS are not excluded from society. We collaborated with 84 partners in 11 countries to try and achieve this aim. The result has seen over 3 million people benefit from quality HIV and AIDS services they may never otherwise have received.

To do this, we worked with a diverse range of organisations. These included national, provincial and district AIDS councils, governments, ministry of health organisations, non-governmental organisations (NGOs) and faith-based organisations.

How this work is changing lives

- Together with our partners, VSO's work over the past year has helped train 12,171 HIV and AIDS practitioners, including 7,904 community volunteers and 1,550 HIV and AIDS staff. These are thousands of dedicated people who will, in turn, help train thousands of others to help millions of people over the coming years.
- In Malawi, we worked with an NGO to phase out a common HIV and AIDS treatment called D4T, which is known to have serious side effects. The WHO recommended it be replaced by a safer alternative called TDF. Together with the NGO, we ran media campaigns and lobbied parliamentarians. As a result, the Malawian government has pledged to remove the harmful D4T from circulation by June 2013 so that fewer people will suffer needlessly.

Campaigning to change lives

Thousands of carers in southern Africa go unrewarded when they give up everything to look after loved ones with HIV and AIDS. In 2012/13, we saw the passing of legislation by the Zimbabwean government to provide support and assistance to those acting as home-based care givers for people living with HIV and AIDS. This was the result of a long-standing advocacy programme, supported by VSO parliamentarian volunteers from the UK over a number of years.

At a glance

Over 3 million

people have benefited from quality HIV and AIDS services.

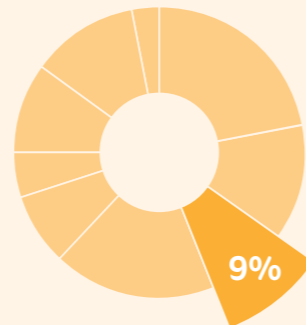
Over 12,000

HIV and AIDS practitioners have been trained to change lives.

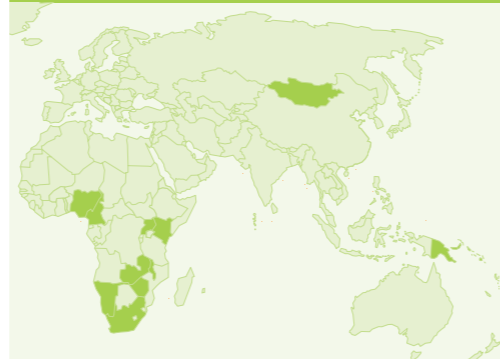
52

HIV and AIDS policy initiatives have been supported.

% Expenditure on goal



Countries we work in



Cameroon, Kenya, Malawi, Mongolia, Namibia, Nigeria, Papua New Guinea, South Africa, Uganda, Zambia, Zimbabwe

What the future holds

VSO will continue to work for better access to care and support for people with HIV and AIDS. In particular, our work with community home-based care givers for people living with HIV and AIDS provides a rich body of evidence that can be used to strengthen broader community health volunteer workforces globally. We will build upon this learning in the upcoming year so that our work in health and HIV and AIDS can be better integrated.

Without the women's group, I wouldn't have been able to finish school after my mother died.

George, who was orphaned by AIDS at 16, describes the difference a local VSO partner – Women Fighting AIDS in Kenya – made to his life.

Policy to protect women at risk of HIV infection in Zimbabwe



Increasingly across sub-Saharan Africa, the parents, children and neighbours of people living with HIV and AIDS are taking on the burden of caring for them. Most of these care givers are women and girls.

A new health policy protecting the rights of community care givers will help tens of thousands of women at risk of infection from HIV. Advocated by VSO RAISA, the policy trains carers, providing them with health kits and recognising their right to remuneration. This also includes work with NGOs and community organisations to mobilise men to care for the sick, reducing the burden on women.

In Zimbabwe, 76% of children who drop out of school to care for their families are girls. In addition to losing out on an education to help their households survive, many then have to work as house servants, are married off, or become sex workers in order to make a living. A great deal of care is also provided by older people with limited incomes, relatively little knowledge of antiretroviral (ART) drugs, and physical and health problems of their own.

VSO believes this new policy in Zimbabwe is one of many ways governments across southern Africa can empower women and girls, who account for at least 73% of the local volunteers caring for sick people in their communities.

Sixty-year-old Betty Chinhaire discovered she was HIV positive in 2001, after contracting the illness from her husband, and has worked as a home-based carer on the outskirts of Harare for more than 10 years. Though home-based care was recommended for her husband when he first tested positive, there wasn't a single person trained in her community to offer home-based care. "I volunteered as a care giver after seeing that many people were dying at home without any help," she says.

Over one-third of new HIV infections and over two-thirds of all people living with HIV are in sub-Saharan Africa. Women account for half the people living with HIV worldwide and nearly 60% of those infected are in sub-Saharan Africa. Delighted with news of the policy approval, Betty says: "Things will change for us now, because we are now recognised; an official relationship between us and government health services will make a big difference."

Secure livelihoods



Our aim

To support partner organisations in providing secure livelihood services, from protecting communities against land grabbing and forced eviction to the training of practitioners in relevant quality services.

How we did this

We work with 201 partner organisations in 24 countries in our secure livelihoods work. More than 100 partner organisations have also received our support in the areas of policy engagement, networking and national volunteering. Our partners include CSOs, private and social enterprises and government organisations.

How this work is changing lives

- One of our partner organisations, KESAN-BEWG, a CSO in Thailand, has been working with local authorities at a provincial level to protect communities against land grabbing and forceful eviction. Local authorities are now issuing land titles to communities, enabling them to manage and protect their lands and livelihoods – 4,156 individual land titles and 16 community forest certificates have been issued since June 2012.
- Globally, a large proportion of our practitioner training in secure livelihoods involves training people who are not employed by our partner organisations. This year has seen VSO-supported training benefit 6,078 councillors and council workers in Cameroon; 8,765 staff of farmer-based organisations through the Presbyterian Agricultural Station in Ghana; 400 staff of cooperative and farmer group affiliates of the Farmers Union in Malawi; and 291 tourism-related officials and managers in Tajikistan. These intermediate beneficiaries have been able to extend the benefit of our support beyond our partner organisations to a much wider audience.

Campaigning to change lives

Greater engagement with the private sector is a key growth driver in secure livelihoods, in order to improve the position of ‘bottom of the pyramid’ producers within national and global supply chains.

A pipeline study in a number of countries has also identified investment-ready companies that are in a position to help develop more inclusive business models and yield social change in the wider community. This thinking builds on successes through our work with Mondelez International on the Cocoa Life project in Ghana, and our wider work in market-led development through the Making Markets Work for the Poor project, in partnership with Accenture.

At a glance

Over 1 million

men and women have benefited from quality secure livelihoods services.

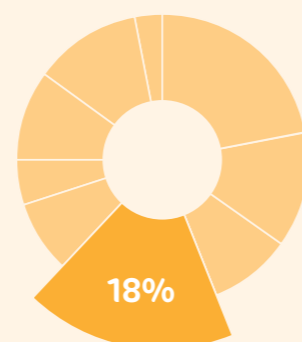
28,000

partner practitioners have been trained in secure livelihoods services.

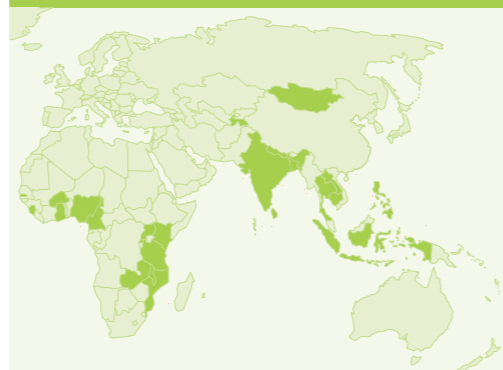
38

secure livelihoods policy initiatives have been supported.

% Expenditure on goal



Countries we work in



Bangladesh, Burkina Faso, Cambodia, Cameroon, Gambia, Ghana, India, Indonesia, Kenya, Laos, Malawi, Mongolia, Mozambique, Nepal, Nigeria, Philippines, Rwanda, Sierra Leone, Sri Lanka, Tajikistan, Tanzania, Thailand, Uganda, Zambia

What the future holds

In Nigeria, within our Making Markets Work for the Poor project, we are supporting the training of 117 community agricultural extension volunteers to extend the benefits of our support beyond our partner organisations. We are also looking at ways to support the harder-to-reach countries remotely, such as a cross-border trade initiative with Afghanistan and Tajikistan, and an inclusive business workstream in Myanmar.

Nowadays those girls are heard. Even in the meetings they raise a hand to speak, people are paying attention to them and listening to them without a problem. So they have that power. They are like leaders in the village.

Saidi Hamisi Namaruka, the local leader of a village where two women have been trained as solar engineers. VSO volunteers in Tanzania manage a pioneering partnership in collaboration with UN Women to train rural, illiterate women as solar engineers.

Improving conditions in the fishing industry in Cambodia



The fisheries sector in Cambodia provides income and livelihoods for over 4 million people. A rich natural heritage, it is a major source of employment, fiscal revenue, food, foreign exchange and economic growth for the country, contributing between 8 and 12% of Cambodia's GDP. The average consumption of fish is an astonishing 50kg per person annually. However, the industry is under threat for many reasons.

Over-exploitation, pollution and habitat destruction, global pressures from markets, climate change, fuel and food prices, and global economic imbalances are dramatically impacting on the future of the fishing industry and will deeply affect future generations. Ensuring natural resources and their environments are managed sustainably is a big challenge.

VSO volunteer Richard Winterton has been working as a management advisor to the Fisheries Administration of Cambodia since 2010. He's been awarded the Medaille du Sahametrei, a prestigious award from the government that acknowledges people from overseas who have significantly helped the people of Cambodia.

