



**MARIE STOPES
INTERNATIONAL**

Children by choice, not chance

Financial Statements and Annual Report **31 December 2014**

Registered Charity No: 265543
Company No: 1102208



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Reference and administrative details

Registered name and charity number

Marie Stopes International
265543 (registered in England and Wales)

Company number

1102208 (registered in England and Wales)

Registered office

1 Conway Street
Fitzroy Square
London W1T 6LP

Board of Trustees

The Trustees of Marie Stopes International are the charity's Trustees under charity law and the Directors of the charitable company.

Chairman

Timothy M Rutter FRCS

Trustees

Dr Timothy Black CBE
(Deceased 11 December 2014)
Baroness Shreela Flather
Philip D Harvey
Kristin Anne Rutter
Faustina Fynn-Nyame
Claire Emma Morris
(Appointed 23 March 2015)

Company Secretary and Solicitor

Company Secretary: Solscan Limited
Solicitor: Andrew Lutley
Springfield, Rookery Hill
Ashted Park, Ashted,
Surrey
KT21 1HY

Chief Executive Officer

Simon Cooke

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Principal bankers

Standard Chartered Bank Plc
1 Aldermanbury Square
London EC2V 7SB

Barclays Bank Plc

1 Churchill Place
London E14 5HP

Chief Executive's statement



The services that we provide are truly life changing. They transform lives by giving girls and women the power to plan the timing and spacing of their children. They allow women to delay their first child to complete their education, and support the welfare of their families and communities by contributing more to the economies in which they live. When a woman is faced with no other choice than to end her pregnancy, we provide a safe and compassionate alternative to the life-threatening risk of an unsafe abortion.

What we take for granted in the West; easy access to contraception, is simply not an option for over 225 million women in the developing world. Our work aims to close that gap.

In 2014, Marie Stopes International was able to give more women than ever before the power to choose. We provided a method of contraception to over 18 million women across 37 countries, in our centres, through outreach programmes, and via social franchising in our BlueStar network, and somewhere in the world we served our 100 millionth client. We remain committed to ensuring that every woman who comes to us can choose a method of contraception that is right for her at a location that is accessible.

We delivered over 3.3 million safe abortion and post-abortion care services, the majority of these being medical terminations in the first trimester. Providing women who decide to end a pregnancy with a safe abortion, where legal, and access to post-abortion care (PAC) if they've suffered complications from an unsafe abortion procedure, is an absolutely fundamental part of our work.

The impact of our work is profound. We estimate that in 2014 our services averted 5.4 million unintended pregnancies, 3.9 million unsafe abortions and 16,100 maternal deaths, and provided at least £213 million worth of savings to families and health care systems.

2014 also saw the sudden death of our founder, Dr. Tim Black CBE, who worked tirelessly for over 40 years to build MSI into what it is today. He will be missed, but his enormous legacy lives on in the millions of women and men who continue to benefit from his vision, and in the commitment of the 12,000 MSI team members worldwide.

In 2015 we will launch our 2016-2020 global strategy, 'Scaling-Up Excellence' which will outline the objectives, goals, strategies and measures that ensure MSI remains at the forefront of delivery of unmet need for safe abortion and contraception for years to come, and importantly how we can do that in a more sustainable way.

Our social business model aims to build better value-for-money solutions for national governments and donors, supported by our own income generation via direct client services. By running our organisation as a business, we aim to produce a defined social dividend at lower cost, with less waste, and more funding directed at client service provision.

In the past year, we consolidated our global organisation structure to provide better visibility of programme costs, better validation of services provided, and more transparency of return on investment. We have eliminated unapproved in-country deficit funding, and built strong systems to enable better cash flow and reserves management. We have dramatically improved our governance and auditing capability.

Our belief is that every dollar or pound invested by ourselves or our partners in provision of family planning services must be justified and transparent.

I am delighted to say that with the progress made in 2014, and the disciplines being reinforced across our partnership, MSI is well placed to increase its contribution to the target set by the global family planning community: the reduction of unmet need for contraception by 120 million women and girls by 2020.

A handwritten signature in black ink, appearing to read 'Simon Cooke'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Simon Cooke
Chief Executive Officer

Report of the Board of Trustees

1. Structure, governance and management

The Board of Trustees presents its report and the audited consolidated financial statements for the year ended 31 December 2014 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report, together with the audited financial statements for the year.

Constitution of the charity

Marie Stopes International is a charity registered in England and Wales, constituted as a company and limited by guarantee. The charity is governed in accordance with its Memorandum and Articles of Association.

Our Objectives

The charitable objectives of Marie Stopes International are:

- to educate the public about voluntary family planning and contraception with a view to preventing the poverty, hardship and distress caused by unplanned pregnancy.
- to preserve and protect the good health, both mental and physical of parents, young people and children, and to prevent the poverty, hardship and distress caused by unplanned pregnancy.

The Board of Trustees

Marie Stopes International's Board of Trustees is made up of individuals who are leaders in their field, committed to the organisation's mission. They bring skill, energy, and experience to Marie Stopes International. Their backgrounds include senior level experience in: the commercial health sector; clinical and teaching experience in women's reproductive health; leadership in the charity sector; business; finance; government; and advocacy.

The Trustees periodically consider the skill set and experience necessary for the Board to exercise its role. If the Trustees identify the need for a new Trustee or if a Trustee needs to be replaced (due to retirement or otherwise), the Trustees: identify potential candidates; interview the potential Trustee(s) to establish their suitability and commitment; and check references as needed. The potential Trustee is often then invited to be an observer at the next Board meeting, after which the Trustees may formally invite the selected candidate to become a Trustee.

In addition, and following Charity Commission approval, Marie Stopes International has two Trustees selected from amongst Marie Stopes International's most senior country programme directors in Africa, Asia and Latin America. These Trustees are invited to join the Board for a three year term.

New Trustees are inducted to Marie Stopes International via formal and informal exchanges with other Trustees and senior team members, on areas such as Marie Stopes International's mission, goal, finances, strategy, and health service portfolio. New Trustees often visit a Marie Stopes International overseas programme, or one of the organisation's centres in the UK, in order to understand the health service mix, challenges, opportunities, and the difference that Marie Stopes International makes to individual women, men, couples, communities, and countries around the world.

It was with great sadness that in December of 2014 we received the news that our founder and Board member, Dr Tim Black, CBE, had died.

The Trustees serving in the year ended 31 December 2014 and up to the date of signing this report are noted on page 4.

Public benefit

The Trustees confirm that they have given due consideration to the Charity Commission published guidance on Public Benefit contained within section 17 of the Charities Act 2011. As detailed above, the charitable objectives, aims and strategy of the organisation comply with the public benefit test in the following areas:

- prevention or relief of poverty.
- advancement of health and the saving of lives.
- advancement of human rights.

At the core of our organisation is the aim to provide choices in reproductive healthcare, so that women have children by choice not chance.

Organisational structure and decision making process

Marie Stopes International is an international non governmental organisation delivering sexual and reproductive health services through its family planning centres and clinical outreach teams in 38 countries globally. It is constituted as a charitable company limited by guarantee.

Marie Stopes International (the Charity) - or the Company for the purposes of company law - refers to Marie Stopes International's UK operations (its family planning centres and London Central Office) and Marie Stopes International's 20 international branch offices. The London Central Office provides support for Marie Stopes International's UK clinics as well as its network of international branches; subsidiaries and affiliated partners in 38 countries worldwide.

Marie Stopes International (the Group) refers to the Charity as defined above and subsidiary entities. The Group is occasionally also referred to as the Partnership internally.

Marie Stopes International's subsidiaries are listed in note 20. Additionally Marie Stopes International's investment in subsidiaries is contained in note 10b.

Unless otherwise stated all references to Marie Stopes International or the Partnership refer to Marie Stopes International (the Group).

The Trustees of Marie Stopes International are responsible for the overall strategic direction and policies of the Group. The Executive team based in London, led by the Chief Executive Officer, is responsible for the implementation of this direction and for the Group's overall operational management.

Marie Stopes International subsidiaries have their own Board of Trustees (or Directors/ Members) of varying size which fulfil local statutory and regulatory requirements. Operationally each branch/ subsidiary has a management team headed by a Country Director which reports operationally into London.

Risk management

The organisation regularly assesses risks, and undertakes activities to manage and mitigate risks.

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, Marie Stopes International risk management system has been developed to provide reasonable assurance to the Trustees that there are adequate procedures in place and that we identify and evaluate their effective operation.

The key elements of the system of internal control are:

- **delegation:** there is a clear organisational structure with clear decision rights and lines of authority and responsibility for control together with procedures for reporting issues, decisions and actions.
- **reporting:** the Trustees approve and review the annual objectives (Key Performance Indicators), activities programme, income and expenditure predictions and monitor actual income and expenditure on a regular basis.
- **risk management:** there are processes in place for identifying, evaluating and managing significant risks faced by Marie Stopes International. The Trustees believe that all of the major risks to which Marie Stopes International is exposed have been identified and reviewed and that systems have been established to manage those risks. The Trustees review critical risks as a formal agenda item in every Board meeting.

- **internal audit:** Marie Stopes International's internal audit team, established in 2006 and reporting direct to the Board, is a key part of Marie Stopes International's internal review and control process for its international operations, visiting 26 group countries in 2014 to assess risks and review operational and financial controls within the Group.
- **review:** Marie Stopes International's Audit Supervisory Group (ASG) comprises: one Trustee; three representatives from the Marie Stopes International partnership; the Chief Executive Officer; Chief Financial Officer and the Regional Directors. The ASG oversees the adequacy of internal control systems and compliance with finance guidelines. All other Trustees are invited to attend. The ASG meets periodically, and at least prior to every Board meeting, to discuss the results from the internal and external audits conducted in the UK and overseas. The Trustee representative then briefs the remaining Trustees at the next Board meeting on key risks, and the actions undertaken to mitigate these risks.

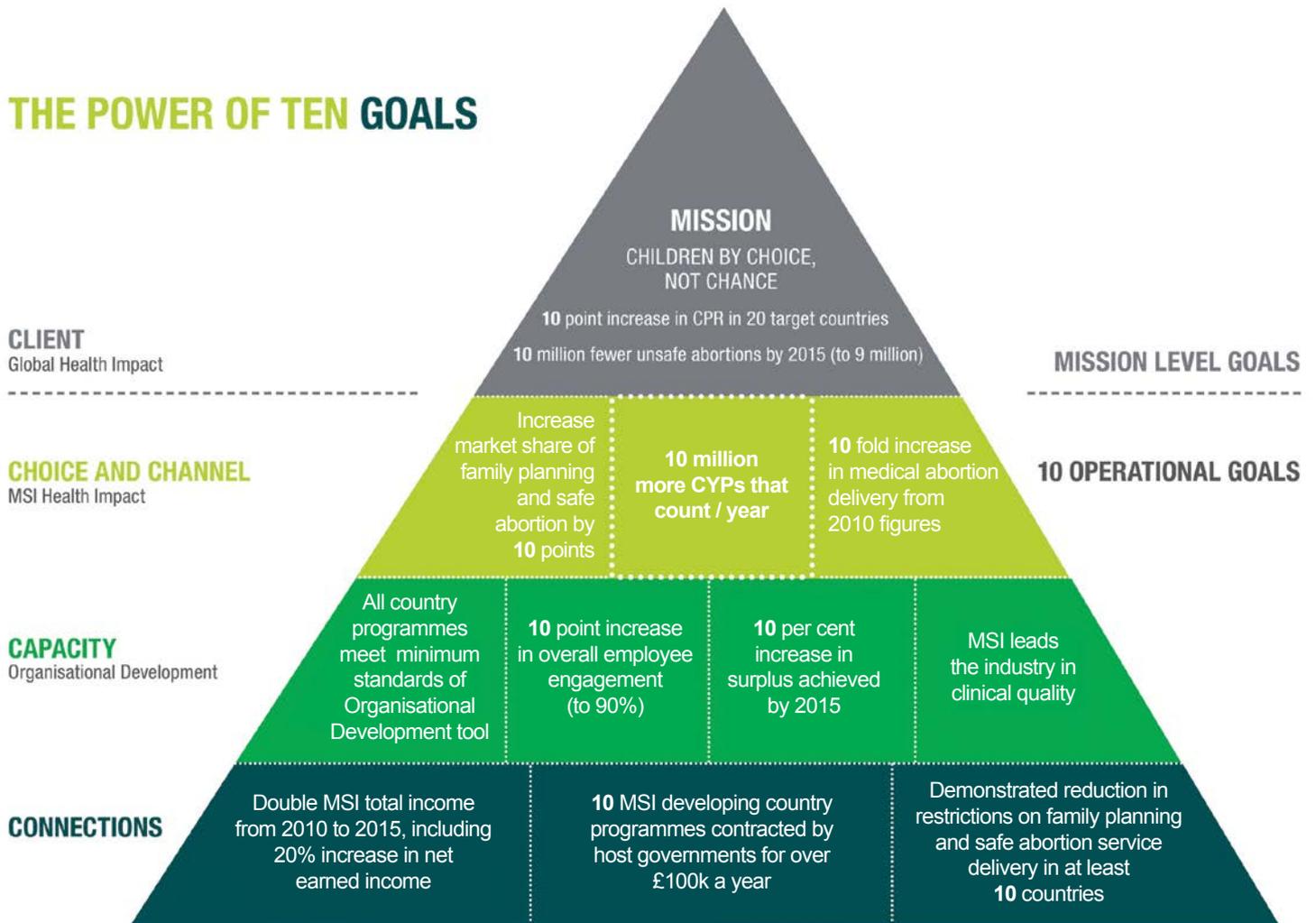
2. Objectives and activities

Objectives, aims and strategy

The Partnership's mission is to enable women and girls to have children by choice not chance. The Partnership's vision is a world in which every birth is wanted. In order to ensure we are a significant contributor to the worldwide effort to achieve this vision we work within our *Power of 10* strategic framework, to guide our engagement. Through the *Power of 10* we aim to dramatically expand the choices and channels available to our clients, in particular harnessing the potential of long-acting and permanent methods and medical abortion in order to deliver services as close to our clients as possible.

