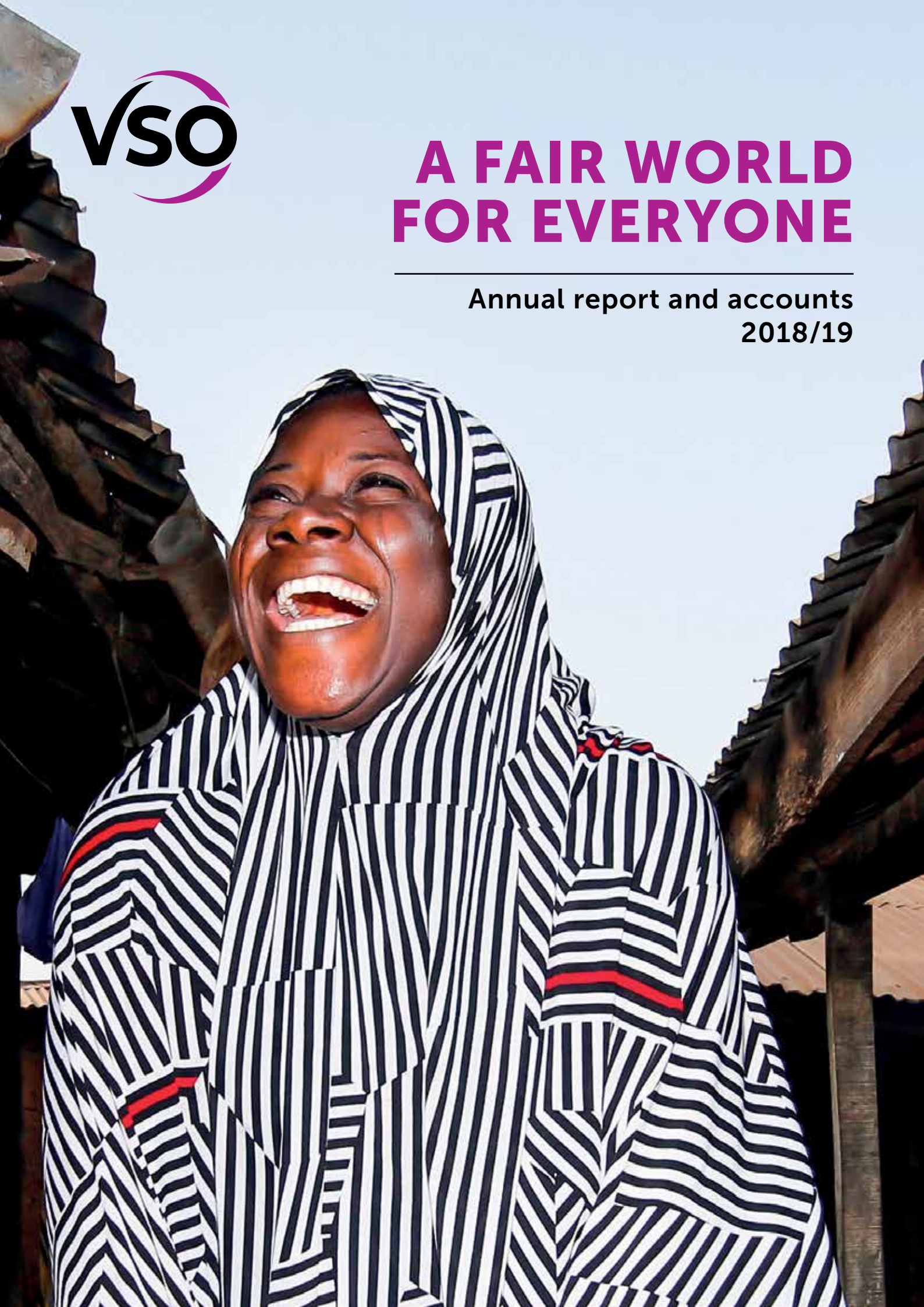
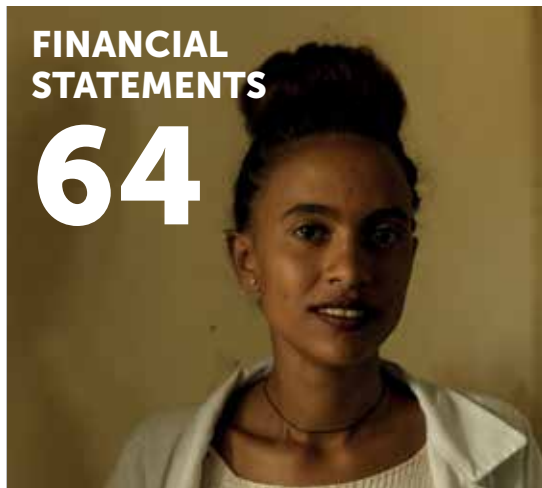




A FAIR WORLD FOR EVERYONE

Annual report and accounts
2018/19





Top left: A young girl speaks up in class at Shree Nepal National Community Secondary School, Surkhet where VSO supports girls to stay in education.

Middle left: International Citizen Service (ICS) volunteer, Nul Toh, at a Community Action Day in Cambodia.

Bottom left: In Pakistan VSO works with local organisations and police officers like Officer Rukshana Mangi to support women reporting gender-based violence.

Top right: VSO assists the Ethiopian government to help ensure children with disabilities, like Tariku, get the opportunity to go to school.

Middle right: Macklyne Katsuiime from Uganda completed a VSO funded course in tailoring and now earns 50,000 UGX per month.

Bottom right: Tsigemariam Bekalu at Mulu Asefa Primary Hospital in Ethiopia where VSO helps to improve maternal and newborn health.

CONTENTS

Welcome from the Chair and Chief Executive Officer	2-3
Our impact	4-5
STRATEGIC REPORT	
Doing development differently	
Volunteering for development	8
Our volunteers	9-10
Core approaches	11-13
A fair world for everyone	
Global Programmes	
- Inclusive Education	16-19
- Health	20-23
- Resilient Livelihoods	24-27
Global Leadership	28-29
Global Engagement	30-31
Financial review	
Income	34-37
Expenditure	38-39
Reserves	40-41
Principal risks and uncertainties	44-47
GOVERNANCE	
Structure, governance and management	50-61
Reference and administrative details	62
Statement of trustees' responsibilities	63
FINANCIAL STATEMENTS	
Independent auditor's report	66-68
Consolidated statement of financial activities	69
Balance sheet	70
Consolidated cash flow statement	71
Notes to the accounts	72-90
Thank you	91

WELCOME

From the Chair and Chief Executive Officer



I am always amazed at the dedication of VSO volunteers.

In February 2019, I took the long journey to Moroto, an isolated town in the north-east of Uganda.

Here, I met a group of VSO volunteers at the district hospital who told me about a community living behind the mountain in Moroto, in a village called Kosiroi.

The hospital I visited does not have the resources for community outreach. Some people in this part of Uganda live 100km away from the closest hospital. For the residents of Kosiroi, getting there is practically impossible.

VSO-trained community health volunteers travel for days, across difficult terrain, to reach the village.



©VSO/Peter Caton

Ugandan VSO volunteer Deborah (right) at the neonatal intensive care unit (NICU) at Moroto Regional Referral Hospital.

“Top of my agenda is the question: How can we deliver ‘behind the mountain’, reaching those who have been overlooked and left behind?”

Once they reach the isolated community, they give immunisations, help women give birth safely, and run workshops. The workshops discourage child marriage, teenage pregnancy and harmful traditional practices. They also play a critical role in raising awareness of and demand for health services.

The hospital was incredibly grateful we could now reach these communities. One volunteer said to me, ‘We can now deliver behind the mountain’.

In the past year, I’ve seen VSO make huge strides towards reaching more communities like Kosiroi. Top of my agenda is the question: ‘How can we “deliver behind the mountain”, reaching those who have been overlooked and left behind?’

The health volunteers I met on my trip to Uganda are local people. They understand the context and can easily develop bonds within communities. With VSO training, they are taking charge of their own development. They are the answer to poverty and marginalisation in their community.

It’s VSO’s privilege to bring volunteers and communities together like this to create lasting change. I hope you enjoy reading about what we are doing in the pages that follow.

Philip Goodwin
VSO Chief Executive Officer



Catherine Mungate, pictured with her daughter and granddaughter in Epworth, Zimbabwe, spent two years in prison. Since her release Catherine has been supported by VSO to start her own business rearing chickens.



At a time when people around the world appear to be becoming more inward-looking, I'm proud to be part of an organisation forging the connections needed to address inequality and create a fair world for everyone.

Now, more than ever, we need to look beyond borders and support our fellow human.

This means not always choosing the easy option. It means empowering people on the margins of society to stand up for their rights. For example, in our work improving health, job training and community reintegration in prisons across southern Africa (p.13).

It means making strategic choices to focus on our most impactful projects. It means recognising where there is room for improvement, and acting on it, as we are in relation to our gender pay gap (p.58).

Nobody embodies this approach more than our volunteers and the communities we work with. Like Philip, I am hugely inspired by what they are achieving together in Moroto and around the world.

In the coming year, our volunteers will begin to tackle a new area of focus for VSO: to build peace in communities and encourage social cohesion. We have begun this work in the southern Philippines, where national volunteers are encouraging conversations between people of different cultures and faiths to build common understanding.

We know it's through the power of volunteering that we can achieve sustainable development. VSO is a global leader of volunteering for development and over the past year we have been using that role to support with the formation of a set of global standards for volunteering. These standards will ensure the work of volunteers is always high quality, responsible and focused on impact.

This annual report is a reminder of the gratitude we owe to our partners, supporters, volunteers and communities who make our work possible. Thank you.