Richard advises staff in the central planning department, where together they have drawn up clear plans for the next 10 years. He has also worked on a number of projects including a study on the likely impact of building dams on the Mekong River; the effects of climate change; and a strategy for the new coastal Marine Aquaculture Research Centre. His work contributes to the development of a complete sector of the country's economy.

The major impact of Richard's work has been changing the way planning operates. The staff can plan more clearly, are more flexible, and have streamlined many of their processes. Richard's work has cut through bureaucracy to tackle major issues facing one of Cambodia's largest industries.

Participation and governance



Our aim

To give a voice to individuals, groups and organisations by supporting their efforts to influence and engage with governments and other service providers.

How we did this

Across 22 countries in Africa, Asia and the Pacific, we work with 80 governance partners. These include CSOs, networks, NGOs, private sector organisations, government agencies, and education and health facilities. Our work is focused on supporting the development of governance systems, structures, policies and practices that empower disadvantaged people to participate in the decisions that affect their lives.

How this work is changing lives

- The number of national volunteering days achieved this year has reached over 2.6 million – and has provided support for many of our partner organisations in building their capacity in policy engagement, networking, national volunteering and representation of target groups.
- One example of our national volunteering work is with the Ghana National Service Scheme in Education (NSS). This 10-year partnership has seen an increase, from 50 to 5,000, in national, long-term university graduate volunteers, deployed from the south of the country to help schools in the northern region.
- In Zambia and Zimbabwe, community-based organisations and networks are working with community care givers in the HIV and AIDS sector.

Campaigning to change lives

Supporting CSOs to engage with those who hold power and decision-making roles gives participants greater control over their own lives. This is because CSOs can hold governments and other service providers to account, ensuring they fulfil their duties and deliver an acceptable level of service. This year, our advocacy work has enabled over 60,000 people to benefit in this way.

At a glance

850,000

men and women have benefited from VSO interventions in participation and governance.

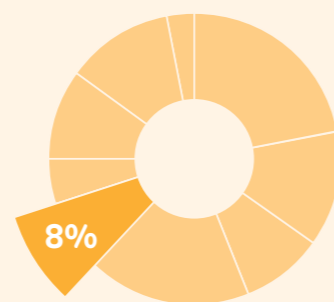
57

participation and governance policy initiatives have been supported through VSO partnerships.

over 2.6 million

national volunteering days have been achieved, benefiting 160 partners in 25 countries.

% Expenditure on goal



Countries we work in



Burkina Faso, Cambodia, Cameroon, China, Ghana, India, Indonesia, Kenya, Laos, Mongolia, Mozambique, Pakistan, Philippines, Papua New Guinea, Sierra Leone, South Sudan, Sri Lanka, Tanzania, Thailand, Uganda, Vanuatu, Zambia

What the future holds

There is a high level of gender imbalance in home-based care volunteering programmes: last year, of the 2,340 national volunteers at The Matabeleland AIDS Council (MAC) in Zimbabwe, 1,783 were women and 557 were men. To address this imbalance, MAC has developed plans to increase men's involvement in voluntary counselling and testing, family planning and sexual and reproductive health, and will be implementing these in the near future.

We need to fight against gender-based exploitation, injustice and violence because this cannot be tolerated any longer. We want the world to know what is happening here in South Sudan.

Lilan Rizig, Director of South Sudan Women's Empowerment Network (SSWEN), which fights for the rights of women and children through advocacy and awareness training. This network is being supported by VSO volunteers to mobilise women to campaign to end violence against women.

National volunteering: Right to Information success inspires a community in India



VSO India supports the Right to Information (RTI) movement through training and guidance in information management and good practices. The movement campaigns for the fair implementation of the Right to Information Law, passed in 2005. The law grants citizens the right to request information from government bodies (excluding defence and national security) within 30 days, or within 48 hours in case of information concerning a person's life or liberty.

Back in 2007, Naresh and Bindiya, two VSO national volunteer teachers at a school in Jharkhand, eastern India, filed an RTI application to gain access to the spending records for the school. They were concerned at the dangerous state of some of the school buildings, and the poor quality and irregularity of lunches provided for the students.

Their first attempt went unanswered, while their second, two months later, received a misleading response with incorrect information about the school's spending. Upon filing their third RTI application in an effort to get the information they were legally entitled to, they were taken to court by the Village Education Committee. Here, they were wrongfully accused of a crime they did not commit, and suffered persecution until the case was dropped owing to lack of evidence.

The two volunteer teachers spoke publicly about their case and the way in which they had been denied their RTI. They implemented the training they had been given about RTI, and the response from the authorities was to suspend the chair, vice-chair and secretary of the Village Education Committee, who were replaced by the two volunteer teachers who had brought the case to the attention of the government.

As a result of their persistency, the school in Jharkhand was rebuilt; ample, nutritious lunches were provided for the students every day; and the community were empowered to file their own RTI applications. One of the volunteer teachers said: "RTI is not only a powerful weapon to fight against corruption, but also an effective tool for every Indian citizen to acquire information from the public authorities so that there is no secret under the sun in the public domain."



Disability



Our aim

To help more disabled people benefit from our interventions in disability issues, enabling them to participate as equal members of their families, communities and societies.

How we did this

Globally, we have 44 disability partners, working across 11 countries in Africa and Asia. The majority of our civil society partners are disabled people's organisations and networks, while government partners include ministries, schools and hospitals.

How this work is changing lives

- Rwanda's Ngororero Council trained 3,180 staff, people with disabilities and local CSOs across their district in the rollout of a new disability plan.
- In Cambodia, the national Special Education Office trained 4,904 teachers and practitioners in disability issues.
- In India, VSO worked with the SCORE Foundation, which successfully lobbied the CTET/CBSE (Board of Secondary Education) for visually impaired candidates to be provided with a scribe facility, extra time and other provisions for all future CTET examinations. CBSE has issued a formal notice to all CTET examination boards to ensure the proper examination provisions are in place.
- Overall, 43 of our disability partners have provided training in disability issues for their employees, which will improve the quality of life for many local people.

Campaigning to change lives

Helping local authorities, including key technical staff, to understand and respond to the issues of people with disabilities in the community is a vital part of our work to ensure inclusive local development. An example of this is our work alongside the Ngororero District Council in Rwanda. In this district, the needs of people with disabilities are now considered within local development planning, decentralisation and policy solutions at the local level. We expect that members of the local population with disabilities will experience a significant and positive benefit from this work in terms of the services they receive, their participation in the local community, and their integration into the wider society.

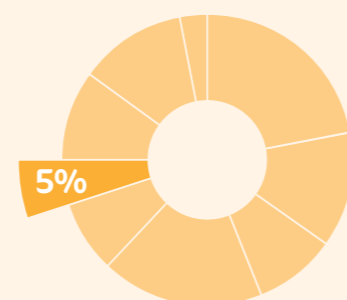
At a glance

66,000
men and women have benefited from VSO interventions on disability in 11 countries.

Over 12,600
partner practitioners have been trained in disability issues.

38
pro-poor disability policies have been implemented or developed as a result of our partnerships.

% Expenditure on goal



Countries we work in



Cambodia, Cameroon, Gambia, India, Indonesia, Kenya, Nepal, Philippines, Papua New Guinea, Rwanda, Sri Lanka

VSO has additionally worked alongside the National Council for People with Disability (NCPD) in Rwanda to campaign for the rights of disabled people. The parliament of Rwanda has now ratified disability as a cross-cutting issue in the new Economic Development and Poverty Reduction Strategy (EDPRS) of Rwanda. This means that all government agencies are now required to address disability rights through their development programmes, from education to social protection and justice.

What the future holds

We will continue to work with CSOs across Africa and Asia to highlight the needs of people with disabilities and advocate for inclusive policies and legislation.

Disabled women are doubly marginalised. We created a network of women with disabilities in Jharkhand, Chhattisgarh and West Bengal where they can share their problems, learn from each other, build confidence and get motivated and do something for themselves.

Marg Mayne, Chief Executive of VSO International, speaking about our work with disabled women in India in an interview with OneWorld South Asia.

Children with disabilities are getting to school in Ghana



An estimated 300,000 children in Ghana have a disability. Very few of them go to school. Nine-year-old Lucy, born with a disability, spent her days lying in the dust. "When Lucy was growing up and couldn't walk I knew she wasn't well," explains her mother Natalia. Natalia struggled to cope looking after Lucy, but what made matters much worse was the discrimination they faced – and not just from the wider society. "The people in my household said that my daughter and I were dirty, so if I cook, the child would make the food dirty. They rejected me and made me and my children cook alone."

Today Lucy's life has changed beyond recognition thanks to VSO volunteer Jeanine Vankan. Jeanine is a special needs expert volunteering with a local partner organisation, Pronet. One of their aims is to help disabled children go to school. Natalia says: "The VSO volunteer helped me a lot by giving me a bike to get to the hospital appointments. At first Lucy could not do anything – she couldn't talk, or even stand up." But thanks to Natalia's commitment, Jeanine's encouragement and Lucy's own sheer determination, the physiotherapy paid off. Lucy grew stronger by the day, and eventually something happened that Natalia had never allowed herself to believe possible. Smiling, she recalls the joyful moment when Lucy walked: "When we first saw Lucy take a step we were so happy – we just laughed in the yard with the children."

Now Lucy is in school every day and her future is looking a whole lot brighter. Gradually, the fear, ignorance and prejudice around disability are starting to disappear in Lucy's community. VSO are now working for change right across Ghana by encouraging the government to do more to support children like Lucy.

See Lucy's story

Youth and youth programmes



Youth work in VSO continues to grow. As part of our holistic approach to development, we are committed to working with and for young people in the fight against poverty. Our youth work aims to improve the lives of young people living in poverty, support young people to be active in development work, and support youth participation in their communities.