The *Power of 10* is also a framework for us to build our institutional capacity – systems, standards, and people – to improve our effectiveness and efficiency across the board. Finally, recognising that we cannot do any of this alone, we are forging enduring connections with governments and other institutions that influence policy, funding and practice for family planning, both at the country level and globally. We represent the *Power of 10* thus:

THE POWER OF TEN GOALS



Please see below for definition of CYPs and FP

Definitions

CYP: couple years of protection, one

CYP is the contraception that is needed for a couple to prevent pregnancy over the course of a year. Different family planning methods account for different numbers of CYPs, depending on how long they can be used for, and how effectively they prevent pregnancy.

FP: family planning

To achieve these objectives, the Partnership operates under the following principles:

- We will not turn away a woman in need. Provided that our standards for quality, security and legal compliance can be met, we will do our best to help anyone who seeks out our services.
- We are committed to providing contraception and safe abortion services (where we are legally able to do so) and treating complications related to unsafe abortions everywhere.
- We are passionate about excellence. In everything we do, including clinical quality and in our business processes, we embrace a spirit of innovation, efficiency, cost-effectiveness and a commitment to measurable results.
- We engage actively with the global family planning community, learning from and catalysing others to provide choices to the under-served, mobilising resources for choice and helping transform restrictive environments.
- We remain committed to our longstanding social enterprise approach, with an emphasis on diversifying revenue, maximising cost effectiveness, achieving bottom line results and ensuring long term sustainability.
- We are 'one' Marie Stopes International, a single global organisational franchise united by our mission and dedicated to common goals. We expect our standards of excellence – clinical, managerial and operational – to be replicated in every programme.

2014 objectives

The focus of 2014's work was on three major results and three areas to enable these results:

Delivering results

1. CYPs (including high-impact CYPs)

CYPs are Marie Stopes International's most important management metric and high-impact CYPs remain key to us maximising our health impact, and our contribution to our mission of children by choice, not chance.

2. Safe abortion at scale

Eradication of unsafe abortion is critical to our mission and reducing unsafe abortions by 10 million is a mission level goal in our Power of 10 strategy. This remained a key priority for us in 2014.

3. Commercialisation

We need to grow and diversify income and surplus across all streams – donor, commercial and government contracts. This includes evolving centre networks and reducing unplanned deficit.

Enabling work

1. Global systems

We focused on execution of our current systems rather than building new systems or auditing from the centre. Priorities for 2014 were our financial reporting, client records management and supply chain management systems.

2. Behaviour change and marketing

This builds on our priority set last year to build behaviour change and marketing excellence throughout the organisation to equal our commitment to clinical excellence. In 2014 we focused specifically on defining the key segments for our services, differentiation among service delivery channels and reaching new client groups.

3. People and culture

We continued to focus on building a leadership culture and cadre at MSI, and on building or hiring in the skills we need for the MSI of tomorrow. In 2014 we focused specifically on: building country capacity in key areas (e.g. marketing, finance and business skills, such as sales/distribution), leadership/management skills and our pipeline into critical roles.

Wider networks in which the organisation is involved

Marie Stopes International is involved with several networks, including those which are detailed below.

The Reproductive Health Supplies Coalition

The Reproductive Health Supplies Coalition is a global partnership of public, private, and non-government organisations dedicated to ensuring that all people in low- and middle-income (LMI) countries can access and use affordable, high quality supplies to ensure their better reproductive health.

The Coalition brings together diverse agencies and groups with critical roles in providing contraceptives and other reproductive health supplies. These include multilateral and bilateral organizations, private foundations, governments, civil society, and private-sector representatives.

Since 2004, the Coalition has been at the forefront of international efforts to secure reproductive health supplies by increasing resources, strengthening systems, and building effective partnerships.

UK Sexual and Reproductive Health and Rights (SRHR) Network

Marie Stopes International plays a leading role in the UK SRHR Network. The aim of this network is to promote the centrality of Sexual and Reproductive Health and Rights (SRHR) in development policies and programmes, particularly with the UK government and its related decision-making bodies.

The Inter-Agency Procurement Group

The Inter-Agency Procurement Group (IAPG) along with 13 other non-government organisations is a network of logistics professionals who work collectively on humanitarian supply chain activities. The Group meets once a quarter and its aim is to share knowledge and develop expertise with the goal of improving standards and the effectiveness of humanitarian logistical systems and practices worldwide.

EuroNGOs

Marie Stopes International is a member of EuroNGOs network. This is a European network of non government organisations that cooperate in the field of sexual and reproductive health and rights, population and development.

We also have strong partnerships with a number of other groups and organisations, including: Advance Family Planning, Amnesty International (My Body My Rights Campaign), Asia Safe Abortion Partnership, Countdown, FIGO (International Federation of Gynecology and Obstetrics), Guttmacher Institute, HIV/AIDS Alliance, the International Confederation of Midwives, Ipas, IPPF (The International Planned Parenthood Federation), and World Health Organisation.

3. Strategic Report

Achievements and performance 2014 global impact

Measuring our performance

One of the most important ways in which we track the performance of all our country programmes, and the extent to which we are expanding the scale of our services to bring more women choice, is through measuring the couple years of protection (CYPs) that we are delivering each year.

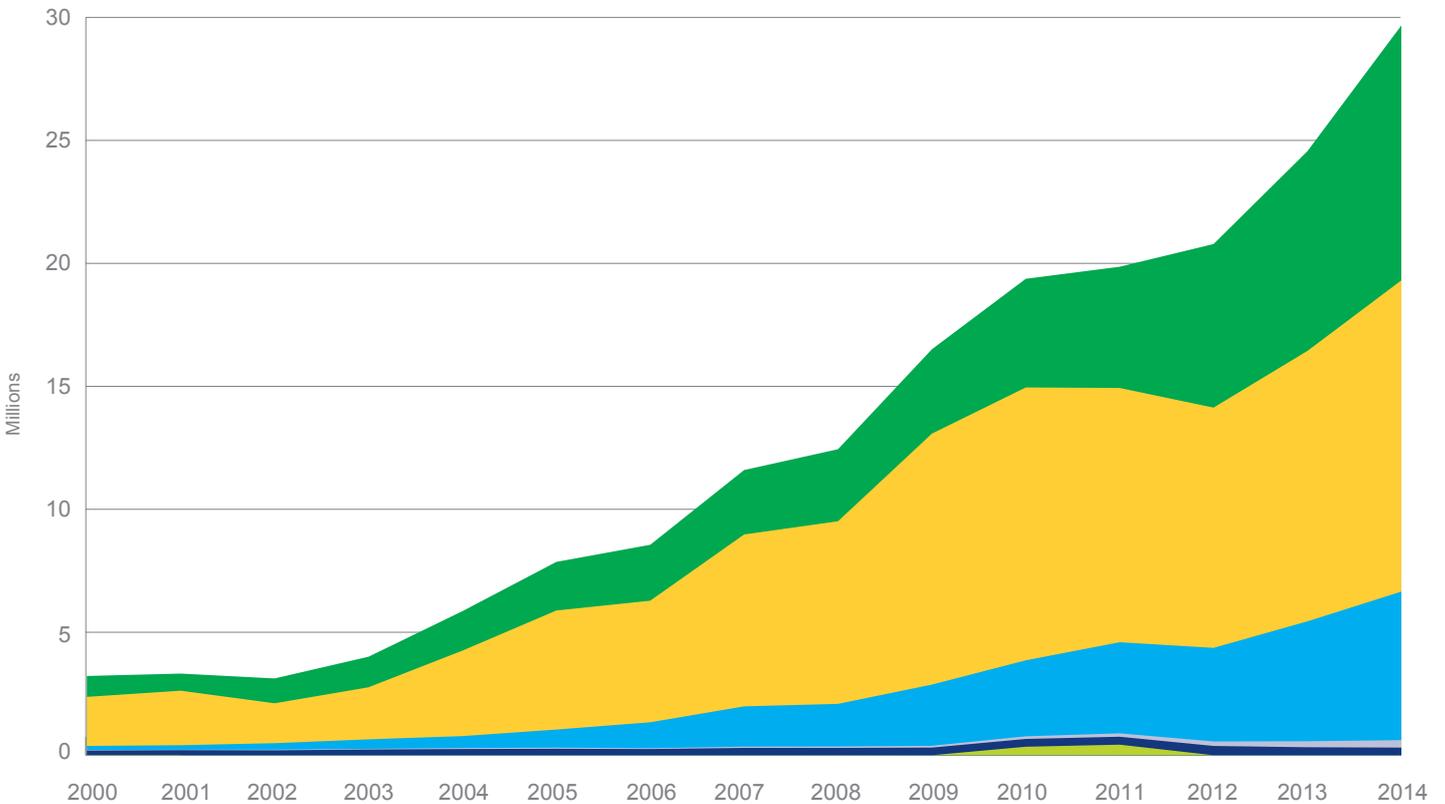
In 2014, we delivered 29.3 million CYPs across the Partnership, a 19% increase on 2013. This sees a continuing trend in the growth of CYPs delivered each year across our developing country regions.

The number of CYPs also represents more contraceptive users than ever before. We provided contraceptive services to

10.9 million people. In addition, an estimated 7.2 million women were still using contraception that we provided before 2014. With 18.1 million women around the world using a method of contraception that we supplied, the health impact as a result of our work in 2014 was enormous.

We are committed to making sure that each individual woman who comes to us can choose the method of contraception that is right for her. That means offering a full range of contraceptive choices. It's often long-acting and permanent methods of contraception, such as IUDs, implants and sterilisations, that aren't available to women and that's a gap that we specialise in helping to fill. In 2014 more than 80% of the 18.1 million women using MSI-provided contraception were using a long-acting or permanent method of contraception.

Long term MSI CYP growth, by region



Women in different regions have different needs and preferences, and this is reflected in the variations in the contraceptive methods chosen across the regions in which we work. In South Asia for example, women choose more short term methods. In Africa, we've worked hard to expand access to long-acting, reversible methods of contraception, such as the implant, and the numbers show that many women there prefer such options: 44% of our users there chose that method.

We believe that women have the right to access safe, high-quality comprehensive sexual and reproductive health services. Providing women who decide to end a pregnancy with the choice of a safe abortion, where legal, and access to post-abortion care (PAC) if they've suffered complications from an unsafe procedure, is a fundamental part of our work.

When women come to us for a safe abortion they know that our dedicated team members have clinical expertise and

genuine empathy in equal measure. That's why in 2014, we were able to provide more women with quality safe abortion and post-abortion care services than ever before in a single year. We provided 3.3m safe abortion and post-abortion care services across our programmes, a 7% increase on our 2013 total. As with recent years, women are increasingly choosing medical rather than surgical abortion and post-abortion care services. Medical abortion accounted for 85% of our safe abortion/PAC services in 2014.