Sam Younger
VSO Chair

OVER THE LAST **60 YEARS**

VSO HAS WORKED IN OVER **90** COUNTRIES

WITH MORE THAN **80,000**

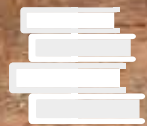
VOLUNTEERS, AND SUPPORTED OVER

50,000,000 PEOPLE

In 2018/19 we supported over

1,000,000

people, including;



Over **550,000**
through our education programmes



Over **175,000**
through our health programmes



Over **115,000**
through our livelihoods programmes



Over **170,000**
through our resilience, inclusion and
social accountability programmes

We worked in



countries

We worked with over

4,700



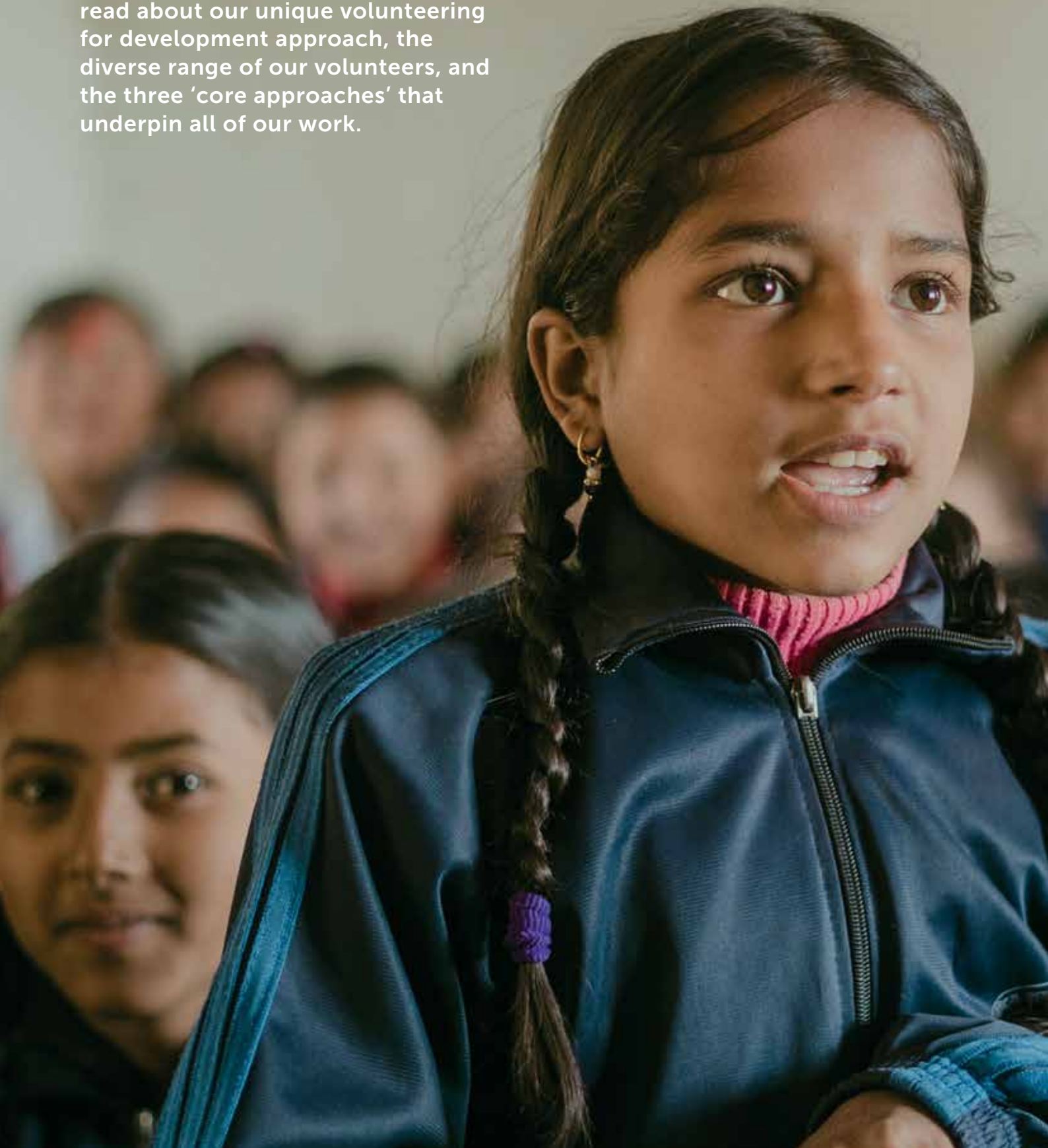
volunteers



Co-operative leader Kudu runs his own thresher business, allowing fellow farmers to quickly and easily add value to their crops in Mokwa, Nigeria.

At VSO we pride ourselves on doing development differently. We fight poverty not by sending aid, but by working through volunteers and partners to create long-lasting change in the some of the world's poorest regions.

In the following sections you'll read about our unique volunteering for development approach, the diverse range of our volunteers, and the three 'core approaches' that underpin all of our work.



DOING DEVELOPMENT DIFFERENTLY



VOLUNTEERING FOR DEVELOPMENT

Putting people first

At VSO, we know that people in developing countries have the power, courage and desire to help themselves. That's why we use a volunteering for development approach that puts the most marginalised people first.

We focus on those who are traditionally left out in society – people who are poor, disabled, ill, female, young, gay.

These people are not passive recipients of aid so we don't call them 'beneficiaries'. They are the 'primary actors' at the heart of our development approach.

They are closely involved in every aspect of our programme design and delivery, and are critical to ensuring long-lasting change.

We support them by creating spaces and opportunities for them to influence change in their own lives.

They become volunteers themselves, inspired and motivated by VSO volunteers to give back to their communities. They learn through training and

workshops. They tell us what their needs are. They begin to interact with the organisations, systems and structures around them, to create change.

Because the change is led by the poorest and most marginalised, the results benefit the people who need it most. Communities direct and take ownership of the changes that take place, and in doing so take charge of their futures.

This approach builds more resilient households, institutions and societies. It changes policy and practice at local, national and global levels. All of this brings us a step closer to meeting the Sustainable Development Goals (SDGs), a set of 17 global goals designed to ensure the health and wellbeing of all.

It takes us a step closer to creating a fair world for everyone.



©VSO/Georgie Scott

Whycliffe Rutalemwa (left), junior welding instructor, works with one of his students, Mujuni Acleo, at the VSO-supported St Simon Peters Vocational training institute, Hoima, Uganda.

OUR VOLUNTEERS

Bringing different perspectives

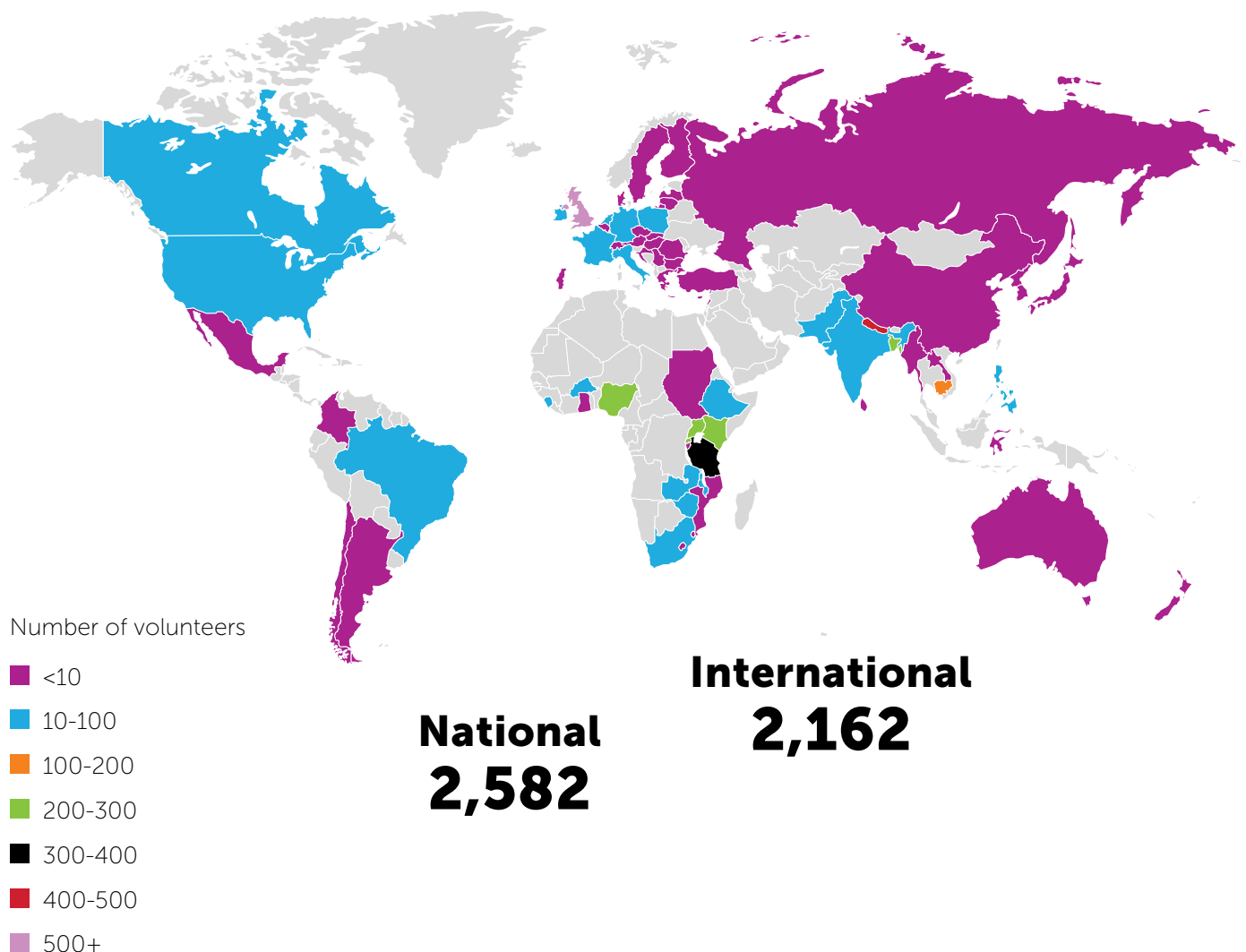
VSO volunteers come from all over the world, bringing a mix of perspectives, expertise and ideas from a wealth of different countries, backgrounds and experiences. However, the majority today are volunteering in their home country, bringing a deep understanding of the local context.

Our volunteers may live and work in a community for years. While others may volunteer for short, targeted placements. However long they volunteer with us, their focus is on developing the systems and conditions for positive social change.

Our volunteers:

- develop new, creative ideas for solving poverty from within communities themselves
- build the confidence and ability of communities to take ownership of change
- reach out to the most remote and excluded people.

Where our volunteers came from in 2018/19





“I show farmers what seeds to use, how to plant with the right spacing, what fertiliser to use, when to apply it, how to increase their yields. If there’s a problem, we’ll discuss the issue with other volunteers and find a solution.”

Musa Medugu, national agronomist volunteer, Mokwa, Central Nigeria

Different perspectives supporting farmers in Nigeria

In Nigeria, volunteers have supported farmers to achieve the best yields and price for their crops, transforming subsistence livelihoods into profitable businesses. A range of volunteers designed, researched and implemented the project, all working together. This is part of the Improving Market Access for the Poor (IMA4P) project – you can read more on page 26.

Community volunteers are the crucial link into the communities, helping to mobilise farmers and facilitate training. These volunteers come from the community they work in and are essential to the sustainability of the project. Once other volunteers leave, community volunteers will remain, continuing to help and encourage farmers in their community.

These volunteers work with Nigerian professionals, who bring their own skills and knowledge of

farming, conducting training throughout the project. The professional volunteers work with graduate volunteers, who get essential hands-on experience of agriculture.

They are supported by technical specialist volunteers from countries like Kenya, India and the Philippines. These volunteers help develop the direction of the project with on-the-ground research. They are experts in their fields, with specialisms in areas like value chains, market assessments, gender and agronomy.

The project is strengthened by the contribution of corporate volunteers from Accenture, an international professional services company, who helped to create initial networks and partnerships, ensuring the project’s success.

CORE APPROACHES

Leaving no one behind

Across all our programmes we focus on building communities that are resilient, inclusive and accountable. These three 'core approaches' are fundamental to our volunteering for development approach, ensuring that the people we work with have the confidence and capacity to bring about change in their own lives.

Social inclusion and gender

Around the world, thousands of people are discriminated against because of who they are. This may be on the basis of their gender, age, disability, cultural background, sexual orientation, and many other factors. We aim to understand and address the systemic causes of this discrimination.

VSO is tackling discrimination and creating safe spaces for accountability in Pakistan, where there is a stigma attached to women reporting crimes like rape and honour-based abuse. We are combatting gender-based violence and challenging harmful cultural taboos by working with Rozan, a local NGO, and the Pakistan Forum for Democratic Policing.