Many of our country programmes target young people: supporting them to realise their rights and participate in development. In Uganda, VSO volunteers have worked with the Youth Empowerment and Local Governance (YELG) initiative to provide sustainable employment opportunities for young people whose lives were devastated from being forced to be child soldiers in the recent war led by Joseph Kony's Lord's Resistance Army (LRA).

Our ICS programme both works with, and often promotes development for, young people. Volunteering in cross-cultural pairs and teams, ICS volunteers have engaged in research, local advocacy, awareness-raising and peer education activities in VSO's programmes in education, health, secure livelihoods, and participation and governance. The contribution of youth volunteers through ICS is leading to positive results for our partners. In Tajikistan we have developed and implemented our first multi-national ICS programme, with volunteers from Afghanistan, Tajikistan and the UK. This programme supports our wider VSO Central Asia strategy, aiming to increase work with Afghan communities.

Brian Rockliffe, Director of ICS, explains

This is an exciting development for ICS, VSO Tajikistan and VSO as a whole. Beginning to work with Afghanistan's youth through the ICS programme will support the development of long-term links with Afghanistan and enable us to make a contribution to that country's ongoing development through the strategic targeting of Afghan youth leaders.

VSO's leadership of the ICS consortium

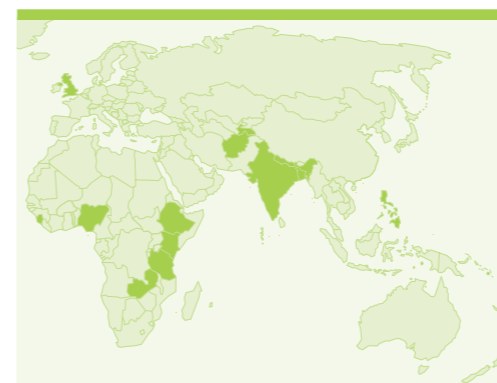
ICS is a UK government-funded development programme that brings together young people to make a difference in some of the poorest communities around the world. ICS aims to bring about three things: project impact, volunteer personal development and the creation of active citizens. By August 2015, ICS will create 7,000 active citizens in the UK and 7,000 in the developing countries where we work.

In March 2012, DFID awarded VSO a three-and-a-half-year contract, worth £54.6 million, to deliver ICS in partnership with a consortium of respected development organisations. These organisations are committed to working to agreed quality principles and standards, and our delivery partners are International Service, Progressio, Raleigh International, Restless Development and Tearfund. We are also supported by three strategic partners.

ICS in the Philippines

In the Philippines, 35 ICS volunteers have supported our partner organisations, Cebu Association for the Deaf and Gualandi Volunteer Service Programme (GVSP), to advocate for the rights of deaf people. As a result of ICS volunteers' support, 537 children participated in deaf human rights education and advocacy sessions and 2,000 people were reached with voting communication materials, ahead of this year's election.

"Having ICS volunteers in the last three months helped us realise our limitations, areas of improvement and great potential as a young organisation. We learned a lot from these youth volunteers and we are excited about the next action steps that we are about to take to improve our systems for our own benefit and more importantly for the community that we serve."
GVSP programme manager, Cebu, Philippines



iii 927

In 2012/13, a total of 927 young people from Afghanistan, Bangladesh, Ethiopia, India, Kenya, Nepal, Nigeria, Philippines, Sierra Leone, Tajikistan, Tanzania, the UK and Zambia took part in VSO's ICS programme.



ICS youth volunteers in Ethiopia

UK activities

The war on poverty is a global campaign. If we want to win it, we can't just direct our efforts towards developing countries. It is crucial that we work in the UK as well.

UK campaigns

In 2012/13, as part of a Restless Development-led consortium, we launched a new campaign programme, Voices for Development, which is funded by the Bill and Melinda Gates Foundation. This programme seeks to influence public perceptions of development in the UK and increase engagement in our campaigns. The current two-year pilot will engage VSO volunteers in identifying, capturing and sharing stories from their placement communities as we believe this to be a powerful way of promoting awareness of development within the UK.

Parliamentary volunteering

VSO believes that engaging decision-makers is a vital means to tackling the causes and effects of poverty around the world. In 2012/13, eight parliamentarians volunteered during parliamentary recess in placements that were matched to their personal experience and advocacy expertise. Pamela Nash, the Chair of the All Party Parliamentary Group on HIV and AIDS, supported one of our partners to increase support for HIV and AIDS issues within the Kenyan parliament. Fiona O'Donnell (MP for East Lothian), worked to highlight the impact of climate change on young people in Bangladesh.

VSO and the media

VSO engages with the media to promote our development approach and campaign for pro-poor policy change, and to attract the volunteers and funds we need to continue our work.



By the end of 2012/13, we had increased our potential reach through the media to 14.1 million people per month.



Radio coverage included BBC Radio 5 Live, Heart FM, LBC and BBC local radio stations including BBC Berkshire, Derby, London, Manchester and Nottingham.



Our print portfolio included the Guardian, Independent, Mail on Sunday, Metro, Observer, Telegraph and Sun. Volunteers also featured in the British Medical Journal and The Times Educational Supplement.



Over 9,500 followers (@VSOUK)



Over 14,200 likes



Online presence included the Daily Mail and Huffington Post.



Last year, over 30 supporter groups ran fundraising events, volunteer recruitment meetings and general development awareness activities, bringing together returned volunteers and members of local communities.



Follow us on Twitter



Supporting our programmes

To achieve success in our development work, improving our internal processes is critical. In 2012/13 we reviewed our performance quarterly, focused efforts on fundraising and took steps to further improve our accountability.

Report against operational objectives

In 2012/13 we continued our quarterly reporting system to monitor our performance throughout the year. Below we describe how we performed against our operational objectives, which were outlined in the future plans section of last year's annual report.



Putting people at the centre of our work

Our monitoring and evaluation systems were improved in 2012/13, with an annual review of all of our active partners being undertaken for the first time, involving partners and beneficiaries in the review process. However, we do realise this is a continuous process, which has been identified throughout this report as a priority for the year ahead. The Impact and Effectiveness programme was launched in December 2012 to ensure that our stakeholders are fully integrated into our programme design.

Provide partners with a wide range of support

It has been a challenging year for volunteer recruitment, which resulted in achieving 20% fewer long-term international volunteering days than planned at the start of the year.

We will begin implementing a global volunteering plan in 2013/14 which will, among other things, streamline the volunteer recruitment process and look at recruiting from new markets.

We have been more successful in providing other forms of intervention for our partners – notably knowledge-sharing days between partners, advocacy work and youth volunteering. In its first full year the VSO ICS programme worked with 449 UK youth volunteers partnered with 478 in-country youth volunteers.

Strategically manage our country portfolio

We set ourselves the target to spend at least two-thirds of our programme expenditure in least developed countries and fragile states. This percentage has risen from 62% in 2011/12 to just above our target at 68% in 2012/13.

Be an agile and cost effective organisation

The percentage of our employees who feel VSO is an agile organisation has remained constant from 2011/12.

We have continued to invest in cost-saving activities, including new IT systems and relocating our head office, which should begin to take effect within 2013/14.

Be high-performing, transparent and accountable in our work

Our employee survey scores for both engagement and leadership remain high – at 82% and 76% respectively.

During 2012/13 our Open Information Policy was fully implemented, and our International Aid Transparency Initiative (IATI) datasets were published online.

Grow our global income

Overall global income (including all federation members) grew in 2012/13 by over £2 million (from £58.6 million to £60.7 million), despite a £4 million reduction in our DFID strategic grant. We have also invested in new and innovative areas of fundraising, which should yield high returns on investment over the coming years.

Develop a unified global organisation with credibility and influence

In 2012/13 we embedded the governance changes implemented in the previous year, with our Federation Council and new International Board now fully functioning. We have expanded our international federation and will continue to do so in the next 12 months. We have been working hard to coordinate our social media activity, dedicating more resource to this function, as well as increasing the accuracy of our reporting through moving to a more accurate measurement tool.

Fundraising

Our fundraising objectives for 2012/13 were to:

- broaden and grow our income portfolio to bring in a wider range of donors
- recruit 30,000 individual donors from the UK, Ireland and the Netherlands
- grow support for our programme work from the private sector
- support and resource our funding teams globally to deliver our ambitious income growth targets.

Our strategy to broaden and diversify our portfolio of donors is beginning to see success. We have secured significant support from a number of key government, trust and institutional donors, including AusAID, DFID, Irish Aid, The Big Lottery Fund and UNICEF.

Our individual giving programmes go from strength to strength in the UK, Ireland and the Netherlands. Teams of dedicated fundraisers have been signing up supporters to a regular monthly gift to support our vital work reducing poverty. The response from donors to the amazing work of our volunteers in Africa and Asia has been humbling. We have exceeded our target of 30,000 donors and reached a final total of 38,000 new supporters this year.

Our work with the private sector is a vital part of our income growth strategy and has made good progress in the last year. VSO believes that the benefits of working with the private sector go far beyond financial donations, and companies can play a key role in our poverty reduction programmes, providing access to business capability, influential networks, skills and human resources. This year, we are particularly proud of our achievements in building new partnerships and developing existing relationships. For instance we've launched an innovative new partnership with Barclays PLC, who are supporting us to deliver a key piece of strategic research looking into Enterprise-Based Development, while we provide their staff with a unique leadership development opportunity. Meanwhile, through our partnership with Mondelēz International, we continue to increase our impact in Ghana, improving livelihoods by supporting a sustainable cocoa supply chain in over 100 cocoa-farming communities.

Finally, we have been investing in training and supporting our funding teams across Africa and Asia so that they are equipped to raise the vital funds needed for our work. Training modules and courses have been delivered, both face-to-face and online, as cost efficiently as possible so that we can continue to grow our income and increase our support for those living in poverty in Africa and Asia.