Methods chosen by MSI 18.1m users



28% Female Sterilisation



6% Vasectomy



18% Implant

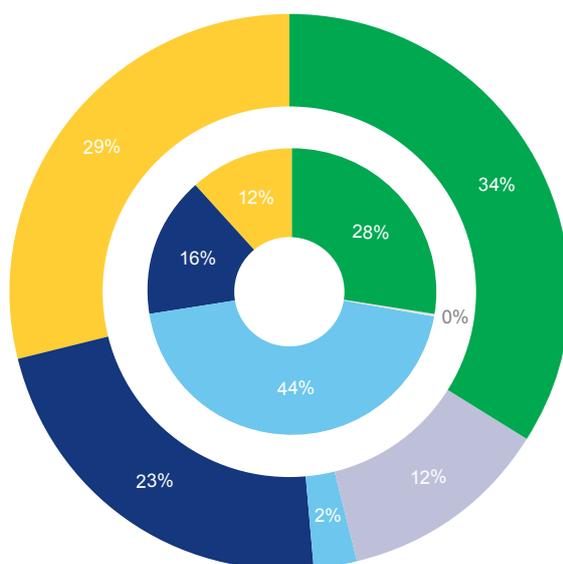
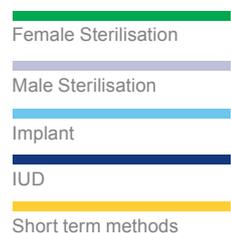


30% IUD



18% Short term methods

Method choice comparison: Outer ring = South Asia, Inner circle = sub-Saharan Africa



What do our services mean for the women we serve?

We estimate that in 2014, our services prevented:

- 5.4 million unintended pregnancies.
- 3.9 million unsafe abortions.
- 16,100 maternal deaths.

The results that we achieved for our clients in 2014 are thanks to the commitment of our local teams around the world. Every day they offer personalised non-judgmental care to the women in their communities. Without their courage and dedication there would be 18.1 million fewer women around the world planning and dreaming about their futures.

**Reported service outcomes include the results of affiliated partners in order to present a true picture of Marie Stopes International's global impact.*

Financial review

The results for the year are shown in the consolidated statement of financial activities. The Trustees are pleased to note the continued financial health of the organisation. Income continued to grow strongly in the year (an increase of 14%), represented by growth in both donor funded income and self-generated service income. Expenditure grew by 12% to match the growth in income. This has led to an increase in reserves of £15.6m, an almost doubling of the prior year's surplus. Cash holdings at the year-end have increased by £14.3m to £59.0m.

In 2013 a number of former affiliated partners were assessed as qualifying as subsidiaries. Therefore their financial results were consolidated into the statutory accounts, and their net assets of £7.6m were treated as gifted to MSI at the date of consolidation. In 2014 one additional affiliated partner, was assessed as qualifying as a subsidiary: its net assets of £1.7m were treated as gifted to MSI, and its financial results were fully consolidated into these accounts. Whilst these entities are all legally independent, they are deemed under UK GAAP to be subsidiaries as a result of increased influence by Marie Stopes International over the undertakings.

The Charity conducts its operations through its branches and subsidiaries throughout the world and several of these overseas operations operate at a deficit requiring support from the parent charity. At 31 December 2014 four subsidiaries reported net liabilities with a total of £4.2 million. The Charity has reviewed the branches and subsidiaries that it supports and plans to continue to provide such support to these entities as is necessary for them to continue in operation for the benefit of the Charity's beneficiaries and in accordance with its charitable mission.

Surplus

The net movement in funds of £15.6m is made up of an operating surplus of £13.4m, and unrealised investment and foreign exchange gains of £2.2m. The majority of the movement in funds is represented by growth in unrestricted reserves of £9.4m.

Income

Income	2014	2013
	£m	£m
Grant income	129.9	97.3
Service income	99.0	94.6
Voluntary income	7.3	9.5
Gifted assets	1.7	7.6
Other income	4.1	2.9
Total income	242.0	211.9

In 2014 total income was £242.0 million, an increase of £30.1 million on the prior year. This is due to a £32.6 million increase in donor income and a £4.4 million increase in service income. This is off-set by a reduction in gifted asset income of £5.9m. The gifted asset income shown in the table above are one-off gains caused by the full consolidation of the financial activities of entities previously recognised as affiliates.

The growth in donor and service income for charitable activities in 2014 is a result of the continuing success of the Power of 10 strategy. MSI will develop a new global five year strategy in 2015.

Expenditure

In 2014 total expenditure was £228.6 million, an increase of £25.3 million. This matches the increase in incoming resources for charitable activities. Staff costs increased by £6.7m in the year to £99.7m, and programme activity costs increased by £13.2m to £96.2.

Cash balances

Cash increased during by £14.3 million to £59.0 million in 2014. The increase in cash is principally due to the receipt in advance of donor funds towards the end of 2014, and is offset by an increase in deferred income.

An analysis of cash balances by region is shown in the table below.

	2014	2013
Region	£m	£m
East Africa	3.2	3.9
Southern Africa	4.8	6.0
West Africa	2.0	1.3
South Asia	2.5	3.6
West Asia	5.1	5.0
Pacific Asia	4.7	2.3
Rest of the World	36.7	22.6
Total cash	59.0	44.7

Regional performance

Regional performance is summarised in the table below. Each country programme is made up of one or more legal entities.

Regional Performance	Income		CYPs	
	2014 £'000	2013 £'000	2014 (000s)	2013 (000s)
East Africa				
Ethiopia	7,966	7,029	982	912
Kenya	5,837	4,955	834	715
Mexico	3,584	2,691	144	96
Nigeria	5,598	3,437	867	471
South Sudan	1,636	1,507	43	26
Uganda	10,176	9,589	1,600	1,599
	34,797	29,208	4,470	3,819
Southern Africa				
Madagascar	4,417	3,996	719	662
Malawi	7,355	6,845	1,212	900
Tanzania	6,186	4,229	1,589	797
Zambia	3,401	3,780	189	140
Zimbabwe	2,905	3,278	401	382
South Africa	3,393	3,926	92	103
	27,657	26,054	4,202	2,984
West Africa				
Burkina Faso	1,042	1,213	190	132
Bolivia	1,897	1,742	160	149
Mali	1,943	1,722	421	341
Ghana	5,542	4,287	493	402
Niger	199	-	8	-
Sierra Leone	3,343	1,677	278	455
Senegal	1,254	921	143	85
	15,220	11,562	1,693	1,564
South Asia				
Bangladesh	8,008	6,239	3,044	2,967
India	2,428	1,505	977	671
India PHS	4,999	-	4,018	-
Sri Lanka	496	682	109	49
Nepal	3,110	2,262	406	444
	19,041	10,688	8,554	4,131
West Asia				
Afghanistan	2,345	1,661	375	435
Pakistan	13,584	9,062	2,760	1,921
Yemen	4,652	3,615	543	552
	20,581	14,338	3,678	2,908
Pacific Asia				
Cambodia	2,099	2,657	194	181
China	397	326	41	16
Mongolia	766	681	200	171
Myanmar	4,944	3,278	485	391
Papua New Guinea	2,610	1,695	112	96
Philippines	2,627	2,755	2,400	1,678
Timor Leste	1,138	1,479	32	29
Vietnam	3,133	4,130	2,829	2,315
	17,714	17,001	6,293	4,877
Regional Support Offices	1,528	4,823	-	-
Total Country Programmes	136,538	113,674	28,890	20,283
UK & Europe clinics	37,783	32,629	222	220
Australia	17,559	17,327	94	91
Options	20,353	16,831	-	-
Other	29,771	31,467	49	35
Marie Stopes International Group	242,004	211,928	29,255	20,629

Performance highlights

East Africa, Nigeria and Mexico

In 2014 **Marie Stopes Kenya** continued to strengthen its delivery of high quality services to men and women in Kenya, increasing its CYPs to over 834,000 through its outreach, clinic and AMUA social franchise network. Outreach was expanded into more remote areas of Kenya, and a number centres were renovated to improve client experience. The programme also secured funding to strengthen its core work.

Marie Stopes International Ethiopia achieved an increase in implants, intrauterine devices (IUDs) and injectables, resulting in 982,000 CYPs, 8% more than 2013. MSI Ethiopia played a leadership role in the revision of Ethiopia's Safe Abortion Guidelines, which now allow for primary level clinics to provide medical abortions. This change will expand women's access to safe, standardised termination of pregnancy services.

Marie Stopes Mexico provided a total of 51,000 safe abortion procedures, 105% more than the previous year, and continued to improve its post-abortion family planning numbers.

2014 was another year of huge growth for **Marie Stopes International Nigeria**, with enormous increases in access to services through 5 delivery channels which translated into 867,000 CYPs generated – an increase of 184% on the previous year. The social franchise network grew from 162 to 328 franchisees (200%), and delivered nearly 140,000 CYPs, a 272% increase on 2013 performance for the

network, as well as broadening their scope of services provided to clients. From 2013 to Dec 2014, the programme trained 1,551 public sector providers in hospitals and clinics located across rural, urban and semi-urban communities.

Marie Stopes South Sudan delivered significant family planning services to underserved women despite the ongoing challenging political and security environment and transient population. The team strengthened its partnerships with the public, private and NGO sectors to reach more people with family planning, increasing its CYPs delivered by 64% to over 43,000. It was with great regret that we have concluded in early 2015 that we are not able to continue to provide family planning and reproductive health services South Sudan. This difficult decision was based on a careful analysis of our capacity to resource the programme appropriately, given changes in the operating environment.

Marie Stopes Uganda delivered 1,600,000 CYPs in 2014, a small increase on the 2013 figure of 1,599,000 CYPs. These CYPs were delivered across the whole range of service delivery channels but the majority were delivered through social franchising (685,000 CYPs) and outreach (736,000 CYPs).

Southern Africa

In **Malawi, Banja La Mtsogolo (BLM)** delivered 1,212,000 CYPs, representing a 35% increase on 2013 results. Nearly 90 per cent of the CYPs were derived from long-acting and permanent methods of contraception (LAPMs), expanding choice and access to comprehensive contraceptive services across the country.

Well-conceived and targeted awareness raising activities have contributed to a 51% increase in the provision of contraceptive services to young people under the age of 24, with a total of 41% of all contraceptive services provided to youth in 2014.

Marie Stopes Tanzania delivered a record 1,589,000 CYPs through its network of outreach teams and centers and social marketing products, doubling the number of CYPs delivered in 2013. 90% of the CYPs were generated by outreach teams, increasing access to long acting and permanent contraceptive services to Tanzania's rural poor. A focus on reaching young people with youth friendly services resulted in an 88% increase in the number of young people reached with contraceptive services compared with 2013.

Marie Stopes Zambia increased CYPs by 34% to 189,000 through a significant increase in long-acting and permanent methods of contraception, in particular, tubal ligations, IUDs and implants. This was primarily achieved through its network of outreach teams and social franchisees. At the end of 2014, MSZ closed its one centre due to high operating costs compared to client numbers. MSZ will continue to develop and expand its reach through outreach, social franchising and social marketing.

In **Zimbabwe**, the programme saw a modest growth of 5%, delivering a total of 401,000 CYPs through service delivery at outreach, center and social franchising sites. Social franchising sites grew from 77 in 2013 to 112 in 2014, resulting in an increase of client visits to social franchising sites by 133%.

Marie Stopes International Madagascar achieved a 9% increase in CYPs to 719,000 with increases in vasectomies (60%), IUDs (10%) and implants (39%). 95% of CYPs generated were through long-acting and permanent methods of contraception (LAPMs), expanding choice for women, men and young people across Madagascar. The number of young people (under 25 years) taking up contraceptives from MSM increased by 85%, increasing access for those most in need.

Marie Stopes South Africa delivered 33,000 safe abortion services, an 11% decrease on 2013; MSSA also reduced its centre network from 18 to 14 ensuring a profitable centre network going forward.



West Africa and Bolivia

Marie Stopes Burkina Faso had a very strong year in 2014 and grew the number of CYPs delivered by 44% to over 190,000 CYPs, financed through an income of just over £1 million. The programme expanded in the east of the country this year by establishing a new outreach team in Fada. This brings the total number of outreach teams to six, alongside three centres, one youth centre and five Marie Stopes Ladies. In Burkina Faso, 60% of our clients in 2014 were new adopters of family planning.

Marie Stopes Bolivia achieved 160,000 CYPs in the year, a 7% increase on 2013, based on an income of £1.9 million. Bolivia continued to work through its six centres and six outreach teams but increased its reach this year notably through social marketing. 45% of our clients in Bolivia were new adopters of family planning.