Together, we've helped the police create environments where women feel safe reporting these crimes. We have also supported a high-profile public awareness campaign to make women in Sindh province aware of their rights in law.

VSO is also challenging structural discrimination and making sure everyone has an equal opportunity to earn a living. In the last year, the Tanzania Local Enterprise Development (T-LED) programme continued to focus on building support for the people most disadvantaged when it comes to building small and medium-sized businesses: women and people with disabilities. So far, the project has created over 1,500 new jobs, and 40% of the businesses supported are headed by women. Two percent are led by people with disabilities.



Entrepreneur Bora Mganda from Mwanza, Tanzania, is using the support of VSO's T-LED programme to grow her nutritional food business, scaling up to match demand by investing in technology.

Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. This can be especially damaging on those communities that are already marginalised.

VSO community volunteers have been helping people in the poorest neighbourhoods of Sierra Leone. In 2017, a mudslide devastated the capital city of Freetown, killing more than 500 people and leaving thousands homeless, with the city's poorest worst affected.

In this city and around the country, 75 volunteers have been helping people prepare for and learn how to lessen the impact of future disasters.

This year, disaster resilience specialist volunteer, Jonah Tendere, has been working with hundreds of national volunteers trained by VSO in disaster preparedness. Jonah has 20 years of experience working in disaster risk reduction in his home country of Zimbabwe and has created a guide for teachers across Sierra Leone. The guide he produced gives teachers information on how to keep school communities safe. It highlights hazards that could cause a disaster, and what to do in the event of emergency.

So far, volunteers have trained 150 teachers across the country on disaster risk reduction and response. Six hundred more teachers will be trained in the coming months.

Cyclone Idai devastatingly hit Mozambique in March 2019. Entire communities were left without food and shelter. In order to respond and adapt to this crisis, Jonah was redeployed to help co-ordinate the humanitarian response. He brought his experience of disaster contexts to create a strategy for delivering emergency supplies to the communities worst affected, some barely accessible by road.

Community volunteers delivered Disaster Risk Reduction sessions to over
30,000
young people in Sierra Leone

“A book has been created to teach children about disaster risk reduction, which has been embraced by Sierra Leone’s Ministry of Education. I believe that this intervention will transform communities – children are the best agents of change.”

Jonah Tendere, disaster risk reduction expert
volunteer from Zimbabwe



Social accountability

Millions of the poorest people around the world are denied basic rights and entitlements that are guaranteed in law. Yet corruption, fear and power dynamics can stop people from speaking up and demanding what they deserve. VSO is committed to giving people a voice, no matter who they are or where they are from, as well as helping authorities better respond to that voice.

VSO volunteers can help by bridging the gap between decision-makers and communities. They empower communities to hold decision-makers to account and support policy-makers and service providers to be better able to respond to community concerns. In the last year, VSO volunteers supported more than 30,000 citizens to hold decision makers to account.

VSO volunteers are working with four prisons in Zimbabwe, supporting inmates to identify areas of improvement in prison health services and hold authorities to account where standards fall short. Over 70 inmates were involved in the exercise, which has resulted in improved access to sexual and reproductive health services and better nutritional standards.

In India, VSO has made use of citizen-led monitoring on the progress of the SDGs. This is empowering people with disabilities to demand services in the states of Jharkhand, Chhattisgarh and Assam. Over 800 disabled people were consulted by volunteers on the quality of local services.

A subsequent campaign to spread awareness on services and entitlements reached 1,500 disabled people. This led to 72% of people accessing at least one service or entitlement due to them.



©VSO/Cynthia R Matonhodze

Nurse Rosina Brekwa in the clinic at Chikurubi Female Prison, Zimbabwe.

A FAIR WORLD FOR EVERYONE

VSO has three strategic priorities to support our vision of a fair world for everyone.

- To deepen and extend our impact through a portfolio of Global Programmes, focusing on the three areas of education, health and livelihoods.
- To leverage our relationships with communities, partners and volunteers to deliver Global Engagement – mobilising active global citizens across the world in support of the SDGs.
- To step more fully into our Global Leadership role to position volunteering as a powerful contribution to the delivery of the SDGs.

You'll read more about our work in these areas in the following sections.





INCLUSIVE EDUCATION

A right for all children

Education should be the right of all children, no matter who they are or where they are from. That is why our projects focus on inclusion and why our volunteers live and work in the communities they support.

In 2018/19 VSO's education programmes supported over

550,000

children to access a quality education.



Over the last year we have rolled out an early childhood care and education in emergencies programme. This is the only childhood education programme happening at Cox's Bazar refugee camp, working with children aged 3-5 years.

The mothers and older sisters of Rohingya children are educating them through songs and stories, which have been shared by VSO volunteers and can be accessed any time through a mobile app.

Recording Rohingya refugee songs and stories

There are hundreds of thousands of Rohingya refugee children living in camps in Cox's Bazar, Bangladesh. They have experienced violence and ongoing trauma in some of the most crucial years of their lives. Most still lack safe spaces to learn and play.

The programme is designed to support children's emotional development and help them grasp early literacy and numeracy. It's essential that they don't miss out or fall behind. We have plans in the coming year to test the replication of this approach in refugee camps located in Kenya and in Uganda, where there are still 1.4 million refugees.



1,500
Rohingya children supported by the early childhood education app

©VSO/Abir Abdullah

Rohingya children draw pictures with the notebooks and colour pencils donated by VSO at the home-based child friendly center at Jamtoli, Bangladesh.



© VSO/Alice Kayibanda

Teacher Josephine Nyirampuhwe on her way to Boli Nursery School in Rwanda with some of her pupils who are helping her to carry teaching materials.

Bringing low-cost resources to classrooms in Rwanda

In Rwanda, most classrooms are basic with only a chalkboard at the front of the classroom and rows of wooden desks. Some classrooms hold more than 50 students, making it challenging for teachers to engage with the children.

Building Learning Foundations is VSO’s largest-scale education programme to date. We are working in every government-funded school in Rwanda, providing training and mentoring in learner-centred, inclusive teaching of foundational skills.

A little bit of creativity has helped teachers explain concepts with physical materials. This helps students to build a deeper understanding.

Volunteers run demonstration lessons with the teachers. Rwandan graduate volunteers are working with, and supported by, international education specialists. They show the different exercises and games teachers can play. Teachers can now get students interested, run group exercises and gauge the progress of all their pupils at once.



It costs under **£10**

to stock a classroom with basic teaching and learning materials

These teaching and learning materials are being introduced in 140 schools across the country.

We are now working on creating a teachers’ guide and video to train teachers in other countries to produce low cost resources to teach numeracy. Soon, we won’t just be inspiring the next generation of Rwandan children, but will inspire hundreds of thousands of children worldwide.

As part of this project, one low-cost solution is transforming classrooms overnight.

VSO volunteers are showing teachers how to create teaching materials for very little money. This is by using items found in the local environment, like rice sacks and bottle tops.

VSO is working in more than 2,000 primary schools in Rwanda

“I have learned that I need to speak up and be active. I am inspired by my Big Sister to study hard and take part in extra activities. Today, I am regular at school and very happy to be in the school. I like to study and be with friends. I dream to be a teacher and serve in my community.”

Pramila, a 'Little Sister' on VSO's Sisters for Sisters' Education project in Surkhet



Helping the schoolgirls in Nepal who need it most

In Nepal, issues such as early marriage, domestic duties and menstrual taboos can lead to girls missing school or dropping out entirely.

VSO's Sisters for Sisters' Education project in Nepal pairs girls with 'Big Sister' female role models, who mentor them to stay in school and encourage parents to prioritise their daughters' education. The big sisters act as role models, sharing advice and their own experiences.

During the pilot, 93% of little sisters were confident the project would help them to stay in school. The little sisters on the project have seen great improvements, with an increase in their reading and numeracy abilities.

What's more, big sisters report feeling more confident and more able to express themselves after becoming mentors to the little sisters.

Now, we are expanding this work to reach three more districts in Nepal. This expansion will have a special focus on supporting those with physical disabilities. They will receive individual support – particularly important given that more than 30% of children with disabilities in Nepal do not attend school.

So far 320 Big Sisters
have mentored
1,183 Little Sisters
in their communities

Over **9,400**
girls will be supported to remain
in education in the upcoming
phase of Sisters for Sisters

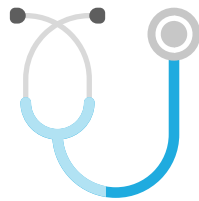
HEALTH

Breaking the cycle of poverty

Poor health creates a vicious cycle of poverty. Those in poverty become too ill to work, and money spent accessing healthcare pushes people further into poverty.

VSO volunteers work with health workers, communities and governments to improve health services and rights for the most marginalised and disadvantaged women, babies, adolescents and youth to break the cycle of poverty.

In 2018/19 VSO's health programmes reached over **175,000** mothers, babies and young people



Volunteers on the Adolescent TALK! project have been building young people's sexual health knowledge through community outreach, sessions in school classrooms and at health facilities. Highly-respected community elders in the community were trained as volunteer 'change champions', to break down stigma and help change community attitudes.

Tackling sexual health taboos among young people in Zambia

VSO's volunteering for development approach is opening conversations on sexual reproductive health services between adolescents, young people and those who exercise influence over them.

In Zambia, stigma around sexual health is having a devastating effect on teenage girls. Three in ten young Zambian women in rural areas aged 13-19 are either pregnant or already mothers. Sixteen thousand teenage girls have dropped out of school after falling pregnant.

The project reached nearly 8,000 young people, and stretched to one remote Zambian island named Mbabala. On this island, the introduction of sexual health education has dramatically reduced teenage pregnancy. In 2019, no girls have dropped out of school for this reason.

Since the introduction of this project, there have been fewer teenage pregnancies, more young people accessing contraceptives, and enhanced sexual health knowledge.



Monica Atim, a VSO community volunteer 'change champion' – trained through VSO's Adolescent TALK! project in Zambia – talks to Annie Mwewa and her teenagers Veronica and Mary about contraceptives.



Midwife Catherine Swaray scans Isha Fofohan. Isha is five months pregnant. VSO volunteer Dr Kiran Cheedella assists her at Batanoi Community Health Centre, Sierra Leone.

Pioneering maternal health technology to reach the most isolated communities

In the past year, we have strengthened our track record in improving the quality and reach of maternal health services. This year, we have been working on an innovative and life-saving project in Bombali district, Sierra Leone.

Here, midwives based out of basic rural health posts have to cover a huge area, operating with the most meagre of resources. Through a joint project, working with General Electric, they are now able to offer free ultrasound services in these communities. Volunteer doctors from the UK have given local midwives guidance on how to use the machines.

The volunteers mentor and share their professional knowledge with the midwives. The portable ultrasound machines help clinicians calculate a woman's due date and spot abnormalities and high-risk pregnancies. At-risk women can then be

transferred to the district hospital before it's too late. It is the first time that such services have been available, free of charge, to expectant mothers in this part of Sierra Leone.

VSO-trained midwives are also teaching women about self-care, nutrition and exercise during the clinics. This is to boost the chances of healthy pregnancies and deliveries.