VSO and Mondelēz International



Cocoa Life is a unique partnership between Mondelēz International, NGOs and local institutions that aims to improve the livelihoods and living conditions of more than 200,000 cocoa farmers and about one million people in cocoa-farming communities around the world. It focuses on improving farmers' yields, developing community infrastructure, supporting communities to increase their livelihoods, and protecting the local environment. On behalf of Mondelēz International, VSO works with local partners to implement the programme in the eastern region of Ghana.



VSO and the
Cocoa Life
partnership

Accountability

In 2012/13 we put in place specific processes to improve our accountability and increase transparency. Through an annual partnership review and a continuing focus on anti-corruption we are accountable to people living in poverty and partner organisations. Through quarterly business reviews, a new Open Information Policy and compliance with the IATI we share information with our staff, volunteers, supporters, donors, suppliers and host governments.

Our programmes – VSO's annual partnership review provides an opportunity for our partners, beneficiaries and other stakeholders to assess programme progress against the agreed partnership objectives, and share learning to feed back into programme planning and implementation. The Impact and Effectiveness programme launched in December 2012 will focus on further improving accountability to our partners and those living in poverty.

Transparency – In 2012/13 VSO published its first dataset on the IATI registry, along with other development agencies, to show how and where we allocate our resources. In 2013/14 VSO is committed to publishing detailed financial information each quarter in compliance with IATI standards. This has been done in conjunction with work on an Open Information Policy – which details how individuals can request information from VSO. VSO has committed to proactively publishing information, and on request disclosing information, or giving reasons for any decision not to disclose (for example, to respect confidentiality, privacy or comply with our data protection policy). Additionally, during 2012/13 VSO started a comprehensive review of how we handle personal data and has implemented a new Data Protection and Privacy policy which can be found on our website.



Anti-corruption – Prompted by changes to UK legislation, including the 2010 UK Bribery Act, we undertook a comprehensive review of our own policies and practices in this area, resulting in our 2012 Criminal Practices and Whistle-blowing Policy. This new global policy goes much further than anything previously in place within VSO, covering not just bribery but also corruption, fraud and theft, and establishes a clear and robust whistle-blowing procedure. Following the launch of the policy, we have also rolled out a comprehensive online training tool to staff worldwide, and introduced robust due-diligence checks for all partners and donors.

Future plans

2013/14 takes us into the third year of our *People First* strategy and the second full year of implementation of our strategic change programmes. We will continue to push on with upgrades to our IT systems, implementing streamlined processes, and moving more resources to our country programmes. The changes will ensure that our country offices are better supported to deliver high-quality programmes, transforming life chances for millions of people.

We work to increase the impact we make on alleviating poverty by delivering two key outputs:

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

We regularly examine the way that we work, and in so doing provide our partners with a widening range of support. With regular feedback and accountability, we strive to make our work more effective by:

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

Our strategic change programmes will focus on four main areas in 2013/14:

- **Programme impact.** To achieve this we will invest more resource in understanding the impact and effectiveness of our work and, based on this understanding, build on learning from our stronger areas, and adjust how we work in those programmes where we are not having the impact we need to.
- **Getting the right number of volunteers, with the most appropriate skills, into our programmes.** We will implement the findings of our 'Volunteer Lifecycle Review' which includes the installation of a new volunteer and people management system. This system will speed up the time between a volunteer applying for a placement and reaching the programme, improve the ability of programme offices to manage and support volunteers, and reduce the overall cost of the volunteer journey.
- **Ensuring we have a strong and diversified set of income streams.** We will continue to invest in a range of income streams, particularly individual giving, to ensure that our fundraising is as stable and strong as possible.
- **Ensuring that we are as cost effective as we can be, thus maximising our investment in programme work.** A number of initiatives will take effect during 2013/14: in June 2013 London employees will be moving to a new office location, releasing savings of more than £400,000 per year; new procurement, compensation and benefit frameworks will be embedded globally; and new, more efficient country office structures will be in place globally. These initiatives are expected to generate combined savings in excess of £2 million per year.



Structure, governance, management and risk management

Our structure

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

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

Our governance

International Board

VSO's governing body is the International Board, currently comprising 10 trustees. They are the legal corporate directors and members of VSO. Due to their diverse international locations, the International Board meets three to four times a year in person. However, these formal meetings typically last for at least one full day, with an additional half-day briefing to ensure the trustees gain proper insight into VSO's work. All trustees serve for an initial period of three years, with a further extension of three years. They serve on a voluntary basis and receive reimbursement for out-of-pocket expenses only.

All trustees are recruited through an open selection process, overseen by the VSO Federation Council. They benefit from a comprehensive induction on appointment and ongoing engagement throughout their term of office, through regular updates from the chief executive, a formal link with a member of the Global Leadership Team (GLT), membership of relevant board sub-committees and participation as expert advisors to ad hoc organisational working groups. International Board performance is reviewed annually through an externally moderated 360-degree evaluation process.

The International Board is responsible for approving and monitoring implementation of VSO's long-term strategy and the achievement of VSO's annual corporate objectives and budget, approval of constitutional changes, and the appointment of new trustees and the chief executive.

International Board members

Each member of the International Board brings a wealth of experience and expertise to their role as trustee of VSO.



Mari Simonen, Chair

*Chair, Remuneration Committee
Chair, Nominations Committee*

Former Deputy Executive Director, United Nations Population Fund (UNFPA), New York, USA



Sir Andrew Cubie KBE CBE FRSE, Vice Chair

Chair, UK Board

Consultant, Edinburgh, UK



John Bason, Honorary Treasurer

*Chair, Audit and Risk Committee
Remuneration Committee*

Finance Director, Associated British Foods Plc, London, UK



Pamela Culpepper

Remuneration Committee

Senior Vice President of Global Diversity and Inclusion, PepsiCo, Chicago, USA



Anjali Sen

Audit and Risk Committee

Regional Director, International Planned Parenthood Federation (IPPF) South Asia Region, Delhi, India



Mark Astarita

Fundraising Director, British Red Cross, London, UK



Nthobi Angel

Audit and Risk Committee

Chair, KagisoTiso Holdings, Johannesburg, South Africa



Rasheda Choudhury

Executive Director, Campaign for Popular Education (CAMPE), Dhaka, Bangladesh



Tom Carver

Vice President for Communications and Strategy, Carnegie Endowment for International Peace, Washington, USA



Wayan Vota

Communications Manager, Development Gateway Inc, Washington, USA

International Board sub-committees

During 2012/13, the International Board had four sub-committees, two of which have independent members (please see page 66 for details):

- **Audit and Risk:** responsible for assessing the effectiveness of operational and financial risk management and internal control.
- **Nominations:** responsible for recommending appointments to the International Board and its sub-committees.
- **Remuneration:** responsible for recommending remuneration for the GLT.
- **UK Board:** responsible for oversight of volunteer recruitment, fundraising and development awareness in the UK.












Structure, governance, management and risk management

VSO Global Leadership Team

The International Board delegates VSO's day-to-day management to the chief executive and the GLT. The GLT has operational oversight of VSO's global work. Each GLT member is responsible for an area of VSO's global operations, including finance, human resources and organisational development, and geographical management of Africa Group and Asia and Pacific Group.

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

 Marg Mayne Chief Executive	 Matt Foster Director of Asia and Pacific Group	 Angela Salt OBE Director of VSO UK
 Amanda Bringans Director of Global Fundraising and Communications	 Tiziana Oliva Director of Africa Group	 Brian Rockliffe OBE Director of International Citizen Service
 Kathryn Gordon Director of People Group	 Paul Green Director of Finance, IT and Corporate Performance	 Jon Rosser Director of Policy and Programme Effectiveness

VSO Federation

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

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

Each federation member (and VSO UK) has nominated a representative to the VSO Federation Council, an advisory body created to advise the International Board on matters relevant to the VSO Federation. They are also responsible for issues relating to membership of the VSO Federation, including membership criteria, the admission of new members, and conducting membership status reviews. The Federation Council has a key role in the governance of VSO itself, being responsible for recruiting nominees to VSO's International Board.

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

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

Public benefit

We developed our strategy and three-year corporate business plan to advance our charitable objectives, as outlined in our governance document, while ensuring we provide public benefit based on guidance from the Charity Commission. Our GLT and trustees ensure that our activities continue to be in line with our charitable objectives while contributing to public benefit.

Risk management

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

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

- VSO is unable to effectively demonstrate our impact to current and potential institutional donors
- VSO is not able to manage the volume and pace of change to make the business plan successful
- VSO is unable to supply the target number of international volunteer days to programmes.

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

We have paid particular attention during the year to the leadership and coordination of our global fundraising efforts, including our relationship with DFID, managing the organisation's strategic change programmes, and the global volunteering plan. Our trustees recognise that some areas of work require the acceptance and management of risk if our key objectives are to be achieved.

Reference and administrative details: please refer to page 66 for details.

Structure, governance, management and risk management

VSO and Scotland

In 2012/13, VSO established a new post of Scotland Major Partnership Manager, based in the VSO Edinburgh office, allowing us to raise our profile in Scotland through participation in networks such as the Scotland Malawi Partnership and the Scottish Parliament Cross Party Group on International Development. Other significant activities that took place in Scotland during 2012/13 include the following:

- Six per cent (14 volunteers) of the international volunteers recruited by VSO UK in 2012/13 were living in Scotland when they applied. In addition, 15 of the VSO ICS volunteers who were recruited last year were from Scotland.
- A reception was held at the Palace of Holyroodhouse in the presence of HRH The Princess Royal. VSO parliamentarian volunteer, Fiona O'Donnell spoke about her recent visit to Bangladesh where she had supported young national volunteers to present their findings and ideas to Bangladeshi politicians in Dhaka.
- VSO received significant new grants from the Scottish government and the Climate Justice Fund for VSO's work in health and secure livelihoods in Malawi.
- It was the final year of a Bangladesh secure livelihoods project that was funded by the Scottish government. In the past year, the focus has been on advocacy and dissemination of good practice and research to parliamentarians and decision-makers.