Marie Stopes Mali operated seven outreach teams, three Marie Stopes Ladies, three centres and one youth centre in 2014, with activities in all the regions of Mali except Kidal and Gao. During the year, the programme moved two of the Bamako centres in order to increase and improve access to clients; it also relocated the head office and reviewed and reorganised its structure to support future growth. Overall, the programme achieved almost 421,000 CYPs, a growth of 23% on 2013, financed through an income of just over £1.9m. 21% of our clients in Mali in 2014 were less than 20 years of age and 50% of our clients were new adopters of family planning.

Marie Stopes Ghana increased CYPs by 23% to 493,000, including a 48% growth in its social marketing programme. The programme's BlueStar social franchise network grew to over 152 providers in addition to six centres and seven mobile outreach teams. Overall, income for the programme totalled £5.5million; the programme had a difficult operating environment with the depreciation of the local currency but focused on setting up a regional structure to support expansion. 45% of our clients in Ghana were family planning adopters in 2014.

Marie Stopes Niger was officially registered in September 2014 as MSI's newest country programme; it started with a demonstration pilot of four Marie Stopes Ladies and one outreach team, operating in and outside Niamey, from July 2014

onwards. The programme achieved 8,000 CYPs in its first year with an income of £0.2 million.

Marie Stopes Sierra Leone faced several challenges in 2014, firstly with a national shortfall of contraceptive commodities and then with the Ebola outbreak. The programme did not close and continued to provide much needed family planning and reproductive health services throughout the period, although one centre was closed temporarily. The team also supported Ebola prevention and treatment work through a number of different activities. Staff made it through the outbreak safely. CYPs nevertheless fell in 2014 by 39% to 278,000. The income for the year totalled £3.3 million and included some Ebola prevention grants. The programme also supported the registration of mifepristone during the year. 23% of our clients in 2014 were less than 20 years of age and 23% were also adopters.

Marie Stopes International Senegal achieved almost 143,000 CYPs in 2014, a 68% growth on 2013. The team relocated the clinic centre at the end of the year to increase access, and also expanded the number of outreach teams to six, alongside its BlueStar network of 51 franchises and two youth spaces situated within universities. These achievements were financed through an income of £1.25 million. The programme also established two Marie Stopes Ladies as a new channel at the end of the year. 66% of our clients in Senegal were new adopters of family planning.

South Asia

Our **Sri Lanka** programme saw CYPs increase by 120% to 109,000, following the launch of a new programme to distribute long-acting, reversible methods of contraception through a network of private providers, as well as increasing uptake at our own clinics through improved counselling. The programme also supported the development of the first national guidelines on post-abortion care (PAC) as a means to improve quality and access to PAC services in the country.

Marie Stopes India continued to increase its reach in the country by delivering 977,000 CYPs, a 45% increase over 2013, mainly through outreach services. A new \$7.7 million four-year grant from the Bill and Melinda Gates Foundation enabled the team to expand its clinical outreach

services in the states of Uttar Pradesh and Bihar. In recognition of MS India's contribution to health and development in the state of Rajasthan, MS India won "Best NGO" for the fourth year running.

Marie Stopes Bangladesh delivered 3,044,000 CYPs in 2014, despite continuing political turmoil leading up to national and local elections at the beginning of the year. The team successfully completed the start-up phase of the DFID Urban Health project, which required the recruitment of over 1,000 new staff, including over 100 doctors and the opening of new maternity clinics.

Our **Nepal** programme achieved over a 30% increase in medical abortion (MA) sales in the country and expanded its toll-free call centre to ensure better support to MA clients. The team launched a strategy to increase uptake of long-acting, reversible methods of contraception, including the introduction of balanced counselling and a new two-nurse outreach model. As a result, long-acting reversible contraception (LARC) uptake increased by 70%. The team delivered 406,000 CYPs in 2014.

PHS India continued to be the largest contributor to the Partnerships total CYP figures, with a total of 4,018,000 CYPs. The majority of these were delivered through their social marketing channel (3,560,000 CYPs) with the remainder being delivered through outreach (436,000 CYPs) and centres (21,000 CYPs).

West Asia

In 2014, **Marie Stopes International Yemen** achieved 543,00 CYPs, a 1.6% decrease from 2013. This is a significant achievement considering the deteriorating political and security situation in the country which saw the programme faced with challenges such as escalating operating costs and intermittent electricity. While the number of medical post abortion care services decreased significantly (-90%) due to the restriction on importing misoprostol, an increase in implants (56%), condoms (26%) and oral contraceptive pills (23%) meant the programme could maintain the number of CYPs generated. The programme increased their clinic income by 15% from 2013 and the number of social franchisees supported through the programme increased from 180 in 2013 to 293 in 2014.

Despite continued security challenges particularly over the election period, **Marie Stopes International Afghanistan** served 436,000 clients and generated 375,000 CYPs. Service delivery was expanded by opening nine satellite outreach clinics based within public hospitals to reach greater numbers of poor urban and rural clients. The programme went through a restructure to decrease the number of support office staff and introduced new management procedures aimed at improving organisational efficiency to improve sustainability, move quality management closer to service delivery sites and align the structure with MSI's new structure by appointing channel leads. While CYPs fell by 14% from 2013, predominantly due to a reduction in IUDs sales, the programme began offering tubal ligation services and increased the number of implants by 758% from 2013.

Marie Stopes Society Pakistan

continued its rapid scale up driven by an increase in donor funding. In 2014, the programme generated 2,760,000 CYPs, an increase of 44% from 2013 and increased in size from 1,581 staff to 2,300. Long-term and permanent method services grew in particular, with a 64% increase driven by the scale up in outreach and social Franchisees. Post-abortion care services dropped 25% compared with 2013 due to challenges in sourcing quality misoprostol however despite this, both social marketing and clinic income increased by 9% and 12% respectively. The programme expanded its franchise and outreach network and an estimated 74% of clients served were living on under \$2.50 per day.

Pacific Asia

In **Australia**, Marie Stopes operates commercial sexual and reproductive health clinics and a growing business supplying products to other service providers. The business has grown recently through acquisition, and surpluses earned are reinvested in our programmes. In 2014 Marie Stopes Australia saw over 39,000 clients through 14 centres nationwide. In addition to this as the sole distributor of Mifepristone, over 6,000 units were dispensed outside our centre network.

Marie Stopes International Cambodia achieved 194,000 CYPs in 2014 which represents a 7% increase for a program that was in decline and negative growth

in 2013 and 2012. They also saw a 44% increase on 2013 in safe abortion services.

Marie Stopes International China increased CYPs by 153% on last year and held the first national youth sex education conference in Beijing.

Marie Stopes International Mongolia continues to excel at social marketing and distributed over 5.1 million male condoms in 2014, and increased long-acting and permanent methods by 24% (due to increases in the provision of IUDs). CYPs increased by 17% on last year.

Marie Stopes International Myanmar achieved over 485,000 CYPs in 2014, which represents a 24% increase in CYPs against the previous year. In addition they increased provision of long-acting and permanent methods by 66% in a highly restrictive and challenging political and cultural environment.

Marie Stopes Papua New Guinea

provided over 35,000 clients with their chosen method of reliable, modern contraception method. The programme increased CYPs by 16% against the previous year, trained 34 new clinicians to provide high quality counselling and scaled up services, launching in three new provinces in 2014.

Population Services Pilipinas Inc.

increased CYPs by a record 43%, achieving almost 2.4 million CYPs in 2014. Increase in services continues to be driven by the provision of long-acting and permanent methods on outreach. Long-acting and permanent methods increased by 46% compared to 2013.

Marie Stopes International Timor

Leste served over 41,000 family planning clients and achieved over 32,000 CYPs, representing a 12% increase on 2013. While three-month injectables have been the most popular method for many years, in 2014 the programme saw an increase in the uptake of implants and IUDs.

Marie Stopes International Vietnam

delivered a total of 2,829,000 CYPs, a significant increase on the 2013 figure of 2,315,000 CYPs. The CYPs were spread broadly across all of the major delivery channels with 1,314,000 CYPs coming through outreach, 861,000 CYPs through social marketing and 589,000 CYPs through social franchising.

UK division

UK Clinics: In England and Wales, Marie Stopes International provided over 210,982 client services during the year (2013: 211,166).

Marie Stopes One Call, our telephone helpline and booking service, received 312,000 calls (2013: 323,000) for all issues related to sexual and reproductive health.

Options Consultancy

The Group also own Options Consultancy Services Ltd ("Options"). Options provides consultancy services in sexual and reproductive health throughout the world. In 2014 Options worked on 19 projects across 17 countries and turnover exceeded £20 million.

Reserves policy

The trustees consider the group's reserves requirements from both a long-term and short-term perspective, and re-considered the reserves policy in November 2014. The purpose of reserves is to provide an unencumbered resource for the pursuit of Marie Stopes International's charitable mission of children by choice, not chance. These reserves would be used to ensure the organisation can operate in times of substantial income fluctuations or where expenditure on charitable activities could not or should not be scaled back in the short to medium term. At the same time, our policy is designed to ensure that we do not retain income for longer than is required.

Based on this review, the trustees have established a target range for free reserves of between £30 million and £35 million. In addition, the trustees have considered the appropriate maturity of reserves and associated assets to match the identified risks.

Reserves are defined as unrestricted funds. These reserves represent the cumulative surpluses from the group's worldwide operations from its network of over 600 clinics and programmes in 37 countries. This includes substantial commercial operations in the UK, Australia and Western Europe. The trustees endorse the use of surpluses from these operations to fund family planning and sexual and reproductive health services in the developing world.

At 31 December 2014 the group's general reserves, as shown in the consolidated balance sheet, were £39.4m (2013 – £38.0m). In addition, Marie Stopes International has designated part of the unrestricted reserves to create:

- a tangible fixed assets reserve of £31.6m (2013: £24.1m) which represents the net book value of MSI's unrestricted tangible fixed assets – primarily clinic buildings.
- A sustainability reserve of £7.4m (2013: £7.1m) which is set aside to provide working capital or emergency funding for family planning services or for strengthening capacity.

This gives total unrestricted reserves of £78.5m (2013: £69.1 million). In addition, restricted funds at 31 December 2014 were £12.2m (2013: £6.0m). These restricted funds are from two sources:

- funds received from donors to directly support our charitable activities. In the highly unlikely event of such funds not being able to be used for their intended purpose, any non-committed balance would be returned to the donors, or reinvested in accordance with their wishes.
- net proceeds from international clinic services which, for local legal reasons, are restricted to be used within the country where the original income was generated.

However, for the purpose of assessing the adequacy of the group's reserves, trustees take a prudent view, based on the likely timescale to realise assets, or secure borrowings against those assets, and thereby generate liquid funds. The trustees therefore monitor "free cash", other liquid assets and the potential to secure medium term secured funding against the group's tangible fixed assets.

Within the current overall satisfactory position, the trustees intend to increase the sustainability reserve and the matching market investments by £2 million in 2015 to provide greater cover against short-term risks.

Investments

Excluding investments in subsidiaries and programme-related investments, Marie Stopes International's principal investments are a Dublin property (market value £259,000 at 31 December 2014; 2013: £264,000) and a managed investment fund (net book value £7.6 million at 31 December 2014; 2013: £7.1 million). Marie Stopes International's investment objectives are to maximise income returns at acceptable levels of risk in investments which do not compromise the charity's commitment to sexual and reproductive health rights.

The Board of Marie Stopes International has delegated to the Investment Supervisory Group the responsibility for developing an overall approach to investment management on behalf of all of the financial assets under the charity's control.

The members of the Investment Supervisory Group in 2014 were:

Mr T M Rutter FRCS (Chairman)
 Dr Timothy Black CBE
 (Deceased 11th December 2014)
 Mr S Cooke (Chief Executive Officer)
 Mr A Seddon (Global Finance Director)

The principal responsibilities of the Investment Supervisory Group include:

- determining an appropriate investment strategy consistent with the risk appetite prevailing from time to time
- developing guidelines based on the agreed investment strategy
- recommending the appointment, re-appointment or removal of investment managers
- setting of appropriate investment benchmarks and targets.

The Investment Supervisory Group has developed an investment strategy to include investment in managed funds. The investment approach for the managed fund is to target a mix of investments within the following tactical ranges:

Category	Tactical Range	Current performance
Equities	20 - 78%	54.3%
Bonds	0 – 18.5%	11.9%
Multi-asset funds	10 – 20%	14.4%
Private equity & Commodities	5 – 15%	17.8%
Cash	0 – 10%	1.6%

The performance of the managed fund is benchmarked internally to the FTSE 100 index. From inception the value of our managed investment fund has increased by 37.9% to £7.6 million at 31 December 2014.