2,490
ultrasound scans
conducted



250

Deaf adolescents
and youth educated
on sexual and
reproductive health

191 healthcare
professionals taught
basic sign
language skills

Teaching sign language to healthcare workers in Rwanda

In Rwanda, more than 30,000 people experience hearing loss. A lack of interpreters and knowledge of sign language among health professionals means some Deaf people are not given the right information or treatment.

The Imbere Heza project is helping young people with hearing impairments to take control of their sexual health and make informed decisions.

Deaf volunteer Niyonsaba Brown has run training in Rwandan Sign Language with almost 200 health professionals. She has also run education sessions on sexual health and rights with Deaf people.

Nurses were given 12 intensive days of training in sign language. Now, they can understand the health concerns of their Deaf patients and explain what treatment they can provide.

“This project is innovative. I am the first and only Deaf VSO Rwanda national volunteer. This is the only project of its kind in the whole country,” said Brown.

3,000

parents and
community members
educated on Deaf
awareness and sexual
health issues

100

Deaf people trained
in Rwandan Sign
Language over 10 days

“The life of Deaf people is not easy, especially those who don’t get information about sexual and reproductive health. Now, when we go to hospital, someone can communicate with us.”

Tumukumde Lydia, who has learnt sign language at Umutara School for Deaf children, where VSO national volunteer Niyonsaba Brown is working



RESILIENT LIVELIHOODS

Bringing security and dignity to all

Millions of people are struggling without a reliable source of food and income to support themselves and their families. VSO works to address the barriers to social and economic independence. Our skilled volunteers make sure people have the skills and opportunities needed to live more secure and dignified lives.

In 2018/19, VSO's livelihoods programmes supported over

115,000
people



Supporting youth to earn a decent living

Climate change, rapid globalisation and automation of jobs are all posing new challenges to the world's workforce. These changes are felt acutely in developing countries. Huge youth populations urgently need to be skilled-up and connected to the world of work to be able to thrive in this changing world.

VSO's work in four training colleges in Tanzania is changing the vocational curriculum on a national scale, helping to set a new standard of education. The focus is on teaching employability skills and updating training information to meet the current requirements of the private sector.

Experienced professional volunteers work alongside corporate volunteers from Randstad, the largest global recruitment company in the world. They are training local staff on setting up career centres and exploring new strategies for matching youth to local jobs.

So far, two career centres have been established where new graduates can share their CVs and be matched with potential employers. Most importantly, these centres reach out to private sector companies who help to screen candidates to maximise their chances of being recruited.

Others registering with the centres and using their services continue to be coached on their employability skills.



1,800
Tanzanian graduates
received career advice

Tatu Mohammed Makame, sewing at the Subra Tailoring Enterprise in Nungwi, Zanzibar.

740 Tanzanian graduates
are now employed after
receiving technical and
employability skills training

Empowering young mothers in Tanzania

We don't make assumptions on behalf of the people we work with. We let them speak for themselves.

In Tanzania, the Lake Zone Youth Empowerment (LZYE) project is doing this through 'aspiration analysis'. In focus groups, volunteers are asking young people what their dreams for the future are and how they would like their life to look five years from now.

The project works with youth aged 15-26, with a focus on supporting girls, young or expectant mothers and those with disabilities to find employment. These groups report that their needs and rights are often overlooked. Their families see them as a source of shame, rather than potential.

For young women like Jida, pictured below, the focus group is a rare opportunity to think and express what they want to achieve, and what they want to change about their lives. They talk about their current circumstances, such as challenges at home as well as financial and cultural pressures and restrictions.

Over the next two years, volunteers and local partners will help young mothers to receive career advice and help them find entrepreneurial and employment opportunities to escape the restricted and stigmatised lives they would otherwise lead. The hope is that this approach will build confidence and empower these young mothers to become strong, independent members of their community, able to bring up their young children as they would wish.

The LZYE project
will build the
confidence and
life skills of
3,000
marginalised youth



OS/VS

“My dream is to become a tailor, but capital is my biggest challenge. My mother died so I live with my grandparents and I don't have enough money to pay for materials. Self-confidence can help me reach my career goals and help me know who I am and what I stand for.”

Jida Musa, 19, from Mwanza, Tanzania

24,000

farmers supported
across four countries

25%

increase in farming
yields in Nigeria

92%

of farmers in Cambodia
report increased yields

The future of farming

VSO is supporting farmers in remote and rural regions, with volunteers sharing their skills and experience to create long-lasting change in farming communities.

One example of this is the Improving Market Access for the Poor (IMA4P) project. Volunteers are helping people turn farming into a viable business and compete in a modern economy.

This has been crucial in Nigeria, where farmers make up two-thirds of the labour force. They often rely on age-old agricultural techniques to earn a living. VSO has been introducing modern methods to help boost the income and independence of farming communities.

Volunteers have been sharing advice on how to get the best yields from crops, showing how to plant and space seeds on demonstration farming plots. Training in how to use modern machinery is helping farmers to process higher-volume harvests and management skills has helped to strengthen group co-operatives.

This encourages farmers to save money and market their produce as a group. They can now sell in bulk and negotiate higher prices and are taking charge of their own development.

Forty-five percent of participants were female, and many had never farmed or earned money from farming before. Often, women work on their husbands' farms, cut off from making financial decisions for the family, but IMA4P has helped them become independent producers in their own right.

In total, 24,000 people were supported to start their own farming business or improve their current business. The advice went beyond agronomic techniques into areas such as money management and gender issues. Now, husbands and wives report increased collaboration and sharing over household financial decisions.



“I am happier now because my farming business is profitable. One third of the yield I store to sell at a later date, one third I use to pay school fees, and one third I save for emergencies. I’ve also joined a savings group, and with the money I’ve saved I’m planning to invest that money back into farming.”

Fatima Zubairu, farmer on the IMA4P project from Mokwa, Nigeria

GLOBAL LEADERSHIP

Setting the standard

As the world's leading volunteering for development organisation, we have a responsibility to share best practice. Our partners, other non-governmental organisations and those working in the development sector around the globe, look to us for direction and leadership.

Responsible and impactful volunteering

VSO is committed to promoting high standards and learning. Over the last year, we have been working with 39 diverse organisations across the sector to develop a global set of standards for responsible and impactful volunteering. We will be launching these standards in the coming year.

We have also produced research highlighting VSO's unique contribution to development through volunteering. This includes an overview of our maternal health work in East Africa and research documenting how VSO is helping Deaf adolescents in Rwanda to become more aware of their sexual and reproductive health and rights.

We have begun a learning partnership with the Institute for Development Studies, which is a global research organisation for sustainable change. This partnership is helping us understand how our volunteering model enables people to hold those in power to account.

We have supported volunteers and primary actors (the people in communities we work with and for) to contribute to important regional and global conferences. They have shared their experiences and expertise with decision makers. For example, VSO's work on promoting gender equality in Nepal was presented at the Commission on the Status of Women at the UN.

VSO's powerful film on 'husband schools' in Sierra Leone won at the SDG Action Film Festival. The film highlights how male peer-to-peer approaches are tackling gender-based violence. It was later screened at the UN during the High-level Political Forum, the annual global meeting to review progress on delivering the SDGs.



Ambrose Williams participated in the VSO-supported Husband School. He has since transformed his behaviour and has become a dedicated family man in Kenema, Sierra Leone.



Daisy Jeptoo teaching at the Urafiki Deaf unit in Nandi, Kenya. The unit was set up following a community consultation carried out by Deaf VSO volunteers.

Influencing policy

We know that across the world the space for civil society is shrinking. This means that there is often less opportunity for people to come together and hold those in power to account. Volunteering can be an important entry point for this work. VSO's Valuing Volunteering research shows that volunteering is often the first step towards people becoming active citizens.

We start by listening to people on the ground, working with them to understand the genuine problems they are facing. These people begin to recognise the drivers of poverty in their own contexts. It helps them to decide where policies need to be changed, and to plan for change in their own lives.

Changes to policies and guidelines can protect and make provisions for those who are marginalised or facing discrimination. In Nepal, a national Nepali

VSO volunteer has co-created guidelines which outline services available to woman and girls. These guidelines are the first of their kind and will help women who have experienced abuse to access the help they deserve.

In Kenya, VSO has worked to develop sector guidelines for teaching children with disabilities. The guidelines will make sure these children are not overlooked and have their needs met. The President of Kenya launched the guidelines this year. They are already informing the Ministry of Education's strategic plan for the next three years.

In Ethiopia, VSO coordinated a group of organisations to shape the development of a new law. This law will provide greater space for civil society organisations to operate in the country. It will also promote volunteering.

GLOBAL ENGAGEMENT

Inspiring action

There are a growing number of people who are aware of what's happening around the world, and their place in it. VSO has an opportunity to use this potential for good, inspiring people to think of themselves as 'global citizens'. VSO is taking the lead in mobilising and engaging people to take positive action for the better.



©VSO/Anna Ashbarty

ICS volunteers working with a local school in Bhardev, Nepal. They taught lessons on sexual rights, sexual health and child marriage, and organised a rally in the streets for World Environment Day.

We are building global engagement by:

- Encouraging our volunteer network to become global citizens and advocates of the SDGs.
- Creating opportunities for those most affected by poverty and exclusion to create change in their own communities.
- Developing partnerships with funders, private sectors, civil society and other international NGOs.

Citizen-led monitoring

Citizen-led monitoring is one way we are engaging people around the world to lead their own development. It's an opportunity for citizens to generate their own evidence, open spaces for dialogue with those in power, and hold those in charge to account. VSO's citizen-led monitoring work is underway in six countries. It has so far

supported more than 30,000 people to understand their rights, and why the SDGs matter to them and their communities.

In Uganda, students found their teachers were not regularly attending school. Students rated their teacher's attendance with community scorecards. Then, teachers, parents and the ministry of education came together to discuss the issue. As a result, teacher attendance has improved by 120%.

In Tanzania, volunteers ran a campaign to reduce domestic violence for domestic workers. Volunteers worked in collaboration with gender officers from local police departments. Together, they educated domestic workers on the support they are entitled to.

Youth engagement

VSO believes that young people are agents of their own development. Across all our programmes, we support young people to come together to advocate on issues that matter to them.

In Lesotho, young people created 17 youth-friendly corners in healthcare centres across Mafeteng district. VSO trained 680 peer educators who work across these facilities to provide young people with the information they need to protect their sexual health and rights.

In Nepal, a network of youth volunteers organised a mock parliament. This built young people's knowledge of the political process. This group can now engage confidently with decision-makers.

VSO also leads the UK government-funded International Citizen Service (ICS) programme. This brings together young people from the UK to volunteer side-by-side with young people from developing countries. On their return home, ICS volunteers take on an 'active citizenship' challenge. For example, they might raise awareness of development issues in their local community, write to their member of parliament or fundraise for a cause they support. Many become passionate advocates for creating change in their own communities and beyond.

Through ICS, which saw more than 3,000 young people take part last year, VSO has created a global network of active citizens.



“For me, an active citizen is someone who gets involved and helps make systemic changes to make the world a better place. This could be through awareness raising, fundraising, volunteering, petitioning, and encouraging those around you to get involved too. Since I've returned from my VSO ICS placement, I've done all these things, and fully intend to keep on doing that for the rest of my life.”