Financial review

Income

Total income resources for the year totalled £57 million, which is an increase of £1 million (2%) on the previous year (2012: £56 million).

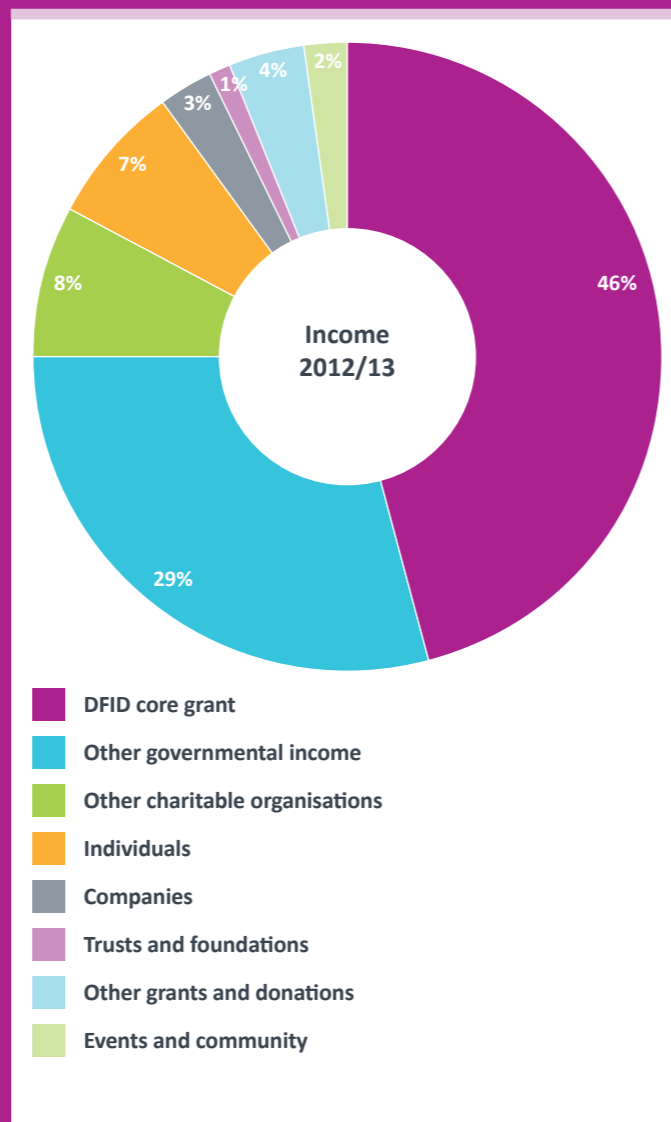
VSO works in close collaboration with DFID. In April 2011, a three-year strategic grant agreement was signed with DFID, providing VSO with a grant of £30 million in 2011/12, £26 million in 2012/13 and £22 million in 2013/14. VSO is grateful to DFID for its continued support.

Following the successful completion of the ICS pilot programme, DFID awarded a new three-year contract to VSO to manage the ICS programme. This new contract represents £7.4 million of income and £7.3 million of expenditure in 2012/13. Part of the ICS work is sub-contracted by VSO to five other charity partners, representing £4.7 million of the total expenditure in 2012/13.

While we value DFID's support as a major donor, we recognise that it is beneficial for us and DFID to have a more diverse portfolio of income streams. In 2010/11, we embarked on a programme of increased investment in our fundraising in order to grow our overall income and change our donor profile. This investment has continued throughout 2012/13.

As part of this programme, we now undertake a wider range of fundraising and other income-generating activities from our resources, using our core funding from DFID to leverage additional funds.

A key source of unrestricted income for us is individuals. As the basis of this income is regular giving, our continuing investment in this area during 2012/13 should be reflected as increased income over the coming years. We have also continued our funding relationships with key corporate partners and developed new partnerships in this area, resulting in corporate income showing extremely healthy growth of 67%, despite the current economic climate. In addition, our level of support from major donors and other charitable organisations has also increased this year.



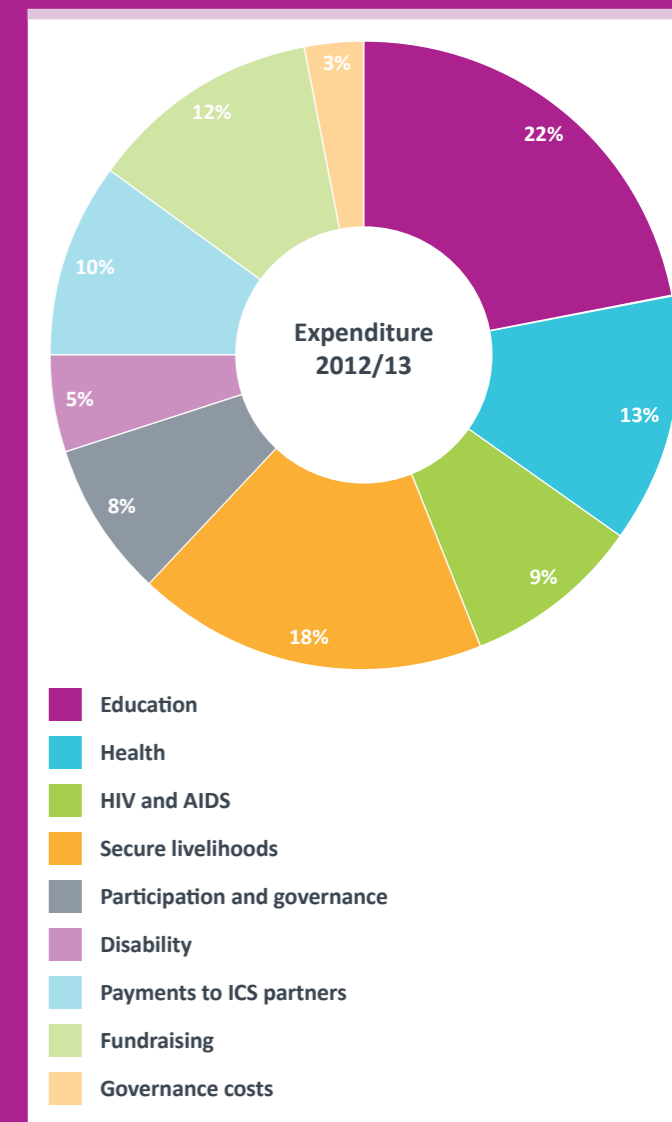
Expenditure

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

The charity spent £50.6 million on charitable activities, amounting to 85% of total expenditure. This year we have seen a drop in the expenditure on our HIV and AIDS goal and a corresponding increase on our health goal, as this activity is now often incorporated into the more general health programmes. Next year we plan to merge these two goals in order to better reflect this change. There has been £2 million growth in expenditure against the education goal. The payments to ICS consortium partners have also increased. This is a combination of grants for the pilot programme and payments for the sub-contracted work of the new ICS contract. As the other consortium members do not have exactly the same goal areas as VSO, it is not possible to split this expenditure out by specific goal, so we have shown it separately.

In 2012/13, fundraising costs have increased by 58% as a result of the planned investment in fundraising in order to diversify our income. Much of this investment has been directed towards individual giving, the results of which should be apparent in future years.

Governance costs have remained at a similar level this year, however within this group of costs, the expenditure on our strategic change programmes has gone up year on year, and other costs, such as those related to the chief executive's office, have fallen.



Funds held

Total funds carried forward at 31 March 2013 amounted to £14.7 million. Within this total, restricted fund balances remained relatively constant at £5.9 million. Unrestricted funds decreased by £2.1 million to £8.8 million. This follows an increase in unrestricted funds in 2011/12 of £1.7 million and brings the level closer to the target level of reserves.

Reserves policy

The reserves policy covers the level of free reserves that would be immediately available for activities within VSO's overall purpose, and would be appropriate for the charity to hold on a continuing basis. This level takes into account potential volatility in income streams and allows for uncontrollable fluctuations in essential expenditure. It also allows VSO to take advantage of strategic opportunities. The policy also sets out the actions that trustees expect to take to maintain reserves at an appropriate level; the trustees review this level periodically. At the last review in March 2013, it was agreed to remain with the decision made in March 2012 that a target reserve level of £8.1 million was considered appropriate to address what will be needed over the next three years, particularly taking into account the reduction in the DFID core grant during this period. At 31 March 2013, VSO's free reserves stood at £8 million.

Investment policy

Aim

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

Policy

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

Achievements

Many organisations holding riskier investment portfolios were negatively impacted by the global economic climate. VSO continues to take a cautious approach and has decided not to change the composition of investments held during the current financial year. We have managed to preserve capital through investing in liquid or near-liquid assets.

During the year, we undertook a review of our banking relationships and decided to move the main UK banking function to Barclays. As our current charity package with Barclays offers very competitive interest rates on cash deposits, we also disposed of our investments held with the HSBC Liquidity Plus Fund and moved them to cash deposit with Barclays. The finance team are currently undertaking a more in-depth review of the best options available for investment of our funds.

Statement of trustees' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently
- make 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 charity will continue in business.