Plans for future periods

The following priorities will help guide our work in 2015:

CYPs (including High Impact CYPs)

CYPs are our primary management metric. We will continue to use High Impact CYPs to show health impact and contribution to our mission of children by choice, not chance.

Safe abortion at scale

Reducing unsafe abortions by 10 million is a mission level goal in our Power of 10 strategy. This remains a key priority for us in 2015 including medical abortion and its delivery.

Sustainability

We will grow and diversify income and surplus across all streams – donor, commercial and government contracts. This is achieved through strategic new business development, evolving centre and social marketing networks, increasing productivity and strengthening internal systems and controls.

Principal risks and uncertainties facing the organisation

The principal risks facing Marie Stopes International, as contained in the group's strategic risk register, are:

- The risk of a discontinuity in the provision of donor-funded commodities for our family planning and safe abortion services
- The high level of endemic corruption prevailing in many of the countries in which we operate (as measured by the Corruption Perceptions index)
- The volatile and unpredictable geopolitical environment in which many of our country programmes operate
- The evolving nature of global and national policies on SRHR services and policy frameworks
- MSI's concentrated donor portfolio, and the need to comply fully with individual donor contractual requirements.
- The inherent risks in managing a transition from donor-funded reimbursement grants to output-based aid contracting.
- The risks of recruiting, retaining and training individuals with the critical skills necessary to manage and develop MSI's core programs.

4. Employees

Marie Stopes International is a global organisation comprising a diverse workforce of over 10,000 team members across 38 countries. A consistent focus on recruiting and retaining talented and committed professionals who deliver to our global mission ensures the sustainability of the organisation.

In support of this we implemented a number of initiatives throughout 2014. We developed a new induction process to ensure that our new team members are effectively integrated within the organisation and can quickly understand how their role contributes to the delivery of our mission and vision. We introduced a global performance management system for all levels within the organisation, which directly links team member performance and accountability to the overall performance of the organisation and makes it clear how their work will impact the success of the organisation. All of these are underpinned by a revised set of values, and team member and leadership behaviours which ensure clarity around the way we approach our work.

We do not underestimate the importance of developing talent from within the organisation and to keep this on our strategic agenda we hold regular Talent Boards. These meetings are used to identify individuals who have shown the capacity and capability to take on additional responsibilities and form a pipeline into our leadership cohort. Each Executive Team member takes responsibility for the development of our talent and ensuring appropriate training is given and adequate retention is in place.

As an organisation we work in some challenging environments and put particular emphasis on how we can support our team members in these situations. We have a dedicated Crisis Management Team, comprising experts

from across support functions in our global support offices and in-country management, to provide key support to enable team members to work through crises and continue to provide services whilst ensuring their own safety and security.

Marie Stopes International believes that it is important to be transparent about how pay levels for senior staff are set and realistic about attracting talent to our organisation. Our senior reward approach encompasses two main factors:

- internal job evaluation which weights the distinct elements of roles and allows for internal comparison of roles within different functions; e.g. in operational management and in business support teams
- external pay benchmarking via the use of market data taken from sector pay surveys

We use the market median within our sector as a factor for setting salaries along with a consideration of specific requirements for each post. Any salaries which fall outside the externally benchmarked median levels must be approved by the organisation's Remuneration Committee.

Senior staff members receive ongoing performance management and an annual appraisal from the Chief Executive Officer on their contribution to the achievement of organisational strategy.

The Chief Executive Officer's pay is set by the Board of Trustees.

We continue to operate as an equal opportunities employer, with a zero tolerance approach to any form of discrimination and have the relevant policies and procedures in place to support this.

5. Auditor

PricewaterhouseCoopers LLP were appointed in the year after a competitive tender process, and have expressed their willingness to continue as auditor for the next financial year.

The Trustees thank the previous audit firm, Crowe Clark Whitehill LLP.

6. Statement of trustees' responsibilities

The trustees (who are also directors of Marie Stopes International for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each Trustee who is a Director at the date of the approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the Director has taken all steps that he/she should have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S.418 of the Companies Act 2006. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The Trustees have reviewed the Group's financial position, taking account of the level of reserves and cash, the annual business plan and the systems of financial and risk management. As a result of this review, the Trustees believe that Marie Stopes International is well placed to manage operational and financial risks successfully.

Accordingly, the Trustees expect that Marie Stopes International has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

This report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 29 July 2015 including approving in their capacity as company Directors the Strategic Report contained therein, and is signed as authorised on its behalf by:

Mr TM Rutter FRCS
Chairman
29 July 2015

Independent auditor's report to the members of Marie Stopes International

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2014 and of the group's incoming resources and application of resources, including its income and expenditure and the group's cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent charitable company financial statements (the "financial statements"), which are prepared by Marie Stopes International, comprise:

- the group and parent charitable company balance sheet as at 31 December 2014;
- the consolidated statement of financial activities for the year ended 31 December 2014;
- the consolidated cash flow statement for the year ended 31 December 2014;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements and Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, 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 and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

NWE Boden (Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
London
29th July 2015

Consolidated statement of financial activities (incorporating the income and expenditure account) for the year ended 31 December 2014

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2014 £'000	Total 2013 £'000
Incoming resources					
Incoming resources from generated funds					
-Voluntary income	2a	1,488	5,837	7,325	9,463
-Investment income	2b	510	230	740	706
-Gifted assets	2c/21	1,712	-	1,712	7,595
Incoming resources from charitable activities	2d	108,423	120,448	228,871	191,890
Other incoming resources		2,409	947	3,356	2,274
Total incoming resources		114,542	127,462	242,004	211,928
Resources expended					
Costs of generating funds	3	590	-	590	519
Charitable activities	3	103,954	123,014	226,968	201,712
Governance costs	4	548	466	1,014	1,079
Total resources expended	3	105,092	123,480	228,572	203,310
Net incoming resources before transfers		9,450	3,982	13,432	8,618
Transfers	15/23	(1,214)	1,214	-	-
Net income before other recognised gains and losses		8,236	5,196	13,432	8,618
Other recognised gains/losses					
-Loss on revaluation of investment properties	10a	(5)	-	(5)	(18)
-Gain on revaluation of investments	10d	370	-	370	782
-Exchange translation difference arising on consolidation		822	976	1,798	(1,103)
Net movement in funds	7	9,423	6,172	15,595	8,279
Fund balances brought forward at 1 January 2014	15/16	69,083	6,014	75,097	66,818
Fund balances carried forward at 31 December 2014	15/16	78,506	12,186	90,692	75,097

All amounts relate to continuing activities. All gains and losses recognised in the year are included in the Statement of Financial Activities.

There is no material difference between the net income for the year and net movement in funds stated above and their historical cost equivalents.

The notes on pages 26 to 45 form part of these financial statements.

Balance sheets as at 31 December 2014

	Note	Group		Company	
		Total	Total	Total	Total
		2014	2013	2014	2013
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	8	3,537	3,845	2,367	2,724
Tangible assets	9	41,768	37,856	24,350	24,610
Investments	10	7,891	7,360	11,348	11,212
Total fixed assets		53,196	49,061	38,065	38,546
Current assets					
Stocks and work-in-progress		13,593	9,847	4,823	3,422
Debtors	11	45,582	36,149	41,525	42,187
Investments		3,883	3,166	736	678
Cash at bank and in hand		58,989	44,651	39,707	22,345
Total current assets		122,047	93,813	86,791	68,632
Creditors: amounts falling due within one year	12a	(79,508)	(61,894)	(57,385)	(45,451)
Net current assets		42,539	31,919	29,406	23,181
Total assets less current liabilities		95,735	80,980	67,471	61,727
Creditors: amounts falling due after more than one year	12b	(514)	(368)	(280)	(352)
Loans: amounts falling due after more than one year	13	(4,529)	(5,515)	(3,992)	(5,054)
Total liabilities falling due after more than one year		(5,043)	(5,883)	(4,272)	(5,406)
Net assets	14	90,692	75,097	63,199	56,321
The funds of the charity:					
Unrestricted income funds					
General reserves	16	39,449	37,975	31,426	27,492
Designated funds - tangible fixed asset reserve	16	31,634	24,055	24,350	20,379
Designated funds - sustainability reserve	16	7,423	7,053	7,423	7,053
Total unrestricted income funds	14	78,506	69,083	63,199	54,924
Restricted income funds	14/15	12,186	6,014	-	1,397
Total charity funds		90,692	75,097	63,199	56,321

The notes on pages 26 to 45 form part of these financial statements.

The financial statements on pages 22 to 45 were approved by the Board of Trustees on 29 July 2015 and signed on its behalf by
Mr TM Rutter FRCS *Chairman*

Consolidated cash flow statement for the year ended 31 December 2014

	2014		2013	
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities (note a)		26,334		20,545
Returns on investments and servicing of finance				
Bank interest received		426		541
Distributions received		101		71
Loan interest received		12		48
Loan interest paid		(248)		(217)
Rent received		201		46
		<u>492</u>		<u>489</u>
Taxation paid		(68)		(247)
		<u>(68)</u>		<u>(247)</u>
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(11,991)		(9,930)
Payments to acquire intangible fixed assets		(288)		(119)
Payments to acquire fixed asset investments		(410)		-
Receipts from sales of tangible fixed assets		697		986
Receipts from sales of fixed asset investments		262		1,864
		<u>(11,730)</u>		<u>(7,199)</u>
Financing				
Increase/(decrease) in bank and unsecured loans		557		(167)
Increase/(decrease) in long term loans		(986)		4,723
Increase/(decrease) in bank overdraft		242		(2,421)
		<u>(187)</u>		<u>2,135</u>
Acquisitions and disposals				
Cash acquired as gifted assets		214		7,013
		<u>214</u>		<u>7,013</u>
Management of liquid resources				
Increase in investments		(717)		(192)
		<u>(717)</u>		<u>(192)</u>
Increase in cash		<u>14,338</u>		<u>22,544</u>

The notes to the cashflow statement are on page 25.

Consolidated cash flow statement for the year ended 31 December 2014

Notes to the cash flow statement.

a) Reconciliation of net income to net cash inflow from operating activities

	2014	2013
	£'000	£'000
Net income for the year	13,432	8,618
Gifted assets	(1,712)	(7,595)
Investment income	(740)	(706)
Interest payable	239	217
Depreciation of tangible fixed assets	7,964	7,426
Amortisation of intangible fixed assets	678	484
Tax charge	63	234
(Gain)/loss on disposal of tangible fixed assets	144	(107)
Increase in stocks	(2,987)	(1,402)
Increase in debtors	(8,197)	(6,404)
Increase in creditors	16,211	18,055
Exchange movements	1,239	1,725
Net cash inflow from operating activities	26,334	20,545

b) Analysis of net funds

	At 1 Jan 2014	Cash flows	At 31 Dec 2014
	£'000	£'000	£'000
Cash at bank and in hand	44,651	14,338	58,989
Investments	3,166	717	3,883
Bank overdrafts	(58)	(242)	(300)
	47,759	14,813	62,572
Bank loans falling due within one year	(1,070)	(557)	(1,627)
Other loans falling due after more than one year	(5,515)	986	(4,529)
	41,174	15,242	56,416

c) Reconciliation of net cash flow to movement in net funds

	2014	2013
	£'000	£'000
Increase in cash	14,338	22,544
Cash outflow from increase in liquid resources	717	192
Cash outflow/(inflow) from financing	187	(2,135)
Net funds at 1 January 2014	41,174	20,573
Net funds at 31 December 2014	56,416	41,174

The notes on pages 26 to 45 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of investments to market value and in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, the Companies Act 2006, the Charities Act 2011 and applicable United Kingdom accounting standards. Having considered the risks, reserves and financial position the financial statements have been prepared on a going concern basis.

The principal accounting policies, which have been applied consistently in the year, are set out below.

a) Basis of consolidation

The Group financial statements combine the results of the parent undertaking, Marie Stopes International, and its subsidiary undertakings after eliminating inter-group transactions. Marie Stopes International refers to Marie Stopes International's UK operations and international branch offices. The subsidiary undertakings are detailed in note 20.