Sarah Warren, VSO ICS volunteer talking to the public about UK Aid



FINANCIAL REVIEW

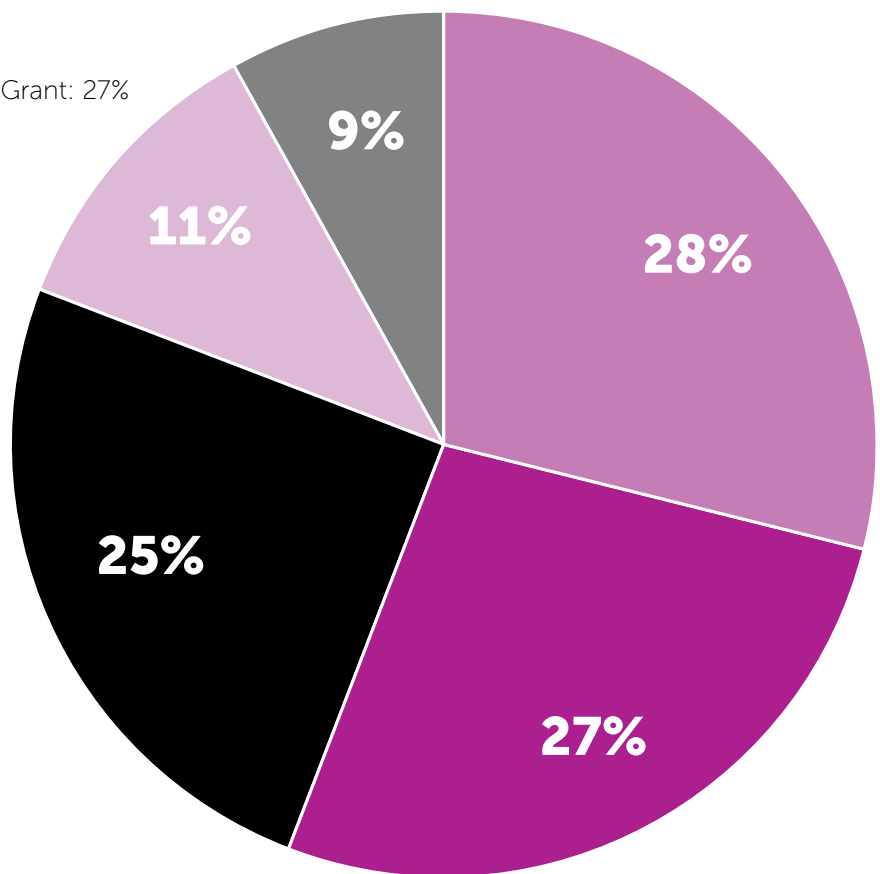
How we raised and spent our money in 2018/19.

INCOME

In 2018/19, our income levels have reduced but remain healthy. Most of the decrease is linked to a reduction of ICS contract income. The Department for International Development (DFID) remained a main income source, and we continued to look to diversify our income portfolio with the support of institutional donors, companies and individuals.

Where our income came from 2018/19

- ICS contract: 28%
- DFID Volunteering for Development Grant: 27%
- Institutional grants: 25%
- Individual giving: 11%
- Other donations: 9%



TOTAL
INCOME
FOR THE YEAR
£63
MILLION

Institutional grants and charitable activities

Volunteering for Development (£17 million)

This income contribution from DFID is through an accountable grant for the delivery of year two of a three-year Volunteering for Development programme. Discussions are ongoing with DFID for continuation of this work upon completion of this grant in 2020.

ICS contract income (£17.8 million)

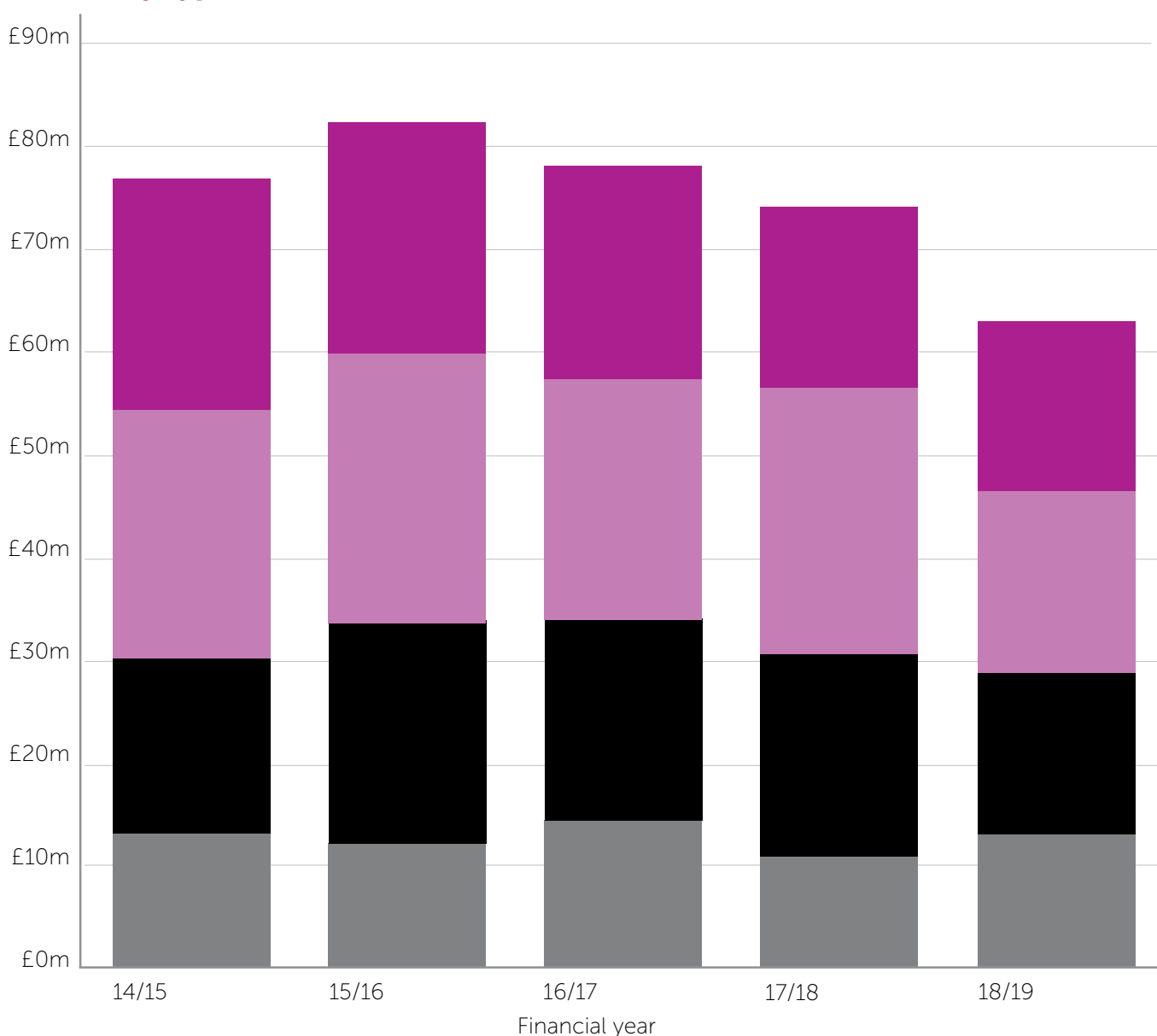
ICS is a payment by results contract. The payment point is measured against each UK volunteer that achieves set stages on their volunteer journey.

VSO now manages and oversees the contract, working with two respected development agencies to deliver life-changing impact through UK youth volunteers and their national counterparts. VSO is currently in the process of bidding for a further contract for the continued delivery of work through the ICS programme.

Institutional grants (£16 million)

Governmental bodies (£9.1 million): VSO plans to strengthen and diversify its income from governments, scaling up existing work with our main donors, DFID, the Australian Department of Foreign Affairs and UN agencies, while building stronger relationships with other donors.

Income by type



- Governmental income: DFID Strategic Grant (14/15 to 16/17); Volunteering for Development Grant (17/18 to 18/19)
- Governmental income: ICS
- Institutional grants
- Other income

Non governmental bodies (£6.9 million): VSO continues to work closely with a range of private sector partners to access funds, as well as technical skills through corporate employee volunteering. This year has seen the beginnings of corporate fundraising relationships with Randstad, Syngenta and IBM, and the continuation of our grants with Accenture, Citi and Mondelez. We have also continued valuable volunteering partnerships with IBM, SAP, Randstad, Syngenta and Berenschot as part of Knowledge Exchange – our corporate employee volunteering platform to engage companies with the Sustainable Development Goals.

Partnerships with the philanthropic sector also play a significant role in deepening the impact of our core programmes. They include continued support from Comic Relief and the National Lottery Community Fund in the UK, and internationally from Dubai Cares, the MasterCard Foundation, Amplify Change, the Pestalozzi Foundation, Weeshuis der Doopgezinden, GSRD Foundation and Medicor Foundation. New partnerships include the Robert Carr Fund for Civil Society to support our prisons work in Southern Africa, and Nefkens Stichting Ontwikkelingshulp and the Dioraphte Foundation on mother and newborn baby health in Uganda.

Other income

Individuals (£6.8 million)

Over 36,000 regular and single-gift donors form the foundation of VSO's individual giving programme. The majority of these supporters make consistent, monthly donations. In March 2019 VSO launched its fastest ever emergency appeal in response to the Cyclone Idai crisis which tore through Southern Africa. A significant number of our donors were VSO volunteers themselves, often many years ago. Now their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact.

Later in 2019 we will be launching an integrated fundraising and marketing campaign to increase the amount of unrestricted funds we raise through individuals, enabling us to increase the reach of our programmes.

Volunteer fundraising (£1.9 million)

Over 1,700 young people fundraised in their local communities for VSO and consortia member charities as part of their ICS journey. Many VSO professional volunteers also contributed to this fundraised income.

VSO Netherlands integration (£1.9 million)

In 2018/19 VSO Netherlands was consolidated into the VSO group based on the value of its net assets at 1 April 2018.

Legacies (£0.6 million)

Legacies continued to provide a proportion of unrestricted funds in 2018/19. We are deeply



grateful to the 35 supporters who left a legacy to VSO through gifts in their Wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

For more information: Financial statements, note 2
Income analysis.