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

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

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

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

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

Auditors

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



On behalf of the Board of Trustees
Mari Simonen
Chair

12 July 2013

Independent auditor's report to the Members and Trustees of Voluntary Service Overseas

We have audited the financial statements of Voluntary Service Overseas for the year ended 31 March 2013, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

Gatwick
United Kingdom
Date: 12 July 2013

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

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

Consolidated statement of financial activities for the year ended 31 March 2013

Income and Expenditure	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income 2					
Strategic grant from Department for International Development (DFID)		26,000	-	26,000	30,000
Contributions from governmental bodies		7,399	9,330	16,729	11,965
Other grants and donations		5,516	7,613	13,129	13,238
Activities for generating funds 2					
Community projects, events and volunteer fundraising		500	599	1,099	694
Income from lettings		4	-	4	-
Investment income					
		119	-	119	84
Total incoming resources		39,538	17,542	57,080	55,981
Resources expended					
Cost of generating funds					
		7,182	-	7,182	4,542
Charitable activities 3					
Education		8,539	4,721	13,260	11,288
Health		4,489	3,204	7,693	5,912
HIV and AIDS		2,389	3,296	5,685	8,091
Secure livelihoods		7,092	3,420	10,512	10,021
Participation and governance		3,617	1,087	4,704	5,806
Disability		1,972	791	2,763	3,489
Payments to ICS consortium partners		4,705	1,295	6,000	3,533
Governance costs 4					
		1,620	-	1,620	1,639
Total resources expended		41,605	17,814	59,419	54,321
Net incoming/(outgoing) resources 5					
		(2,067)	(272)	(2,339)	1,660
Gain on investment assets	9	5	-	5	8
Net movement in funds		(2,062)	(272)	(2,334)	1,668
Total funds brought forward		10,837	6,172	17,009	15,341
Total funds carried forward		8,775	5,900	14,675	17,009

All amounts relate to continuing activities.
The notes on pages 49 to 65 form part of these financial statements.

Balance sheet as at 31 March 2013

	Note	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Fixed assets					
Tangible assets	8	682	450	682	450
Investments	9	-	1,398	132	1,398
		682	1,848	814	1,848
Current assets					
Debtors	10	10,222	5,020	10,527	5,595
Short-term deposits		4,537	7,279	4,537	6,664
Cash at bank and in hand:					
in the United Kingdom		10,268	4,749	9,956	4,749
overseas		1,438	1,213	1,307	1,213
		26,465	18,261	26,327	18,221
Creditors: amounts falling due within one year	11	(4,967)	(2,521)	(4,961)	(2,481)
Net current assets		21,498	15,740	21,366	15,740
Total assets less current liabilities		22,180	17,588	22,180	17,588
Creditors: amounts falling due after one year	12	(7,505)	(579)	(7,505)	(579)
Net assets		14,675	17,009	14,675	17,009
Restricted funds:					
Income funds	13,15	5,900	6,172	5,900	6,172
Unrestricted funds:					
Designated funds					
Fixed asset funds	14,15	682	450	682	450
ICS fund	14,15	67	-	67	-
General fund	15	8,026	10,387	8,026	10,387
		14,675	17,009	14,675	17,009

The notes on pages 49 to 65 form part of these financial statements.
The financial statements were approved by the Board of Trustees and authorised for issue on 12th July 2013.



John Bason, Honorary Treasurer

Consolidated cash flow statement for the year ended 31 March 2013

	Note	2013		2012	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	17		2,463		3,587
Returns on investments and servicing of finance					
Interest received		119		84	
			119		84
Capital expenditure and financial investment					
(Purchase) of tangible fixed assets	8	(983)		(391)	
Disposal of investments	9	1,403		-	
			420		(391)
Cash inflow before use of liquid resources and financing			3,002		3,280
Management of liquid resources					
Decrease in short-term deposits	19	2,742		143	
			2,742		143
Increase in cash	19		5,744		3,423

Notes forming part of the financial statements for the year ended 31 March 2013

1. Accounting policies

Basis of accounting

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

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

Fund accounting

Restricted funds: The charity generates significant income that is tied to specific programmes on which volunteers are working. Contributions are made towards the charity's costs of placing and supporting the volunteers on these programmes, the costs of the local organisations within which volunteers are working and the costs of other charitable activities, including the charity's youth and national volunteering programmes. When the funds are subject to specific conditions imposed or implied by the donor, these are shown as restricted income funds.

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

Designated funds: Designated funds are amounts set aside at the discretion of the trustees (see note 14).

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of either the charity being notified of an impending distribution or the legacy being received. For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is the earlier of the charity having incurred the expenditure to which the grant relates or the grant having been received. Pro bono services and gifts in kind are valued at the estimated value to the charity.

Cost of generating funds

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

Resources expended on basis of allocation of costs

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

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

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3). Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Governance costs

Governance costs comprise the salaries, direct expenditure and overhead costs of the chief executive's office, the cost of the internal audit, the cost of auditing and publishing the annual report and financial statements, and the expenses of the Board of Trustees.

Grants and consortium payments (see note 3)

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

Tangible fixed assets and depreciation

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

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

Assets held in the UK:

Leasehold improvements – over the length of the lease
Furniture, equipment, fixtures and fittings – over five years
Computer equipment – over four years

Assets held overseas:

All categories – fully in the year of acquisition

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

Notes forming part of the financial statements for the year ended 31 March 2013

Investments

The only investments VSO currently holds are investments in its subsidiary companies. Investments are stated at market value, except for the 100% shareholding in VSO Trading Limited and the 100% shareholding in Beijing VSO Consulting Company Limited, which are both stated at cost. Realised gains and losses are shown in the statement of financial activities (SOFA).

Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Liability for returning volunteers

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

Foreign exchange transactions

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

Pension costs

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

Operating leases

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

2. Income analysis

a) Contributions from governmental bodies

'Contributions from governmental bodies' is defined as income from public institutional agencies, including those where the contribution is funded by government agencies, eg governments, European Community, United Nations, World Bank.

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Department for International Development (DFID) – core strategic grant	26,000	-	26,000	30,000
Department for International Development (DFID) – other income	7,399	4,150	11,549	5,592
Australian Government Overseas Aid Program (AusAID)	-	1,103	1,103	1,069
European Commission	-	517	517	1,465
Irish Aid	-	485	485	721
Sweden / Norad	-	741	741	738
UNICEF	-	617	617	446
Other public funding	-	1,717	1,717	1,934
	33,399	9,330	42,729	41,965

b) Other grants and donations

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Trusts and foundations	60	473	533	966
Other charitable organisations	714	1,280	1,994	1,074
Companies	-	2,054	2,054	1,233
Major donors	83	364	447	320
Individuals	3,648	141	3,789	3,707
Cuso International	-	2,656	2,656	3,392
Comic Relief	-	492	492	952
Lottery	-	147	147	98
Legacies	415	-	415	691
Gifts in kind and pro bono services	545	-	545	728
Other (sale of assets)	51	6	57	77
	5,516	7,613	13,129	13,238

c) Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Events	254	205	459	438
Community projects	246	14	260	256
Volunteer fundraising	-	380	380	-
Income from lettings	4	-	4	-
	504	599	1,103	694

Notes forming part of the financial statements for the year ended 31 March 2013

3. Charitable activities

	Grants and consortium payments £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	2013 Total costs £'000	2012 Total costs £'000
By goal						
Education	1,388	4,077	6,579	1,216	13,260	11,288
Health	748	2,386	3,904	655	7,693	5,912
HIV and AIDS	466	1,975	2,836	408	5,685	8,091
Secure livelihoods	1,152	3,464	4,888	1,008	10,512	10,021
Participation and governance	577	1,572	2,050	505	4,704	5,806
Disability	337	932	1,199	295	2,763	3,489
Payments to ICS consortium partners						
United Nations Association International Service	1,499	-	-	-	1,499	557
Progressio	1,310	-	-	-	1,310	659
Raleigh International	1,298	-	-	-	1,298	-
Restless Development	1,053	-	-	-	1,053	1,261
Skillshare International	501	-	-	-	501	875
Tearfund	356	-	-	-	356	-
Tropical Health & Education Trust	(17)	-	-	-	(17)	127
Other	-	-	-	-	-	54
Total	10,668	14,406	21,456	4,087	50,617	48,140

Charitable activities (excluding apportioned support costs) include pro bono services valued at £411,000 (2012: £420,000).

Breakdown of apportioned support costs:

	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	Information technology £'000	Total 2013 £'000	Total 2012 £'000
Education	254	321	348	293	1,216	1,007
Health	137	172	188	158	655	539
HIV and AIDS	85	108	117	98	408	483
Secure livelihoods	211	266	289	242	1,008	879
Participation and governance	105	133	145	122	505	523
Disability	62	78	84	71	295	303
Total support costs - charitable activities	854	1,078	1,171	984	4,087	3,734
Support costs - fundraising	196	249	270	226	941	757
Support costs - governance	49	61	67	56	233	205
Total apportioned support costs	1,099	1,388	1,508	1,266	5,261	4,696

£451,000 (2012: £59,000) of total apportioned support costs are covered by restricted or designated funds.

Apportioned support costs include pro bono services valued at £93,000 (2012: £32,000).

4. Governance costs

	2013 £'000	2012 £'000
Chief executive's office	536	692
Implementation of strategic change programmes	881	592
Board meetings	46	30
Internal and external audit	113	131
Other federation governance activities	44	194
	1,620	1,639

Governance costs include pro bono services valued at £40,000 (2012: £224,000).

5. Net incoming/(outgoing) resources

	2013 £'000	2012 £'000
Net incoming/(outgoing) resources is stated after charging:		
Depreciation:		
UK assets	313	190
Overseas assets	438	237
Auditors' remuneration	22	24
Audit of VSO Trading Limited	3	3
Loss on exchange rate movements	173	125

6. Trustees' remuneration

The trustees received no remuneration during the year (2012: £nil).

Expenses reimbursed to trustees or paid for on their behalf, for activities undertaken on behalf of the charity amounted to £46,000 (2012: £30,000). The increase is due to improved governance for a global organisation with a more global Board of Trustees, and the decision to hold one board meeting in a project country location, resulting in an increase in travel costs.

Notes forming part of the financial statements for the year ended 31 March 2013

7. Employee emoluments

	2013 £'000	2012 £'000
Employee costs during the year:		
Wages and salaries	17,651	15,908
Social security costs	1,278	1,089
Pension costs	639	551
Temporary staff	239	303
	19,807	17,851

The 2013 wages and salaries figure includes an amount of £608,000 relating to severance pay. This primarily relates to reorganisation in the UK office and the planned closure of country offices in accordance with our strategic change programme.