No separate Statement of Financial Activities or income and expenditure account has been presented for the company alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the 2005 Charities SORP. The company had total incoming resources in the year of £117.3 million (2013: £107.4 million) and total resources expended of £110.9 million (2013: £112.2 million) giving a net gain for the year of £6.4 million (2013: loss of £4.8 million). The net movement in funds, after investment gains/losses was a gain of £6.8 million (2013: loss of £4.4 million).

b) Incoming resources

Incoming resources from charitable activities comprises income from the provision of services to clients for sexual and reproductive healthcare, grants for the delivery of sexual & reproductive health services and consultancy services.

Service income

Service income comprises income received and receivable from clients for sexual and reproductive health services and products provided during the period.

Grant income

Income from external grants is recognised in the Statement of Financial Activities as soon as it is receivable unless donor conditions related to performance and specific deliverables apply. These grants are accounted for as the charity earns the right to consideration through performance. Where income is received in advance it is classified as deferred and included in creditors until conditions of entitlement are met, at which point it is released. Where entitlement occurs before the income is received the income is accrued and included in debtors.

Gifts in kind

Where the charity receives donations of goods and services in kind and where there is a measurable value to the charity, which can be ascertained with reliability, they are included as both income and expenditure. The donation is recognised on receipt of goods and services and the goods and services are expended when used.

Voluntary income

Legacies and donations are included in the Statement of Financial Activities when there is entitlement to the income, reasonable certainty of receipt and the amount can be measured reliably.

Investment income

Investment income comprises interest, dividends, distributions and rents and is recognised in the period in which it becomes receivable.

c) Foreign currencies

For reporting purposes monetary assets and liabilities in foreign currencies are translated into sterling at the year end exchange rate at the balance sheet date and exchange differences are included in the Statement of Financial Activities. Exchange differences arising from the re-translation at year end of Group assets and liabilities are recognised as unrealised in the Statement of Financial Activities.

d) Pension costs

The charity operates a defined contribution pension scheme. Employer contributions are charged to the Statement of Financial Activities as they fall due.

e) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

f) Resources expended

All expenditure is accounted for on an accruals basis. Direct costs incurred by the Group are allocated across the various types of expenditure as follows:

Costs of generating funds comprise costs relating to the raising of voluntary donations such as production of publications, direct mailing campaigns, donations database maintenance and personnel.

Charitable activities comprise costs relating directly to the delivery of family planning and other sexual and reproductive health services and related advocacy and awareness raising and capacity building. Costs include delivery of clinical and outreach services throughout the global partnership, such as service providers' salaries, costs of drugs and equipment, materials, premises, training and travel.

Governance costs represent the costs of compliance with statutory requirements and include the costs of audits and costs incurred on behalf of trustees relating to the governance of the organisations, such as travel and meeting attendance.

g) Grants paid

Grants payable to third parties to reimburse them for specific activities undertaken by them in support of Marie Stopes International's charitable activities are charged to the Statement of Financial Activities when an obligation exists.

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies (continued)

h) Intangible fixed assets

Goodwill, which represents the excess of the acquisition costs over the fair values of the identifiable net assets acquired is capitalised at cost and amortised over its estimated useful life.

Registration and license fees are capitalised at cost and are amortised over the period to which the rights relate (estimated to be seven years).

i) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided on completed assets at rates calculated to write off the cost of fixed assets less their estimated residual value, on a straight line basis over their useful economic lives as follows:

Freehold properties

Over estimated useful life

Leasehold properties

Over period of the lease

Furniture, fixtures, fittings & office equipment

20% to 50% per annum

Medical equipment

20% to 50% per annum

Computer equipment

25% to 50% per annum

Motor vehicles

25% per annum

Marie Stopes International capitalises fixed assets in the UK above a value of £1,200. For Marie Stopes International's branches and subsidiaries overseas the capitalisation level is lower and varies by entity.

Assets under construction are not depreciated until they have been brought into use.

The carrying value of fixed assets is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable.

j) Fixed asset investments

Listed properties and investment properties are stated at the market value at the balance sheet date. Investments such as hedge funds and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers. Investments in subsidiaries are stated at cost less any provision to impairment.

Revaluation gains or losses arising during the year are included in the Statement of Financial Activities. Impairments are charged to resources expended on charitable activities. Investment income is the amount receivable by Marie Stopes International in the year.

k) Programme related investments

Programme related investments are included at the amount invested less any repayments and impairments.

l) Stocks

Stocks represents medical equipment and supplies purchased or donated to fulfill Marie Stopes International charitable objectives and is reported at the lower of cost and net realisable value. In some circumstances stock items are sold (rather than used internally) after the balance sheet date. In such cases our assessment of net realisable value is based on the service potential provided by the items of stock because, as indicated, the sale after the balance sheet date is made in furtherance of our charitable objectives. As a result, in these cases, it is not necessary to impair the carrying value of this stock at the period end.

m) Reserves and fund accounting

General reserves are unrestricted funds available to be used at the discretion of the Board of Trustees for the furtherance of the charitable objectives of the Group and which have not been designated for any other purpose.

Designated funds comprise unrestricted funds that have been set aside by the Board of Trustees for particular purposes. The aim of each designated fund is set out in note 16.

Restricted funds are funds which have to be used in accordance with specific restrictions imposed by a donor and funds restricted by constitution which represent the accumulated surpluses from those group entities where the funds have been generated locally and the future use is restricted to that location.

Overhead/support costs relating to restricted donor funds are classed as unrestricted expenditure and are not directly attributed to restricted funds at source. The fees earned on restricted donor funds in relation to these overhead/support costs are directly attributed to restricted income and at the year end a reallocation is made between restricted and unrestricted funds in relation to these fees.

n) Company status

Marie Stopes International is a company limited by guarantee. The members of the Company are the Trustees named on page 4. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per Trustee.

Notes to the financial statements for the year ended 31 December 2014

2. Incoming resources from generated funds	Unrestricted funds	Restricted funds	Total 2014	Total 2013
a) Voluntary income	£'000	£'000	£'000	£'000
Gifts in Kind	89	5,236	5,325	5,169
Donations and legacies	1,399	601	2,000	4,294
	1,488	5,837	7,325	9,463
b) Investment income				
Bank interest receivable	255	171	426	541
Distributions receivable	101	-	101	71
Loan interest receivable	3	9	12	48
Rent receivable	151	50	201	46
	510	230	740	706
c) Gifted assets (see note 21)	1,712	-	1,712	7,595
d) Incoming resources from charitable activities				
Grant income				
Department for International Development	4,357	40,929	45,286	27,507
United States Agency for International Development	-	17,060	17,060	16,451
Netherlands Ministry of Foreign Affairs	365	5,239	5,604	3,620
The Bill and Melinda Gates Foundation	-	4,872	4,872	3,814
United Nations	154	3,548	3,702	1,838
Kreditanstalt für Wiederaufbau	-	2,556	2,556	895
Ministry of Foreign Affairs of Denmark	2,255	-	2,255	1,073
Norwegian Agency for Development Cooperation	-	1,031	1,031	1,138
Swedish International Development Agency	-	606	606	199
European Union	-	540	540	673
Ministry for Foreign Affairs of Finland	-	536	536	407
The David and Lucile Packard Foundation	-	401	401	383
World Bank	-	186	186	992
Anonymous	-	21,922	21,922	19,415
Other	1,248	22,045	23,293	18,891
	8,379	121,471	129,850	97,296
Reallocation of fees earned on restricted grants	13,353	(13,353)	-	-
	21,732	108,118	129,850	97,296
Service income				
Sexual and reproductive healthcare services	87,606	12,834	100,440	95,850
Fees waived	(915)	(504)	(1,419)	(1,256)
	86,691	12,330	99,021	94,594
Total incoming resources from charitable activities	108,423	120,448	228,871	191,890

Grant income is recognised in accordance with the Charities SORP and as a result may differ from cash received, please see note 1b for further information. Where the purpose of the grant is narrower than the charitable objects of Marie Stopes International, is restricted to a specific location, or deemed to be restricted by time constraints, the grant income is classified as restricted. The fees earned on restricted donor funds in relation to overhead/support costs are directly attributed to restricted income and at the year end a reallocation is made between restricted and unrestricted funds in relation to these fees.

Approximately half of Marie Stopes International's income relates to global projects. It is not possible to allocate this income between countries on a consistent and reliable basis and for this reason the company has not disclosed a geographical analysis of income.

Notes to the financial statements for the year ended 31 December 2014

3. Resources expended

a) Total resources expended	Programme activities £'000	Staff costs £'000	Other costs £'000	Support costs (3c) £'000	Total 2014 £'000	Total 2013 £'000
Costs of generating funds	-	540	-	50	590	519
Charitable activities	95,905	98,904	21,425	10,734	226,968	201,712
Governance costs (note 4)	330	211	455	18	1,014	1,079
	96,235	99,655	21,880	10,802	228,572	203,310

b) Programme activities

Programme activity expenditure includes subgrants made to external partners of £12,287,000 (2013: £8,455,000). Details are available from Marie Stopes International, 1 Conway Street, London W1T 6LP.

c) Support costs	Management & Office Services £'000	Finance & Information Technology £'000	Programme Support £'000	People & Development £'000	External Relations £'000	2014 Total support costs £'000	2013 Total support costs £'000
Support costs by function	1,510	1,372	6,868	535	517	10,802	10,331

Support costs represent the cost of Marie Stopes International's London and regional support offices and are allocated by function. Costs relate to the costs of technical assistance to programmes and to the corporate functions of Information Technology, People and Development, External Relations and other centralised functions.

Support costs are apportioned to specific activities primarily based on the number of staff employed during the year by the relevant activity, after an appropriate proportion has been allocated to Governance costs.

d) Staff

	2014 £'000	2013 £'000
Staff costs:		
- Wages and salaries	74,509	69,746
- Social security costs	3,921	3,990
- Other pension costs	2,692	2,603
	81,122	76,339
Sessional fees and agency costs	18,533	16,731
Total staff costs	99,655	93,070

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund managed by the Standard Life Assurance Company. No employees receive benefits under a defined benefit pension scheme.

In line with government legislation, Marie Stopes International commenced the automatic enrolment of its staff into its defined contribution pension scheme where certain criteria are met.

On 1 October 2013, the charity introduced 'Smart' pensions for all members of the group personal pension scheme. Smart pensions is a salary sacrifice scheme for pension contributions enabling current members to save on national insurance contributions. Staff can choose to opt out of Smart pensions and remain in the standard pension scheme.

The average monthly number of staff analysed by function was:

	2014 Number	2013 Number
- Charitable activities	10,271	8,711
- Generating voluntary income	2	2
- Governance	33	33
	10,306	8,746

Notes to the financial statements for the year ended 31 December 2014

3. Resources expended (continued)

d) Staff (continued)

The numbers of employees whose emoluments were more than £60,000 were:

	2014	2013
	Number	Number
£60,001 - £70,000	20	22
£70,001 - £80,000	19	12
£80,001 - £90,000	4	6
£90,001 - £100,000	9	6
£100,001 - £110,000	1	4
£110,001 - £120,000	4	3
£120,001 - £130,000	2	1
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	-	1
£170,001 - £180,000	-	1
£210,001 - £220,000	1	1
£260,001 - £270,000	-	1
£370,001 - £380,000	1	-

Retirement benefits accrued under a defined contribution scheme for 48 higher paid employees (2013: 40). Total employer contributions for these employees were £305,000 (2013: £310,000).

Notes to the financial statements for the year ended 31 December 2014

4. Governance costs	2014	2013
	£'000	£'000
Costs of Trustees' meetings and support	18	18
Internal audit costs	287	272
Fees payable to the company's current auditors for:		
- the audit of the company's annual financial statements	175	199
- non-audit services	136	-
Fees payable to the company's previous auditors for:		
- the audit of the company's annual financial statements	72	120
- non-audit services	76	60
Fees payable to other auditors for the audit of other Group entities	250	410
	1,014	1,079

Auditor's remuneration in respect of the company's 2014 financial statements relates to fees payable to PricewaterhouseCoopers LLP, appointed as the company's auditors in February 2014. The fees payable for the annual financial statements for prior years relate to the company's previous auditor, Crowe Clark Whitehill LLP.

Included in fees payable in 2014 to other auditors for the audit of other Group entities above is a total of £16,000 charged by member firms of PricewaterhouseCoopers.

5. Directors' emoluments

None of the directors received any emoluments during the year for their services as Trustees (2013: none).

6. Interest payable and similar charges

	2014	2013
	£'000	£'000
Loans and overdrafts	239	217

Interest payable on The David and Lucille Packard Foundation loan is charged against a restricted reserve into which interest earned from bank deposits and onward loans are allocated and against which administration costs are also charged. The balance of the restricted reserve must be offset against any exchange losses suffered by The David and Lucille Packard Foundation at the date of repayment by Marie Stopes International.