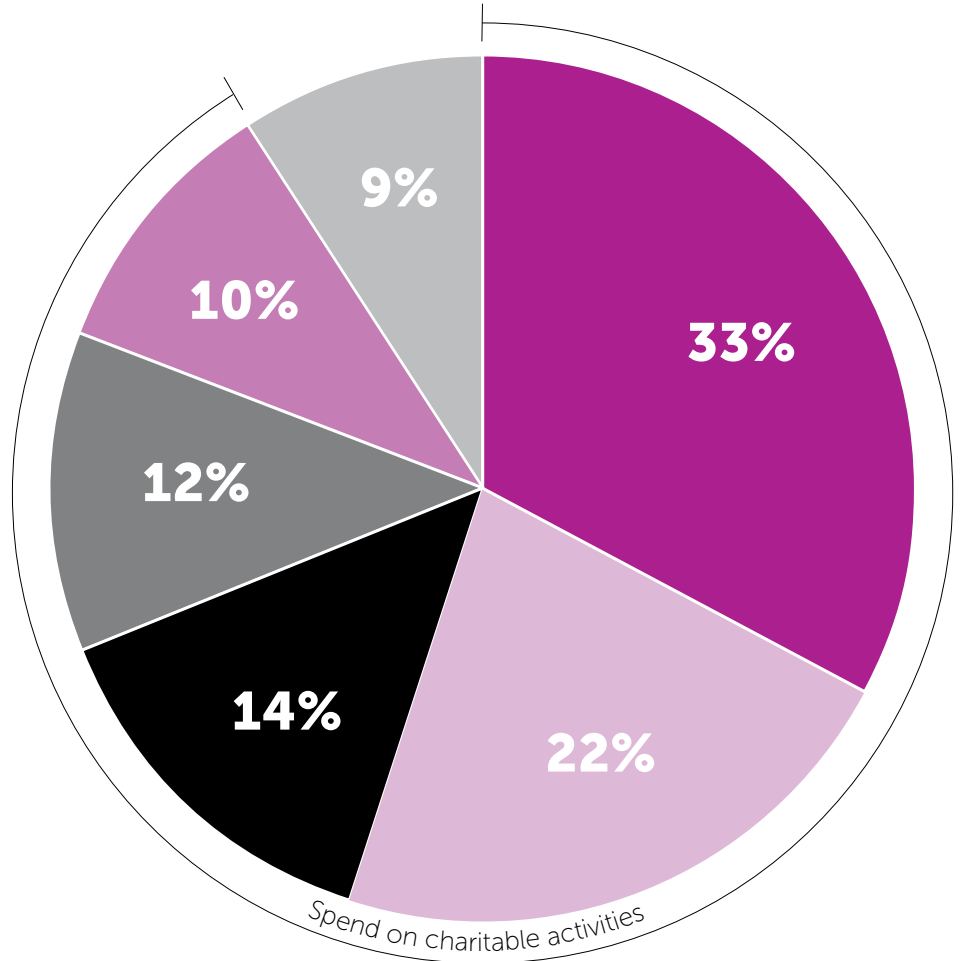
A gift in your Will could help make the world a fairer place. For more details on how you can leave a gift to future generations, please contact the team on legacies@vsoint.org or call (+44)20 8780 7500.



EXPENDITURE

How the money was spent 2018/19

- Inclusive Education: 33%
- Resilient Livelihoods: 22%
- Core Approaches: 14%
- ICS consortium partners: 12%
- Health: 10%
- Raising funds: 9%



SPEND ON
CHARITABLE
ACTIVITIES
FOR THE YEAR
£58.8
MILLION

Raising funds

Raising funds (£6 million): Last financial year, VSO recognised that fundraising investment was low which could compromise VSO's future programming. Fundraising efforts have increased during the year with the integration of VSO Netherlands and the preparation of a major marketing and fundraising campaign to be launched in the autumn of 2019.

Spend on charitable activities

Total spend on charitable activities in 2018/19 was £58.8 million.

Expenditure on our Resilient Livelihoods and Core Approach programmes has remained largely consistent with 2017/18 spend. Significant areas of change in our expenditure include the following:

Expenditure on Inclusive Education (£21.4 million)

has increased by £5.7 million, with new grants funded by DFID (eg Leave No Girl Behind in Nepal and Kenya) and Royal Norwegian (Inclusive Education in Malawi). We have also increased activities of existing grant agreements.

Expenditure on Health (£6.2 million) has reduced by £4 million as some large grants came to an end in 2018/19: VSO's work with Zimbabwean inmates funded by the Swiss Development Cooperation, and

maternal and neonatal programmes funded by DFID in Sierra Leone and Tanzania.

Grant-making

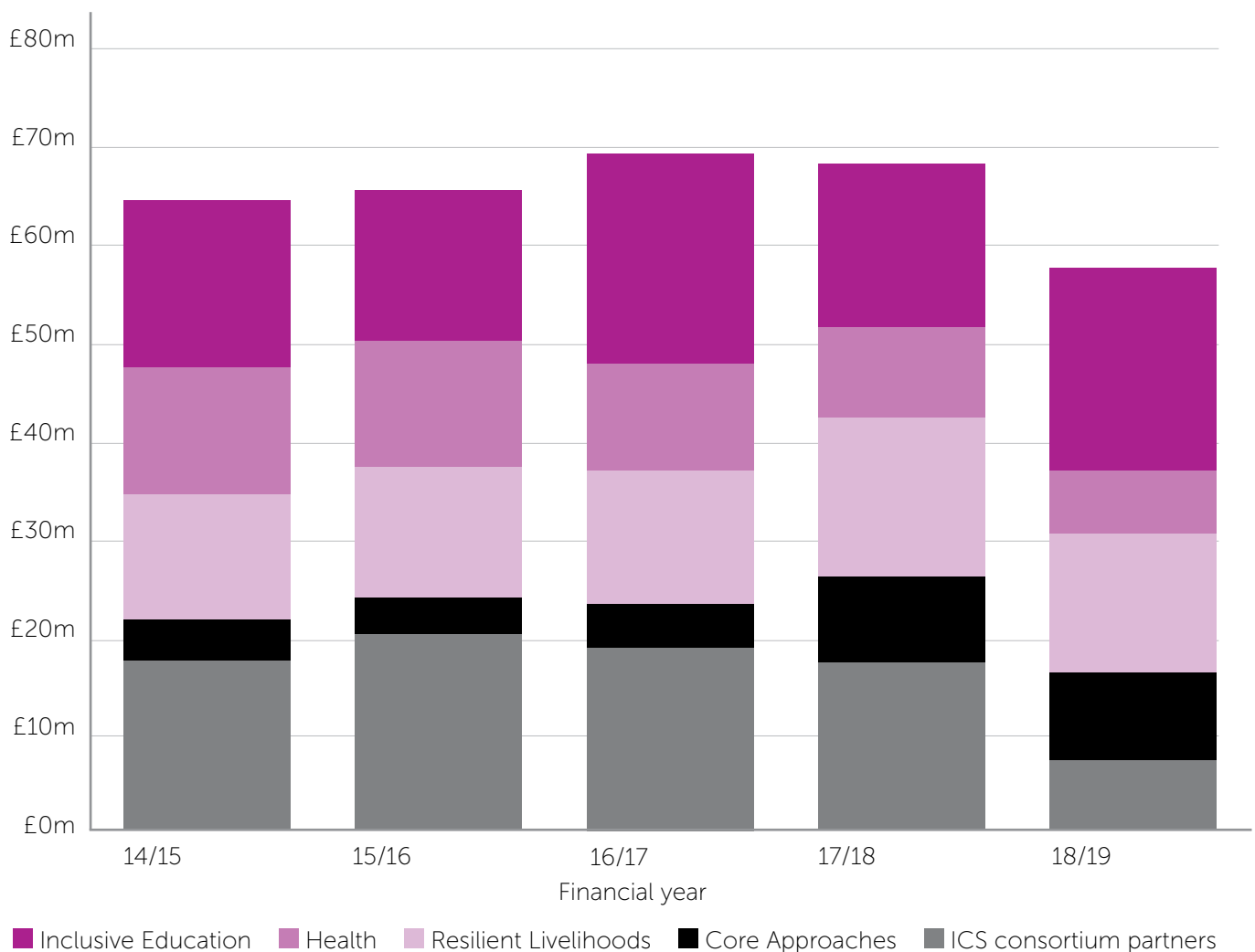
Under the terms of the partnership agreement, VSO provides funds to ICS consortium partners, and in-country partner organisations, in order for them to undertake agreed activities in pursuit of VSO aims.

Contractual payments to ICS consortium partners (£7.7 million)

for delivery against the ICS contract has reduced by £10.2 million compared to 2017/18. The ICS extension operates with two consortium members compared to eight members previously. The ICS contract is presented separately to highlight the different programme areas introduced by consortium partners.

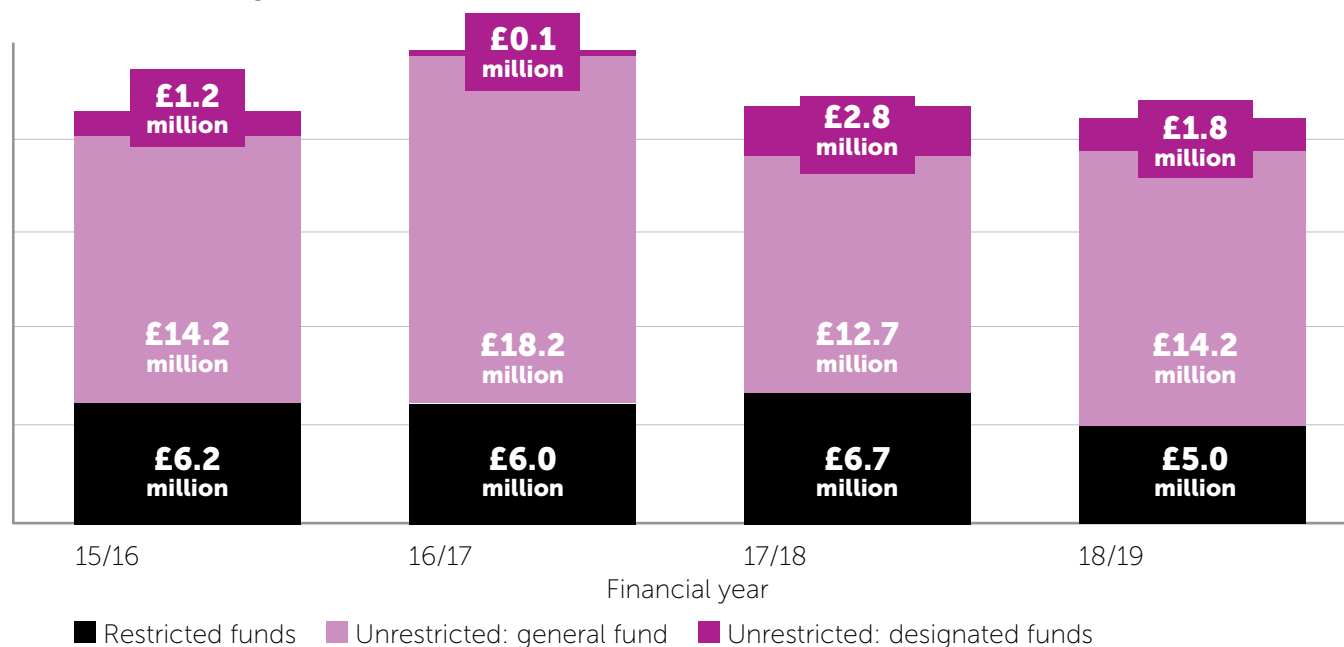
For more information: Financial statements, note 3 Charitable activities.

Spend on charitable activities



RESERVES

Funds – multi year view



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps us deal with any setbacks, and provides the flexibility to take advantage of strategic opportunities.

At 31 March 2019, VSO's general reserves stand at £14.2 million, which is £2.2 million above the target level set out in VSO's reserves policy.

The designated change programme fund represents the unrestricted funds the trustees have earmarked to continue to deliver organisational change throughout the organisation. The designated ICS fund is to cover end-of-contract costs (see note 14).

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan (see note 19).

The designated income generation fund is to be invested in income generating activities over the next two years. This fund will support unrestricted income growth and the income portfolio diversification.