Average full-time equivalent number of persons employed:	2013	2012
UK	266	241
Overseas		
UK appointed	64	56
Locally appointed	387	426
	717	723

The drop in locally appointed staff numbers is primarily due to the handover of Latin America programmes to Cuso International part way through the year ended 31 March 2012.

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

	2013	2012
£60,001 – £70,000	3	3
£70,001 – £80,000	5	5
£90,001 – £100,000	1	1
£120,001 – £130,000	1	1

Eight of these staff are members of VSO's pension scheme. The pension costs recognised on behalf of these staff members for the year totalled £33,000 (2012: £31,000). One of these staff paid into a defined contribution money purchase scheme administered by The Pensions Trust (£7,000 of the total) and seven staff paid into a defined contribution scheme administered by Scottish Widows (£26,000 of the total).

8. Tangible fixed assets

Group and charity	Leasehold improvements £'000	Furniture, equipment, fixtures and fittings £'000	Computer equipment £'000	Assets held overseas £'000	Total £'000
Cost					
At 1 April 2012	535	882	1,525	897	3,839
Additions	-	51	494	438	983
Disposals	-	(9)	-	(307)	(316)
At 31 March 2013	535	924	2,019	1,028	4,506
Accumulated depreciation					
At 1 April 2012	480	736	1,276	897	3,389
Charge for the year	43	112	158	438	751
Disposals	-	(9)	-	(307)	(316)
At 31 March 2013	523	839	1,434	1,028	3,824
Net book value					
At 31 March 2012	55	146	250	-	450
At 31 March 2013	12	85	585	-	682

9. Investments

Group and charity	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Market value at the beginning of the year	1,398	1,390	1,398	1,390
Disposals	(1,403)	-	(1,403)	-
Additions	-	-	132	-
Realised and unrealised gains/(losses)	5	8	5	8
Market value at 31 March	-	1,398	132	1,398

Investments held by the charity at 31 March 2013 comprise £2 held in VSO Trading Limited and £132,439 (USD210,000) held in Beijing VSO Consulting Company Limited, both of which are stated at cost.

HSBC Liquidity Plus Fund – VSO sold all its units in the HSBC Liquidity Plus Fund during the year.

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

Beijing VSO Consulting Company Limited – The investment in Beijing VSO Consulting Company Limited (see note 20) is held at a cost of USD210,000 (£132,439) in the books of the parent charity.

Notes forming part of the financial statements for the year ended 31 March 2013

10. Debtors

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Amounts due from VSO Trading Limited	-	-	306	599
Other debtors	612	716	611	716
Prepayments	788	747	788	747
Accrued income	4,320	2,440	4,320	2,416
Amounts due from federation members and strategic alliance partners	851	1,117	851	1,117
Amounts due from ICS consortium partners (working capital advances)	3,651	-	3,651	-
	10,222	5,020	10,527	5,595

All amounts above are due within one year, except the amounts due from ICS consortium partners, which are expected to be fully paid by August 2015.

11. Creditors: amounts falling due within one year

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Trade creditors	1,143	419	1,142	419
Liability for volunteer allowances	38	34	38	34
Provision for returning volunteers	203	275	203	275
Provision for national staff end-of-service costs	97	73	97	73
Taxation and social security	1,008	646	1,007	639
Pension contributions payable	130	60	130	60
Other creditors	343	32	343	32
Amounts due to federation members	424	697	424	697
Accruals and deferred income	1,581	285	1,577	252
	4,967	2,521	4,961	2,481

12. Creditors: amounts falling due after one year

	Group and charity	
	2013 £'000	2012 £'000
Provision for returning volunteers	113	121
Provision for national staff end-of-service costs	292	218
Working capital advance from DFID for ICS	7,100	-
Provision for dilapidations on leased properties	-	240
	7,505	579

No interest is incurred on any of the above creditors.

13. Restricted funds – group and charity

Movement on restricted funds	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Closing balance £'000
Project name				
Tackling Education Needs Inclusively (TENI) – Ghana	828	364	571	621
Cuso International Innovation Fund	791	32	261	562
Regional AIDS Initiative for Southern Africa	524	1,324	1,661	187
VSO PAC/DAC Capacity Building Project – Papua New Guinea	367	(116)	251	-
Making Markets Work for the Poor – Accenture Foundation	306	305	281	329
EVHAC Pilot – European Commission	279	-	218	61
Building Capacity of all Health Service Providers in Vanuatu	263	24	274	13
Million Hours Fund	158	236	154	240
Tokaut AIDS III – Papua New Guinea	151	162	313	-
Care and Education for Migrant Children - Thailand - UBS Optimus Foundation	143	152	109	187
Strengthening Education around STIs including AIDS, Vanuatu	-	325	44	281
Rural Enterprises Support Project - Ghana	126	918	383	661
DFID funded global schools education project - UK & Rwanda - British Council	94	-	35	59
International Citizen Service Pilot Programme	90	2,084	2,174	-
DFID Health Partnership Scheme through THET - Malawi	85	325	273	137
Coaching on the quality of care services and health management and administration at SFRH, Tanzania - SDC	-	264	1	263
Promoting quality and inclusive education for out of reach children - Nepal	83	100	192	(9)
Capacity Needs Assessment and Development plan for Papua New Guinea education	36	235	251	20
Voices for Development - Restless Development	-	256	2	254
Inclusive education project - Uganda	27	139	166	-
Secure Livelihoods in Bangladesh	9	158	163	4
Enhancing employability through vocational training in Mtwara, Tanzania - BG International Ltd	-	214	132	82
Canadian Programme Partnership Agreement	5	2,441	2,442	4
VSO Programme in South Sudan - DFID	-	1,241	1,169	73
Strengthening Organisational Learning II in Western Africa - PSO	-	186	186	-
VSO Randstad Partnership	39	182	165	56
Teacher Education Support Project in Papua New Guinea	-	278	281	(3)
Youth Development Programme in Northern Uganda - DFID	-	187	187	-
Health capacity building in Sierra Leone - UNICEF	-	182	182	-
USAID Literacy, Language and Learning Initiative - Rwanda	-	108	108	-
Other Specific Programme Funds*	1,768	5,236	5,185	1,819
	6,172	17,542	17,814	5,900

The restricted funds closing balance comprises the unexpended balances of donations and grants held for specific purposes. It is anticipated that these funds will be expended during the coming financial year.

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

Notes forming part of the financial statements for the year ended 31 March 2013

Contracted funds – group and charity

	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Closing balance £'000
Movement on Contracts				
DFID - International Citizen Service (ICS)	-	7,399	7,332	67

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

14. Designated funds

Fixed asset fund

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

ICS fund

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

15. Analysis of net assets between funds

Group	General fund £'000	ICS fund £'000	Fixed asset fund £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 March 2013 are represented by:					
Tangible fixed assets	-	-	682	-	682
Investments	-	-	-	-	-
Current assets	20,498	67	-	5,900	26,465
Current liabilities	(4,967)	-	-	-	(4,967)
Long-term liabilities	(7,505)	-	-	-	(7,505)
Total net assets	8,026	67	682	5,900	14,675

16. Commitments

As at 31 March 2013, the parent charity was committed to making the following non-cancellable payments during the next financial year in respect of operating leases:

	2013 £'000	2012 £'000
In the UK:		
Within five years	493	940
Overseas:		
Within five years	1,065	1,327
	1,558	2,267

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

Group	2013 £'000	2012 £'000
Net incoming/(outgoing) resources	(2,339)	1,660
Depreciation	751	427
Investment income	(119)	(84)
Decrease/(Increase) in debtors	(5,202)	1,906
(Decrease)/Increase in creditors falling due within one year	2,446	(372)
Increase in creditors falling due after more than one year	6,926	50
Net cash inflow from operating activities	2,463	3,587

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

	2013 £'000
Increase in cash in the year	5,744
Decrease in short-term deposits in the year	(2,742)
Movement in net funds in the year	3,002
Opening net funds	13,241
Closing net funds	16,243

19. Analysis of net funds

	At 1 April 2012 £'000	Cash flow £'000	At 31 March 2013 £'000
Cash at bank and in hand	5,962	5,744	11,706
Short-term deposits	7,279	(2,742)	4,537
Total	13,241	3,002	16,243

Notes forming part of the financial statements for the year ended 31 March 2013

20. Subsidiary companies

	2013 £	2012 £
Shares in subsidiary companies		
VSO Trading Limited	2	2
Beijing VSO Consulting Company Limited	132,439	-

VSO Trading Limited

VSO Trading Limited is wholly owned by Voluntary Service Overseas and is registered in England and Wales. As at 31 March 2013, the investment of Voluntary Service Overseas in VSO Trading Limited was £2 (2012: £2).

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

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

	2013 £'000	2012 £'000
Profit and loss account		
Turnover	442	465
Other income	-	-
	442	465
Total costs	(395)	(387)
Net profit	47	78
Gift Aid payable to Voluntary Services Overseas	(47)	(78)
Retained profit for the year	-	-

	2013 £'000	2012 £'000
Balance sheet		
Current assets	312	638
Creditors: amounts falling due within one year	(312)	(638)
Net assets	-	-

The results of the company are stated after charging £234,000 (2012: £191,000) of expenditure recharged from VSO.

Beijing VSO Consulting Company Limited

Beijing VSO Consulting Company Ltd is a wholly foreign-owned enterprise registered in China. It was registered on 20 June 2012. Voluntary Service Overseas is the sole shareholder of the company. The registered capital of the company is USD210,000. As at 31 March 2013, the investment of Voluntary Service Overseas in Beijing VSO Consulting Company Ltd was USD210,000 (£132,439).

The objective of the company is to contribute to the development of China's markets and to strengthen the economic cooperation between China and other countries and to enable Voluntary Service Overseas (as the sole shareholder) to achieve satisfactory economic benefits. They do this by the provision of consultancy, training and market promotion services.