7. Net movement in funds

	2014	2013
	£'000	£'000
Net movement in funds is stated after charging:		
Amortisation of intangible fixed assets	678	484
Depreciation of tangible fixed assets	7,964	7,426
Operating lease rentals	5,721	5,447

Notes to the financial statements for the year ended 31 December 2014

8. Intangible fixed assets	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Goodwill				
Opening balance	2,727	3,404	2,673	3,386
Additions	-	56	-	15
Amortisation	(354)	(326)	(316)	(321)
Exchange movements on consolidation	(45)	(407)	(45)	(407)
Closing balance	2,328	2,727	2,312	2,673
Licenser and registration fees				
Opening balance	1,118	1,434	51	-
Additions	288	73	4	51
Amortisation	(324)	(158)	-	-
Exchange movements on consolidation	127	(231)	-	-
Closing balance	1,209	1,118	55	51
Intangible fixed assets	3,537	3,845	2,367	2,724

Goodwill has arisen due to purchase of clinic networks in Australia and the United Kingdom. Goodwill represents the excess of the acquisition costs over the fair values of the identifiable net assets acquired and is capitalised at cost and amortised over its estimated useful life.

Licenser and registration fees relate to costs to acquire exclusive rights to pharmaceutical products. The cost is being amortised over the period that Marie Stopes International expects to benefit from these exclusive rights.

Notes to the financial statements for the year ended 31 December 2014

9. Tangible fixed assets

The latest revaluation of freehold properties in the UK was at 1 December 1994 by Nelson Bakewell, Chartered Surveyors. As this valuation was prior to the introduction of FRS 15 - Tangible Fixed Assets, the revalued assets are treated as being held at cost. Properties purchased since 1994 are included at cost.

Group	Freehold properties	Short leasehold properties	Furniture, fixtures, fittings & office equipment	Medical equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 January 2014	37,072	2,370	5,947	6,935	10,722	11,632	640	75,318
Additions	15	1,415	1,617	1,174	1,276	3,213	3,281	11,991
Transfers into the Group	114	-	35	100	91	38	-	378
Transfers to completed assets	-	-	-	-	2,127	-	(2,127)	-
Disposals	(709)	(15)	(86)	(109)	(339)	(968)	-	(2,226)
Exchange movements on consolidation	65	(141)	11	6	138	128	-	207
At 31 December 2014	36,557	3,629	7,524	8,106	14,015	14,043	1,794	85,668
Accumulated depreciation								
At 1 January 2014	13,800	1,849	4,068	4,832	5,555	7,358	-	37,462
Charge for the year	1,086	788	971	841	2,473	1,805	-	7,964
Transfers into the Group	18	-	2	29	47	29	-	125
Disposals	(211)	-	(56)	(59)	(290)	(769)	-	(1,385)
Exchange movements on consolidation	(23)	(68)	(107)	(54)	(17)	3	-	(266)
At 31 December 2014	14,670	2,569	4,878	5,589	7,768	8,426	-	43,900
Net book value								
At 31 December 2014	21,887	1,060	2,646	2,517	6,247	5,617	1,794	41,768
At 31 December 2013	23,272	521	1,879	2,103	5,167	4,274	640	37,856

Notes to the financial statements for the year ended 31 December 2014

9. Tangible fixed assets (continued)

Company	Freehold properties	Short leasehold properties	Furniture, fixtures, fittings & office equipment	Medical equipment	Computer equipment	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 January 2014	28,251	2,571	3,278	3,040	8,245	2,694	389	48,468
Additions	12	68	338	432	904	843	2,228	4,825
Transfers to completed assets	-	-	-	-	1,392	-	(1,392)	-
Disposals	(668)	-	(32)	(67)	(240)	(24)	-	(1,031)
Exchange movements on consolidation	(127)	(22)	(67)	(1)	(44)	(70)	-	(331)
At 31 December 2014	27,468	2,617	3,517	3,404	10,257	3,443	1,225	51,931
Accumulated depreciation								
At 1 January 2014	12,601	1,494	2,343	1,748	4,014	1,658	-	23,858
Charge for the year	1,031	274	381	426	1,897	476	-	4,485
Disposals	(209)	-	(24)	(38)	(234)	(12)	-	(517)
Exchange movements on consolidation	(21)	(14)	(75)	(2)	(42)	(91)	-	(245)
At 31 December 2014	13,402	1,754	2,625	2,134	5,635	2,031	-	27,581
Net book value								
At 31 December 2014	14,066	863	892	1,270	4,622	1,412	1,225	24,350
At 31 December 2013	15,650	1,077	935	1,292	4,231	1,036	389	24,610

Notes to the financial statements for the year ended 31 December 2014

10. Fixed asset investments	Note	Group		Company	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Investment property	10a	259	264	259	264
Investment in subsidiaries	10b	-	-	3,470	3,415
Programme related investments	10c	-	-	196	476
Listed investments	10d	7,632	7,096	7,423	7,057
		7,891	7,360	11,348	11,212

a) Investment property

	Group and Company	
	2014 £'000	2013 £'000
Market value at 1 January 2014	264	262
Revaluation loss	(5)	(18)
Exchange movements on consolidation	-	20
Market value at 31 December 2014	259	264

b) Investment in subsidiaries

	Company	
	2014 £'000	2013 £'000
Investment in subsidiary undertakings at cost:		
At 1 January 2014	3,415	1,336
Transfers into the Group	-	371
Capital invested	55	1,708
At 31 December 2014	3,470	3,415

c) Programme related investments

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
At 1 January 2014	-	-	476	688
Capital repayment	-	-	(280)	(212)
At 31 December 2014	-	-	196	476

Notes to the financial statements for the year ended 31 December 2014

10. Fixed asset investments (continued)

d) Listed investments	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Market value at 1 January 2014	7,096	7,422	7,057	6,304
Additions	410	-	-	-
Disposals	(262)	(1,082)	(4)	-
Revaluation gain	370	782	370	753
Exchange movements on consolidation	18	(26)	-	-
Market value at 31 December 2014	7,632	7,096	7,423	7,057
Historical cost	6,575	6,288	6,367	6,249
Investment portfolio allocation:				
Equities	4,033	3,852	4,033	3,852
Bonds	884	833	884	833
Multi -Asset Funds	1,070	-	1,070	-
Alternatives	1,318	2,250	1,318	2,250
Cash	327	161	118	122
	7,632	7,096	7,423	7,057

Material holdings within the investment portfolio:	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Equities				
Artemis UK Special Situations Fund	405	413	405	413
Vanguard S&P 500 UCITS ETF	518	361	518	361
Bonds				
Schroder Emerging Markets Debt Absolute Return Fund	477	464	477	464
Multi -Asset Funds				
CF Ruffer Total Return Fund Shs Class I	530	-	530	-
Trojan Fund	540	-	540	-
Alternatives				
CF Ruffer Total Return Fund Shs Class C	-	473	-	473
Trojan Fund	-	466	-	466
Schroder Private Equity Funds IV	813	778	813	778

All investments are listed on a UK stock exchange or incorporated in the UK and are therefore categorised as investment assets in the UK.

In the opinion of the trustees, the carrying value of the investments is supported by their underlying net assets.

Notes to the financial statements for the year ended 31 December 2014

11. Debtors	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	16,499	15,774	6,299	8,546
Amounts owed by group undertakings	-	-	10,550	17,710
Corporation tax	126	-	-	-
Other debtors	2,112	961	433	168
Grants receivable	11,376	3,368	10,515	3,367
Prepayments and accrued income	15,469	16,046	13,728	12,396
	45,582	36,149	41,525	42,187

12. Creditors

a) Amounts falling due within one year	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank loans	1,627	1,070	1,614	1,060
Bank overdrafts	300	58	180	54
Trade creditors	9,265	7,515	2,563	2,905
Amounts owed to group undertakings	-	-	-	2,680
Corporation tax	-	23	51	48
Other taxation and social security	4,331	1,907	1,603	1,211
Accruals	16,371	11,967	9,467	7,406
Deferred income	47,614	39,354	41,907	30,087
	79,508	61,894	57,385	45,451

Deferred income brought forward balances at 1 January 2014 were released during the year. The closing balance represents new grant income received during 2014 where the contractual obligations of the grant are to be fulfilled in future periods

b) Amounts falling due after more than one year	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Deferred capital grants	514	368	280	352

13. Loans: amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Amounts repayable:				
One year or more - The David and Lucille Packard Foundation	398	570	347	570
One year or more - other	4,131	4,945	3,645	4,484
	4,529	5,515	3,992	5,054

Marie Stopes International agreed terms on 1 November 2002 with The David and Lucille Packard Foundation for a loan to be repaid in 2010. The purpose of the loan is to create a social investment fund which will provide onward loans to partner organisations and subsidiaries, provided the goals and objectives of the projects are in line with those of Marie Stopes International and The David and Lucille Packard Foundation (see note 10c). In 2004, the loan agreement was extended to 2015. On 1 July 2010, Marie Stopes International and The David and Lucille Packard Foundation amended this agreement, which resulted in periodic principal repayments over the remaining life of the loan.

In 2013 MSI entered into a new long-term financing facility with Unity Trust for £4.0 million for a maximum term of 10 years with a fixed interest rate of 3.95% for five years. The loan is secured against the freehold property at 1 Conway Street, London at a ratio of approximately 46% as at 31 December 2014 with monthly repayments due under the loan totalling £0.4 million each year. Other loans consist of commercial and other loan facilities arranged by Marie Stopes International's branches and subsidiaries.

Notes to the financial statements for the year ended 31 December 2014

14. Analysis of net assets between funds

	Group			Company		
	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
Fund balances at 31 December 2014 are represented by:	£'000	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	3,525	12	3,537	2,367	-	2,367
Tangible fixed assets	31,634	10,134	41,768	24,350	-	24,350
Fixed asset investments	7,741	150	7,891	11,348	-	11,348
Long-term liabilities	(4,131)	(912)	(5,043)	(3,645)	(627)	(4,272)
	78,506	12,186	90,692	63,199	-	63,199

15. Restricted income funds

	Group					
	At 1 Jan 2014	Income	Expenditure	Other gains	Transfers (note 23)	At 31 Dec 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Donor funds	1,499	76,069	(72,046)	386	-	5,908
Restricted by constitution						
Africa	(1,139)	31,495	(31,830)	260	1,214	-
Asia	4,433	14,661	(14,547)	231	-	4,778
Pacific Asia	1,221	5,237	(5,057)	99	-	1,500
	6,014	127,462	(123,480)	976	1,214	12,186

	Company					
	At 1 Jan 2014	Income	Expenditure	Other gains	Transfers (note 23)	At 31 Dec 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Donor funds	1,397	49,747	(51,530)	386	-	-

Restricted funds represent the following:

- Donor funds unspent at the end of the financial year, which will be expended in the future in line with the contractual and geographical conditions imposed by the donor.
- Funds restricted by constitution represent the accumulated surpluses from those group entities where the funds have been generated locally and the future use is restricted to that location. Within Africa there is an accumulated deficit within Marie Stopes Kenya of £1.9 million.

Notes to the financial statements for the year ended 31 December 2014

16. Unrestricted income funds

	Group			Total unrestricted funds £'000
	General reserves £'000	Tangible fixed asset reserve £'000	Sustainability reserve £'000	
At 1 January 2014	37,975	24,055	7,053	69,083
Net incoming resources before transfers and other recognised gains and losses	9,450	-	-	9,450
Transfers:				
- Transfers between funds	(1,214)	-	-	(1,214)
- Movement in tangible fixed asset reserve	(7,579)	7,579	-	-
- Movement in sustainability reserve	(370)	-	370	-
- Net gains on revaluations and exchange on consolidation	1,187	-	-	1,187
At 31 December 2014	39,449	31,634	7,423	78,506

	Company			Total unrestricted funds £'000
	General reserves £'000	Tangible fixed asset reserve £'000	Sustainability reserve £'000	
At 1 January 2014	27,492	20,379	7,053	54,924
Net incoming resources before transfers and other recognised gains and losses	8,160	-	-	8,160
Transfers:				
- Transfers between funds	-	-	-	-
- Movement in tangible fixed asset reserve	(3,971)	3,971	-	-
- Movement in sustainability reserve	(370)	-	370	-
- Net gains on revaluations and exchange on consolidation	115	-	-	115
At 31 December 2014	31,426	24,350	7,423	63,199

Unrestricted and restricted funds represent reserves available to Marie Stopes International for a range of purposes dependent on their designation.