For more information: Financial statements,

- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Closing reserves position	16/17 £'000	17/18 £'000	18/19 £'000
Restricted	5,996	6,687	4,973
Unrestricted: general fund	18,189	12,671	14,185
Designated: fixed asset fund	1,245	988	738
Designated: ICS	1,755	1,416	500
Designated: pension deficit	(4,102)	(3,611)	(3,285)
Designated: change programme	1,203	986	951
Designated: income generation	-	3,000	2,847
Designated (total)	101	2,779	1,751
Total Reserves	24,286	22,137	20,909



Emily Kamwendo, 62, was trained as a solar engineer on VSO's Solar Mamas pilot project in Malawi. She says that the project is changing the way women are viewed in her community.

Investments

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

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. The Audit and Risk Committee reviews the policy annually. VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports regularly to the Audit and Risk Committee on the composition of investments held and their maturity profile.

In 2018/19 VSO maintained its position in short-term deposits to ensure that sufficient funds were held in liquid deposits to allow VSO to respond to significant changes in future funding. Changes in funding resulted in a reduction of cash balances.

The ICS contract provides a working capital advance for the consortium. This advance is held by VSO and paid to consortium partners in line with agreed requirements. At 31 March 2019, £5.5 million was held by VSO. This cash is only for use on the ICS contract and will be repaid in full to DFID on completion of the extended contract.

Cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available while monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Closing cash and investments position	17/18 £'000	18/19 £'000	Variance £'000
Short-term deposits	11,725	11,856	131
ICS working capital advance	3,740	4,716	976
Cash at bank: UK	9,507	6,585	(2,922)
Cash at bank: overseas	2,485	2,001	(484)
Total	27,457	25,158	(2,299)

PRINCIPAL RISKS AND UNCERTAINTIES





PRINCIPAL RISKS AND UNCERTAINTIES

VSO's work towards a fair world for everyone is inherently risky. This risk is part of our work, especially in fragile and conflict-prone countries. Our trustees recognise that the acceptance and management of risk is necessary to achieve our key objectives.

Safeguarding has been very much in the news this year. Organisations working in the international development and humanitarian sector are quite rightly held to a higher standard than other organisations. VSO – like all other organisations working in this field – has been asked to assure those that fund us that our approach is robust. We have done that. Ensuring that we have high standards of medical, security and safeguarding in place is a key part of our 'licence to operate'. We describe in detail how our approach to safeguarding is governed and managed on page 54. As a result of the mitigating controls we have in place, we do not consider safeguarding to be a principal risk. However, we are not complacent and are constantly assessing and reassessing our approach in this area.

Risk management

The trustees are responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in furtherance of VSO's objectives. The trustees have ultimate responsibility for identification of the risks to which VSO is exposed.

The system of internal control is intended to manage appropriately, rather than eliminate, risks and to give reasonable, rather than absolute, assurance. The risk management framework approved by the trustees includes the following measures:

- The Audit and Risk Committee reviews the organisational risk register at its quarterly meetings, assesses the risks facing VSO and the measures put in place to mitigate them, and reports its findings to the International Board of Trustees.
- Critical risks are monitored on an ongoing basis by the Executive Board, a process which includes a quarterly review of the organisational risk register. The Chief Executive Officer regularly updates the chair of the Audit and Risk Committee on any significant new risks or other changes to the register.
- Global functions and country offices maintain operational risk registers, which are reviewed regularly by senior staff members who use them to inform the organisational risk register.
- Each risk is analysed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.
- The internal audit function carries out a programme of audits across all operations and activities based on an annual internal audit plan approved by the Audit and Risk Committee.

The following table captures the principal strategic risks and uncertainties after mitigating controls currently in place. The residual risk of other significant risks are considered lower than the risks presented here and the management actions relating to them are subject to regular review by the Audit and Risk Committee.

Risk and potential consequences	Risk management actions
Restricted funding opportunities	
<p>Loss of restricted funding opportunities due to the inability to articulate the relevance and value of VSO. This leads to us not identifying and realising income opportunities which, in turn, undermines the delivery of our strategy.</p>	<p>Controls in place</p> <ul style="list-style-type: none"> • Proactive approaches and systems by Business Development to position VSO as the leader of volunteering for development. • Development of impact statements and quantitative outcome ambitions to reflect volunteering for development. These are used to position VSO and increase our visibility in the global marketplace. <p>Progress in the year</p> <ul style="list-style-type: none"> • Investment earmarked for fundraising and initiatives for improving the awareness of VSO's work. • A strategic review of VSO's activities and our brand and positioning in the market was completed, and a clear definition of our value proposition developed. • VSO registered in the US as a charitable organisation, enabling wider branding, positioning and access to new donor markets. <p>Further actions</p> <ul style="list-style-type: none"> • Country level mapping exercises that drive external engagement and inform portfolio development.
Insufficient unrestricted income	
<p>Insufficient unrestricted income to invest in organisational growth and guarantee organisational independence.</p>	<p>Controls in place</p> <ul style="list-style-type: none"> • Regular monitoring of operating expenditure to reduce costs, improve effectiveness and maximise value for money. • Budgeting performance systems that maximise use of unrestricted funds. • Reserves management. • Cost recovery processes in place and ongoing training of all relevant staff members in the organisation. <p>Progress in the year</p> <ul style="list-style-type: none"> • Investment funding set aside for new unrestricted fundraising initiatives • Commercial pricing models developed. <p>Further actions</p> <ul style="list-style-type: none"> • A global fundraising and marketing campaign to raise the profile and visibility of VSO planned to be launched in September 2019.

Risk and potential consequences	Risk management actions
International Citizen Service (ICS)	
<p>Failure to secure the next phase of ICS in 2020. This could weaken VSO's ability to deliver international youth volunteering on a global scale, leading to country programme failure, failure to achieve strategic targets and reputational damage.</p>	<p>Controls in place</p> <ul style="list-style-type: none"> • Recognition by DFID of the quality of ICS, providing an A* rating for the last two years. • Clear youth position statement defining a strong business case to pursue all youth volunteering for development opportunities. <p>Progress in the year</p> <ul style="list-style-type: none"> • Clear alignment of ICS with VSO's mission and strategy. <p>Further actions</p> <ul style="list-style-type: none"> • Contract Management Unit retendering ICS. • Using ICS as a mechanism to leverage more funding for youth volunteering programmes.
Volunteering for Development (V4D) programme	
<p>Non-renewal of V4D could lead to the closure of country offices, country programme failure and a significant reduction in the available funding for VSO's global functions.</p>	<p>Controls in place</p> <ul style="list-style-type: none"> • Budget scenarios to plan for non-renewal. • Cross-functional management team monitoring progress against performance framework, spend against forecast and taking corrective actions when necessary. • Quarterly reporting and quarterly steering committee (which includes representatives from DFID) reviewing the strategic direction of the grant, including operational and financial performance. <p>Progress in the year</p> <ul style="list-style-type: none"> • Recognition by DFID of the quality of the Volunteering for Development Grant, providing an A rating for the first year of the grant. • Development of the Volunteering for Development standards which will be launched in October 2019. • Proactive discussions with DFID at senior and CEO level. • A formal concept note submitted to DFID, showing how the programme will build on the success of the current grant and take the future programme to scale, ultimately reaching over 20 million vulnerable and marginalised people. <p>Further actions</p> <ul style="list-style-type: none"> • Development of full business case for DFID.

Risk and potential consequences	Risk management actions
Volunteer recruitment	
<p>Inability to recruit sufficient quality volunteers weakens our ability to deliver volunteering for development programmes and undermines our reputation with funders.</p>	<p>Controls in place</p> <ul style="list-style-type: none"> • In-country local Programme Development teams designing volunteer roles in line with information on market availability and learning from other programmes. • Alignment between the funding pipeline and the people requirement planning process for all VSO programmes. • Volunteer pipeline targets for each programme area of work – target of three appropriate candidates for each role. • International talent pool system available for in-country recruiters to view and shortlist. • Monitoring of proxy indicators on quality (e.g. qualitative early returns, volunteer status reviews). <p>Progress in the year</p> <ul style="list-style-type: none"> • New controls strengthening the accuracy of information predicting when people will be available. • Development of a process to identify recruitment risks to a project at the bid development phase, so that resources needed to meet the people requirements can be built into the cost proposal. <p>Further actions</p> <ul style="list-style-type: none"> • Build relationships with specific recruiting partners to support the development of a robust international volunteer pipeline.
National operating environment restrictions	
<p>National governance and operating environment restrictions weakens our ability to deliver volunteering for development programmes.</p>	<p>Controls in place</p> <ul style="list-style-type: none"> • Monitoring of potential changes in INGO registration, tax and employment regulations. • Open communication with all recruitment stakeholders regarding timing in getting visas and work permits. • Location security risk assessments in areas where international VSO people are present. • Managing local administrative requirements, using local suppliers and people for programmatic work. • Ongoing policy work at national, regional and global level. <p>Progress in the year</p> <ul style="list-style-type: none"> • Finalisation of the employment tax status review in all countries where VSO operates. <p>Further actions</p> <ul style="list-style-type: none"> • Continue building relationships with relevant authorities to address programmatic restraints as they occur.

GOVERNANCE

A photograph of a brick building with a window and a tree, with the word 'GOVERNANCE' overlaid in large white text. The image is slightly blurred, focusing on the text. The background shows a red brick wall, a window with a view of greenery, and a dark, textured object in the foreground.



STRUCTURE, GOVERNANCE AND MANAGEMENT

Our organisational structure

Voluntary Service Overseas (VSO) is a company limited by guarantee, registered in England and Wales (registration number 00703509). VSO is also registered as a charity in England and Wales (registration number 313757) and as a Scottish cross-border charity (registration number SCO39117).

VSO's activities in Scotland are the same as those carried out in England and Wales. As required by the Office of the Scottish Charity Regulator, VSO is reporting on its Scottish activities as an integral part of this report.

VSO operates internationally largely through branch offices. Exceptions to this are:

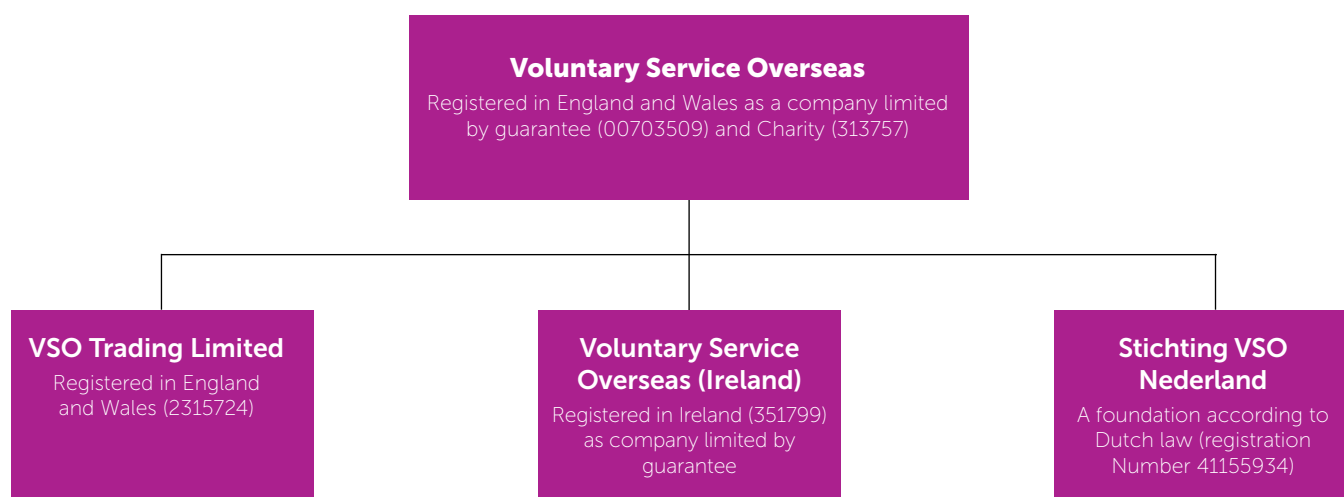
- Voluntary Service Overseas (Ireland) Company Limited by Guarantee, a subsidiary of VSO and incorporated as a charitable entity in Ireland.
- Stichting VSO Nederland, a Dutch independent charitable organisation whose accounts were integrated with VSO's as of April 2018.
- VSO Trading Limited – the principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO.