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

A summary of the results of Beijing VSO Consulting Company Limited for the year is shown below. In accordance with Chinese legislation the financial year-end of the subsidiary is 31 December. Full accounts will be available on request from Voluntary Service Overseas after the subsidiary's first full accounting year-end of 31 December 2013.

	2013 £'000	2012 £'000
Profit and loss account		
Turnover	7	-
	7	-
Total costs after exchange adjustment	(7)	-
Net profit	-	-
Retained profit for the year	-	-
Balance sheet		
Current assets	132	-
Creditors	-	-
Net assets	132	-
Issued share capital	132	-

Notes forming part of the financial statements for the year ended 31 March 2013

21. Pension costs

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

In 2012/13, the total cost of these contributions was £399,000 (2012: £359,000).

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

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

The assets and liabilities of participating employees cannot be separately identified for FRS 17 purposes. As at 31 March 2013, there is an estimated contingent liability of £7 million (2012: £6 million) in the event that VSO were to withdraw its membership of The Pension Trust's Growth Plan. There are currently 70 staff members still contributing to the scheme and VSO has no current plans to withdraw its membership.

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

22. Grants and contracts

	2013 £'000
From the Asian Development Bank	
Water and Sanitation for Herding families – Mongolia	50
From AusAID	
Tokaut AIDS III - Papua New Guinea	162
Capacity Needs Assessment and Development plan for Papua New Guinea education	235
Teacher's College Language Support Project in Papua New Guinea	278
Strengthening HIV response - Vanuatu	24
Strengthening Education around STIs including HIV	325
Other	79
From the Department for International Development (DFID)	
Core grant under strategic partnership agreement	26,000
International Citizen Service Contract	7,399
International Citizen Service Pilot Programme	2,084
Strengthening quality of and access to healthcare in hospitals - Sierra Leone	108
VSO Programme in South Sudan	1,241
Health Partnership Scheme through THET - Malawi	325
Youth Development Programme in Northern Uganda - DFID	187
Other	204
From the European Commission	
Non-formal skills and vocational training for jobs in Northern Uganda	137
Improving health through community volunteering - Mongolia	88
Promoting quality and inclusive education for out of reach children - Nepal	100
Other	192
From Federal Democratic Republic of Ethiopia - Ministry of Civil Service	
Building Ethiopia through Skill, Knowledge and Technology Transfer	116
From Irish Aid	
Regional AIDS Initiative for Southern Africa	485
From PSO Netherlands	
Strengthening Organisational Learning II in Western Africa	186
Action Learning & Learn Work Path	1
From the Scottish Government	
Secure Livelihoods in Bangladesh	158
Ntcheu Integrated Maternal Health Project - Malawi	120
Water Futures: Towards equitable resources strategies (WATERS) - Malawi	100

Notes forming part of the financial statements for the year ended 31 March 2013

	2013 £'000
From Sweden / Norad	
Regional AIDS Initiative for Southern Africa	741
From the Swiss Agency for Development and Cooperation (SDC)	
Coaching on the quality of care services and hospital management and administration at SFRH, Tanzania	264
Regional AIDS Initiative for Southern Africa	88
From UNESCO	
Gender, Equality in teaching and education management research, Cameroon and Rwanda	43
From UNICEF	
CAPACE Teaching Project - Rwanda	101
Inclusive education project - Uganda	139
Health capacity building in Sierra Leone	182
Strengthening education management in 10 provinces in Cambodia	89
Other	106
From USAID	
Literacy, Language and Learning Initiative - Rwanda	108
From the World Bank	
Regional AIDS Initiative for Southern Africa	8
Institutional support to Upland Rice managements in Central River region - Gambia	90
Other income from governmental bodies	385
Total income from governmental bodies	42,729
From Accenture Foundation	
Secure Livelihoods Programme - Making Markets Work for the Poor	305
Active Citizenship and Livelihoods Project - India	14
From the Big Lottery Fund	
Diaspora volunteering initiative	103
Addressing HIV and AIDS in the Beira Corridor - Mozambique	44
From BG International Ltd	
Enhancing employability through vocational training in Mtwara, Tanzania	214
From Cadbury-Schweppes plc	
Rural Enterprise Support Project - Ghana	918

	2013 £'000
From Comic Relief	
Tackling Education Needs Inclusively (TENI) - Ghana	364
Regional AIDS Initiative for Southern Africa - Zimbabwe	96
Nurturing the Young trees to make a thick forest - Uganda	32
From Cuso International	
Cuso International Canadian Programme Partnership Agreement	2,441
Strategic Alliance Volunteering Innovation Fund	32
Cuso International Other Specific Programme Funding	209
From the Fondation de Luxembourg	
Regional AIDS Initiative for Southern Africa	85
From the JTA International Pty Ltd	
Capacity Building - Phase III in Papua New Guinea	106
From New Britain Palm Oil Foundation	
New Britain Palm Oil Strategy Development	112
From Randstad	
VSO Randstad Partnership	182
From Restless Development	
Voices for Development	256
From the Stavros Niarchos Foundation	
Providing quality education through child centred learning in Ethiopia	47
From the UBS Optimus Foundation	
Care and Education for Migrant Children - Thailand	152
Other	48
Other grants and donations income, not individually listed above	7,368
Total income from other grants and donations	13,129

Reference and administrative details

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

The International Board of Trustees (as at 31 March 2013)

Mari Simonen (Chair) ^{†~}	Former Deputy Executive Director, United Nations Population Fund (UNFPA), New York
Nthobi Angel*	Chair, KagisoTiso Holdings, Johannesburg
Mark Astarita	Fundraising Director, British Red Cross, London
John Bason (Treasurer) ^{*†}	Finance Director, Associated British Foods Plc, London
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Rasheda Choudhury	Executive Director, Campaign for Popular Education (CAMPE), Dhaka
Sir Andrew Cubie KBE, CBE, FRSE [^]	Consultant, Edinburgh
Pamela Culpepper†	Senior Vice-President of Global Diversity and Inclusion, PepsiCo, Chicago
Anjali Sen*	Regional Director, International Planned Parenthood Federation (IPPF) South Asia region, Delhi
Wayan Vota	Communications Manager, Development Gateway, Washington, D.C.

Independent International Board sub-committee members (as at 31 March 2013)

Victoria Anderson[^], Hugh Burkitt[^], Hardeep Jhutti[^], Superna Khosla[^], Neil Menzies^{*}, Chris Merry[^], Dr Judy Muthuri[^], Amanda Rowlett[^], Steve Westwell[^]

Federation Council members (as at March 2013)

The Rt Hon the Baroness Armstrong of Hill Top [^]	VSO UK
Pieter Marres	VSO Netherlands
Katanu Mwosa	VSO Jitolee (Kenya)
Vitaliano Nanagas II	VSO Bahaginan (Philippines)
Iarla Mongey	VSO Ireland

Former members of the International Board of Trustees (during reporting year 2012/13)

Dr Grace Aguilin Dalisay	Professor, University of the Philippines, Quezon City (until November 2012)
K I Laibuta	Commissioner, Commission for the Implementation of the Constitution, Nairobi, Kenya (until November 2012)

Former Independent International Board sub-committee members (during reporting year 2012/13)

Caroline Hewitt^{*}

* Audit and Risk Committee (board sub-committee)
 † Remuneration Committee (board sub-committee)
 ~ Nomination Committee (board sub-committee)
 ^ UK Board (board sub-committee)

Global Leadership Team (as at 31 March 2013)

Marg Mayne	Chief Executive
Amanda Bringans	Director of Global Fundraising and Communications
Matthew Foster	Director of Asia and Pacific Group
Kathryn Gordon	Director of People Group
Paul Green	Director of Finance, IT and Corporate Performance
Tiziana Oliva	Director of Africa Group
Brian Rockliffe OBE	Director of ICS
Angela Salt OBE	Director of VSO UK
Jon Rosser	Interim Director of Policy and Programme Effectiveness (<i>and Interim Director of VSO UK, until January 2013</i>)

Former executive directors (during reporting year 2012/13)

Amanda Khozi Mukwashi	Director of Policy (until November 2012)
Sarah Wilson	Assistant Chief Executive (until June 2012)

International Federation members

VSO works within an international federation of member organisations, together with four other independent members:

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

VSO would like to take this opportunity to recognise the significant contribution of our volunteers. They very generously give up their time and salaries in order to share their expertise in our programmes around the world. Without them, our work would not be possible. Many volunteers also continue to give up their time to help VSO after they've returned home, by raising funds and promoting our work.

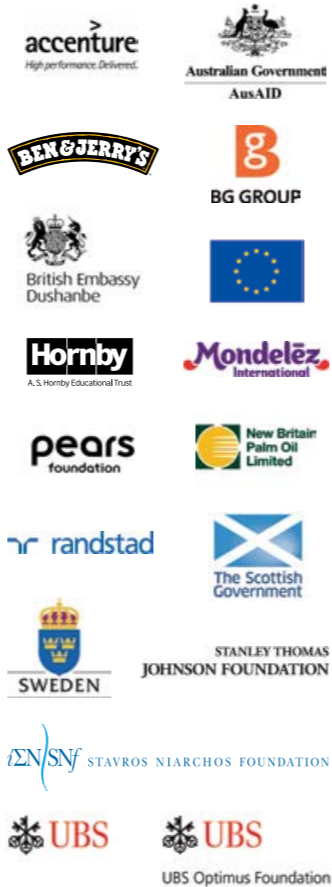
We would like to thank our strategic alliance partner, Cuso International, for contributing volunteers, funds and programme expertise in support of our work in Burkina Faso, Cambodia, Cameroon, Ethiopia, Ghana, Guyana, Indonesia, Mozambique, Nepal, Nigeria, Rwanda and Tanzania.

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

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

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Inside back cover: A pupil at Iipumbu Senior Secondary School, in the Oshana Region in Namibia. Oshana is one of the many local government regions where VSO volunteers have provided educational support during its 25 years in Namibia.

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