Unrestricted Funds:

General Reserve - Marie Stopes International's general reserves aim to provide medium and long-term security for the Group both in the United Kingdom and in the countries within which it operates. It aims to be sufficient to finance up to six months expenditure. This policy is reviewed by Trustees on a regular basis.

Tangible Fixed Asset Reserve - represents the amount of general funds invested in fixed assets to achieve the objectives of the organisation.

Sustainability Reserve - represent designations made by the Trustees to provide working capital for the continued expansion of family planning service delivery post donor funding and for institutional capacity development to support such services.

Restricted Funds:

Restricted Funds represent donor funds received that are to be disbursed in accordance with the grant terms of the donor and the accumulated surplus/deficit of those entities within the group that are considered to be for a restricted purpose (see note 15).

Notes to the financial statements for the year ended 31 December 2014

17. Taxation

Marie Stopes International has no liability to UK corporation tax as the company is a charity registered in England and Wales and takes advantage of the tax exemption available to charities. The liability to taxation shown in these financial statements relates to tax due on profits of the branches and subsidiary undertakings.

18. Financial commitments

a) Capital commitments

At 31 December 2014 there were capital commitments of nil (2013: £56,000).

b) Operating lease commitments

As at 31 December 2014 commitments for the following year under operating leases for land and buildings were as follows:

	Group	
	2014	2013
	£'000	£'000
Within one year	412	310
Between two and five years	1,666	1,670
Leases expiring in five years or more	99	280
	2,177	2,260

19. Transactions involving Trustees and Company Secretary

During the year the charity reimbursed five Trustees (2013: six) with out-of-pocket expenses of £1,479 (2013: £2,798) for travel to partner programmes and £9,290 (2013: £3,877) for travel to UK offices for Trustees meetings.

Marie Stopes International purchased and maintained throughout the year indemnity insurance in respect of its Trustees.

Notes to the financial statements for the year ended 31 December 2014

20. Marie Stopes International subsidiaries

Marie Stopes International is an international non-government organisation delivering family planning, sexual and reproductive health services in 37 countries worldwide. It delivers these services through its branches and subsidiaries and in partnership with affiliated partners.

The charity controls the following subsidiaries, the results of which have been consolidated within the financial statements.

Name of company	Country of incorporation	Share capital	Share-holding %	Member voting rights %	Income £'000	Expenditure £'000	Net incoming/ (outgoing) resources 2014 £'000	Net assets as at 31 Dec 2014 £'000	Nature of business (see key below)
Options Consultancy Services Limited	United Kingdom	Ordinary	100	N/a	20,353	20,360	(7)	505	1
MS Health Pty Ltd	Australia	Ordinary	100	N/a	1,536	2,962	(1,426)	(1,601)	2
Ambulatorium am Fleischmarkt BetriebsGMBH	Austria	Ordinary	100	N/a	994	939	55	120	2
Marie Stopes Bangladesh (MSB)	Bangladesh	N/a	N/a	55	7,068	7,042	26	1,226	2
Marie Stopes India	India	Ordinary	99	N/a	2,428	2,286	142	(83)	2
ISM Corporation Private Limited	India	Ordinary	98	N/a	133	160	(27)	245	2
Population Health Services (India)	India	Ordinary	99.71	N/a	4,999	4,975	24	1,889	2
Marie Stopes Kenya	Kenya	N/a	N/a	75	5,837	5,782	55	(1,912)	2
Marie Stopes Madagascar	Madagascar	N/a	N/a	67	4,416	4,211	205	2,034	2
Banjo La Mtsogolo Limited	Malawi	N/a	N/a	100	7,355	6,574	781	4,510	2
Marie Stopes Mexico, A.C.	Mexico	N/a	N/a	100	3,293	3,275	18	624	2
Marie Stopes Mexico (Chiapas)	Mexico	N/a	N/a	100	171	301	(130)	(593)	2
Fundacion Marie Stopes Mexico, A.C.	Mexico	N/a	N/a	100	68	15	53	577	2
MSI Clinics and Contraception	Mongolia	Ordinary	100	N/a	766	733	33	195	2
Marie Stopes Services Pvt Ltd	Nepal	Ordinary Preference	100 100	N/a N/a	580	452	128	305	2
Sunaulo Parivar Nepal*	Nepal	N/a	N/a	N/a	1,510	1,161	349	467	2
Marie Stopes International Organization Nigeria*	Nigeria	N/a	N/a	50	5,598	5,625	(27)	512	2

Notes to the financial statements for the year ended 31 December 2014

20. Marie Stopes International subsidiaries (continued)

Name of company	Country of incorporation	Share capital	Share-holding %	Member voting rights %	Income £'000	Expenditure £'000	Net incoming/ (outgoing) resources 2014 £'000	Net assets as at 31 Dec 2014 £'000	Nature of business (see key below)
CSM Pakistan (Guarantee) Limited	Pakistan	N/a	N/a	100	815	871	(56)	63	2
Marie Stopes Papa New Guinea Inc.	Papua New Guinea	N/a	N/a	100	2,610	2,489	121	378	2
Population Services Pilipinas, Inc.	Philippines	N/a	N/a	80	2,627	2,568	59	1,121	2
Fundatia Marie Stopes International Romania	Romania	Ordinary	100	100	341	286	55	241	2
Marie Stopes Sierra Leone	Sierra Leone	N/a	N/a	100	3,343	3,108	235	567	2
Marie Stopes South Africa NPC	South Africa	N/a	N/a	100	3,393	3,220	173	-	2
Population Services Lanka	Sri Lanka	N/a	N/a	100	496	739	(243)	1,220	2
Marie Stopes Tanzania	Tanzania	N/a	N/a	67	6,186	5,429	757	1,136	2
Marie Stopes Uganda Limited	Uganda	N/a	N/a	60	10,175	11,144	(969)	-	2
MSI-US	United States	N/a	N/a	57	21,542	19,961	1,581	558	3
Centre for Community Reproductive Health*	Vietnam	N/a	N/a	N/a	1,861	1,930	(69)	1,142	2
Population Health Viet Limited Liability Company	Vietnam	Ordinary	100	N/a	146	231	(85)	246	2
Yamaan Foundation for Health and Social Development*	Yemen	N/a	N/a	20	2,451	2,115	336	2,010	2
Marie Stopes Zambia Limited	Zambia	N/a	N/a	100	3,401	3,479	(78)	834	2
Population Services Zimbabwe	Zimbabwe	N/a	N/a	63	2,905	3,147	(242)	189	2

*Consolidated on the basis of operational control

For entities which have no share capital, e.g. companies limited by guarantee, holdings are shown on the basis of member voting rights. Further information on the activities of the subsidiary undertakings is given in the Trustees' Report. A full list of subsidiaries is available from Marie Stopes International, 1 Conway Street, London W1T 6LP.

Nature of business:

1. Provision of consultancy services in sexual and reproductive health
2. Operation of centre based sexual and reproductive healthcare services
3. Technical exchange/fundraising/advocacy

Notes to the financial statements for the year ended 31 December 2014

21. Gifted assets

As part of an ongoing review of operations a former affiliated partner, Population Health Services (India), was seen to qualify as a subsidiary from the beginning of the year. Whilst the entity is legally independent, it is now deemed under United Kingdom Generally Accepted Accounting Practice (UK GAAP) to be a subsidiary as a result of increased influence by Marie Stopes International over the undertaking.

The value brought in is the book value which is seen to be closest approximation of value to the charity. The net assets brought in have been treated as gifted assets within income. The treatment adopted is in line with the guidance from the Charity Commission's Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" which explains that where the acquisition is carried out at nil or nominal consideration, the excess of fair value of the assets acquired over the fair value of the liabilities assumed should be treated as a gain and recognised as income.

	2014
	£'000
The fair value of the acquisition was as follows:	
Tangible fixed assets and fixed asset investments	253
Cash and cash equivalents	214
Debtors and other current assets	1,993
Creditors and other liabilities	(723)
Long-term liabilities	(25)
Total net assets	<u>1,712</u>

The incoming resources of Population Health Services (India) for 2014 were £5 million with an overall net gain for the year of £24,000. The names of the subsidiaries along with their individual results can be found in note 20.

22. Related party transactions

The Group has taken advantage of the exemption available under FRS 8 "Related Party Transactions" that permits non-disclosure of transactions with Group undertakings that are eliminated on consolidation.

Philip D Harvey, a trustee of Marie Stopes International, is President of DKT International (DKT). During the year ended 31 December 2014, Dr TRL Black was a trustee of Marie Stopes International and also a trustee of DKT. Marie Stopes International is party to several agreements with the DKT International group of companies.

Marie Stopes International has sub-contracted service delivery to DKT with a value of £283,000 (2013: £259,000). DKT has subcontracted service delivery to Marie Stopes International, in connection with an agreement between DKT and the Netherlands Ministry of Foreign Affairs, for a value of £1,489,000 (2013: £240,000). DKT donated supplies to Marie Stopes International with a value of £623,000 (2013: £441,000) and supplied pharmaceutical products with a value of £nil (2013: £31,000).

23. Transfers between funds

At the year end a transfer was made from Group general reserves of £1,214,000 to cover the deficits accumulated within Marie Stopes Uganda Ltd and Marie Stopes South Africa.

24. Contingent liabilities

In the course of the charity's ordinary activities, the risk can arise of potential legal action against Marie Stopes International. Where deemed appropriate, the charity will seek the counsel of its lawyers and other relevant professionals.

Notes to the financial statements for the year ended 31 December 2014

25. Donor funding

The following grants information is disclosed separately in accordance with the specific reporting requirements of the donor.

	Incoming resources recognised	Cash receipts
	2014	2014
	£'000	£'000
Department for International Development		
<i>Programme Partnership Arrangement (PPA)</i>	4,357	5,441
<i>Programme of work II 2009-2015, Malawi</i>	2,830	1,748
<i>African health markets for equity</i>	3,268	4,576
<i>Urban health: Strengthening care for poor mothers and new-borns in Bangladesh</i>	2,915	3,056
<i>Call Down Contract for Tanzania Family Planning Outreach Phase II - Lot 1 (DFID Framework Agreement)</i>	92	-
<i>Provision of Reproductive Health Services through Social Franchising in Pakistan</i>	4,514	3,570
<i>Provision of Family Planning Services in Malawi (PFPS)</i>	2,286	2,148
<i>Improving Reproductive, Maternal and New-born Health Programme in Sierra Leone in the private and non-governmental sectors</i>	1,801	563
	22,063	21,102
Netherlands Ministry of Foreign Affairs		
<i>Strengthening the Delivery of SRH Services through Private Provider Networks in Ethiopia</i>	3,373	3,832
<i>Combating unintended pregnancy and improving SRH services and rights in Bangladesh</i>	273	467
<i>Increasing Access to Quality Family Planning and Reproductive Health for women and youth in Yemen</i>	1,484	1,321
<i>Sustainable Health Innovations for Equity (SHINE)</i>	109	117
	5,239	5,737
International HIV/AIDS Alliance		
<i>Link Up Programme</i>	2,380	649
Ministry of Foreign Affairs of Denmark		
<i>Empowering women to exercise their sexual and reproductive rights through Marie Stopes International's Power-of-Ten strategy</i>	1,113	1,209
<i>Results-based advocacy for sexual and reproductive health and rights</i>	1,142	3,170
	2,255	4,379
Norwegian Agency for Development Cooperation		
<i>Building capacity for results-based advocacy for sexual and reproductive health and rights</i>	309	189
<i>Increasing access to contraceptive implants</i>	722	-
	1,031	189
Ministry for Foreign Affairs of Finland		
<i>Integrated Reproductive and Maternal Health Programme Phase Five 2012 - 2014</i>	398	392
<i>Increasing Access to Quality Family Planning and Sexual and Reproductive Health for women and marginalized groups in Yemen</i>	138	142
<i>Meeting Urban Women's unmet need for quality family planning and reproductive health services</i>	-	60
	536	594

The annual financial statements are prepared in accordance with UK GAAP and Charities SORP and as a result is likely to differ from financial reports submitted to donors. Incoming resources recognised in the financial statements is likely to differ from the cash received from donors during the year. For statutory reporting purposes, donor funds used to purchase assets, e.g. fixed assets or stocks, will initially be recorded on the balance sheet rather than being recognised as expenditure in the Statement of Financial Activities.

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