VSO also operates in the US through Voluntary Service Overseas USA, Inc. which is a US corporation with US 501 (c) (iii) tax status.

This structure of branch offices and subsidiaries enables us to effectively deliver VSO's mission globally. It helps us respond quickly to challenges and opportunities as well as reducing duplication of work and administration.

Our governance and management

VSO is governed by an International Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation's values, and ensure we meet our objectives. Some tasks of the International Board are delegated to board committees, which operate under clear terms of reference and reporting processes.



Notes:

British Executive Service Overseas Limited had been dormant for some years and was removed from the Register during 2018/19. Beijing VSO Consulting Company Limited is being wound up.



The International Board approves and monitors the implementation of VSO's long-term strategy, operational plan, objectives, budget, key policies, constitutional changes and the appointment of the Chief Executive Officer. They carry out their duties through a formal schedule of delegation, which specifies reserved decisions and records how operational authority is maintained.

The International Board meets three times a year in person and three times a year via telephone. The members receive management information on organisational performance on a quarterly basis.

As part of our approach to inclusion, we appointed two youth observers, Felix Owino from Kenya and Takiyiwa Danso from the UK, to help and advise our International Board. Both were volunteer team leaders as part of the ICS programme. They have attended meetings and taken part in all International Board activities but without voting, legal or fiduciary responsibilities. Their voices have been an important part of our decision-making process. Having seen the impact of these youth advisers, we are now appointing a full-time trustee with youth experience and expertise to the International Board.

Trustees

The International Board members are all volunteer trustees. They are usually appointed to the International Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. Trustees are not remunerated but their expenses are reimbursed in accordance with VSO's expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office. They participate in field visits to VSO programmes and act as expert advisers to VSO working groups.

This year the trustees took part in half-day training sessions on GDPR compliance, duty of care, safeguarding, and VSO's People First Programme Framework.

VSO's trustees are firmly committed to compliance with the Charity Governance Code and regularly review VSO's charitable purposes and our trustee roles and time commitment. We have introduced individual annual appraisals for trustees and the Chair. We formally benchmark our performance against that of other charitable organisations and regularly review how VSO makes itself accountable to its stakeholders. We will also continually review board diversity as a factor of board performance.

Review of performance of the International Board is a continuous process. Feedback is requested by the Chair of Trustees and received after each board meeting. This then contributes to the planning of the next meeting. There is an annual self-evaluation by Board members and every three years an evaluation is carried out by an independent body. This next evaluation will take place in November 2019. Individual trustees make annual commitments to VSO over and above their responsibilities as directors and members.

International Board of Trustees



Sam Younger CBE *
Chair

Chair of CILEx Regulation; council member of the Advertising Standards Authority; public interest observer of the Chartered Institute of Taxation.



Charles Abani *
Vice Chair

Former VSO Nigeria Country Director; Chief of Party of the USAID Civil Society project – Strengthening Advocacy and Civic Engagement, Nigeria.



Chris Merry ^
Honorary Treasurer

Former Chief Executive Officer, Ipes Group.



Amanda Rowlatt CBE * ^

Senior Civil Servant.



Stephen Pidgeon ^

Previous VSO volunteer in Papua New Guinea; founder of marketing agencies Tangible and Brightsource; fundraiser, speaker, teacher, consultant, author and conference presenter. Stephen is also the Chair of VSO Ireland.



Guus Eskens

Board member, VSO Netherlands; Chair of Supervisory Board of I+ Solutions Woerdex; board member of Health Net TPO, Amsterdam.



Dr Noerine Kaleeba *

Patron and founder of TASO Uganda; Vice Chair Uganda National Health Research Organisation.



Hardeep Jhutti

Former VSO Global Xchange volunteer in Sri Lanka; Deputy Head of System Reform at NHS England; Vice Chair of Hillingdon Carers.

Independent International Board sub-committee members



Jose Gonsalves ^

Co-opted member of the Audit and Risk Committee.

Former members International Board of Trustees

Mari Simonen *
Chair

Member of the Independent Audit and Oversight Committee of the UN Refugee Agency. (resigned July 2018)

Biranchi Upadhyaya

Regional Director of Hivos for Southeast Asia based in Jakarta, Indonesia. (resigned May 2019)

Baroness Hilary Armstrong

Former VSO volunteer in Kenya; member of the House of Lords. (resigned July 2018)

* Governance Committee member ^ Audit and Risk Committee member

Management through the Executive Board

The International Board delegates VSO's day-to-day management to the Executive Board. The Executive Board has operational oversight of VSO's global work. As well as the Chief Executive Officer, the Executive Board includes four Executive Directors, each responsible for a functional area of VSO's work: Programmes, Business Development, People, and Finance and Corporate Services.

The Executive Board meets weekly to oversee implementation of strategic and operational activity, allocate resources, set and monitor standards and determine core approaches to how VSO works. The Executive Board undertakes a formal quarterly review of performance against VSO's operational and financial objectives. This is done in collaboration with colleagues across the organisation. The Executive Board reports back on performance to the International Board through a Quarterly Business Review process.

The Executive Board



Dr Philip Goodwin
Chief Executive Officer



Donn  Cameron
Executive Director of Programmes



Kathryn Gordon
Executive Director of People



Fabienne Arminjon
Executive Director of Finance
and Corporate Services



Scott Desmarais
Executive Director of
Strategic Partnerships
(joined January 2019)



  VSO/Omar Havana

'Big Sister' Archana, 20, is helping girls stay in school in Dobini, Nepal.

Duty of care

Our organisational values and approach to development influences our ways of working every day. We continuously learn and adapt our working practice to ensure we are creating resilience and accountability across the organisation. This is reflected in our approach to duty of care; respond and respond well.

The safety, security, health and wellbeing of our volunteers, employees and all those who work with us is paramount. Across a portfolio of work in 23 countries, VSO provides comprehensive medical, safeguarding and security services and support to meet our duty of care obligations for all volunteers and staff.

The main components of this are:

- medical clearance at deployment, aligning for suitability in the operating environment
- accessible 24/7 support to all locations globally
- risk management, planning and prevention of harm by location and programme
- response to all concerns and incidents monitored by a global team of professionals.

The work includes:

- assessment
- clinical services
- developing and delivering training, briefings and resources
- liaising between individuals, medical professionals, VSO and partner staff
- research and validation.

Our global duty of care team provides support to in-country safeguarding leaders, security focal points, and medical liaison. This support is characterised by professionalism, experience and confidentiality.

During 2018/19, VSO trustees and the executive team met with the Charity Commission for England and Wales to review how serious incidents were reported. This helped reinforce the reporting element of our incident response, and gave our trustees and the regulator confidence in the VSO system.

Our safeguarding systems were also audited by Keeping Children Safe on behalf of the Department for International Development. Through this audit our processes, policies and practices were all found to be in line with requirements and expectations.

All serious incidents are thoroughly investigated. We respond fully to internal and external incident reviews

by demonstrating the validity of existing measures and identifying areas of improvement. An independent, external review is completed for all crisis incidents.

During the last year we extended the scope of our annual systematic audit of all safety and security practice to include medical and safeguarding, thus covering the complete range of duty care. The findings of this report "demonstrated a consortium with a sound approach to safety and security risk management, senior leadership buy-in and meaningful recognition of the need for continued investment and continual improvement in this area of work".

Using the VSO dataset of International Citizen Service (ICS) volunteers, VSO undertook a research study to explore the relationship between international youth volunteering and mental health. This work was co-authored in partnership with Lancaster University and the University of Manchester. The research showed that 84% of the volunteers surveyed rated their placement positively. It also identified ways in which we can better prepare and support volunteers and staff, and how we might increase the declaration rate of a mental health history.

Incident numbers

During 2018/19, support has been given to incidents of civil unrest (due to elections), typhoon and cyclone weather conditions, serious assault, rape, harassment, self-harm, and fatalities due to illness and tragedy.

The following table gives the complete numbers of incidents reported across the whole spectrum, from minor to critical to crisis incidents. A crisis response was provided to nine incidents last year.

The overwhelming majority of incidents would be formally classified as 'minor'. By their nature, they often have an element of safety, security, safeguarding, medical, performance and behaviour. We record them all so that we can continue to improve the effectiveness of our safeguarding practice. Six historical disclosures were made and responded to.

As part of our incident response, we responded to a fatality due to illness, a fatality due to an accident, serious sexual assault, accompanying volunteers who were experiencing acute mental health crisis to places of safety, and significant threat posed by civil unrest.

Incidents reported	Medical	Security	Safeguarding
Across the whole VSO global portfolio of work (including the ICS programme)	64	165	115
International Citizen Service Programme (ICS) only (subset of total data)	27	91	95

More than 2,700 medical clearance assessments were provided to determine suitability for working or volunteering for development opportunities. During the year this work extended to cover employees in Bangladesh, Thailand and the Philippines. The clearances and risk assessment processes are designed specifically to take account of international work and the local environment.

Support was provided during periods of political disturbance or the run up to elections in Cambodia and Zimbabwe (July 2018), Uganda (August 2018), Bangladesh (December 2018), Philippines and Thailand (January 2019) and Nigeria (February 2019). Support was also provided in preparation for elections in Malawi, Philippines and South Africa (May 2019), Pakistan (July 2019) and Mozambique (October 2019).

The situation regarding the Ebola virus in the Democratic Republic of the Congo and Uganda is being regularly monitored by our country office and global colleagues. We have prepared responses to any escalation in risk using learning from the 2014 outbreak of Ebola in West Africa.

Incident categories

Medical incidents can vary from minor illness, which keeps a person off work for a few days, to serious illness or injury which requires hospitalisation, transfer to another country with better medical facilities or return home.

Safety and security incidents can range from non-violent robbery or police detention, political or civil unrest near to volunteer locations, natural disasters, accidents and potentially hazardous conditions which can include fragile and hostile environments.

Safeguarding incidents are defined as any act of discrimination, neglect, harm or abuse. They can include sexual harassment (unwelcome sexual advances without touching), sexual assault (sexual touching without consent) and rape. VSO places a mandatory obligation on all employees, volunteers,

contractors and partners to report safeguarding concerns, suspicions, allegations and incidents that indicate actual or potential abuse or exploitation of vulnerable people.

Incident definitions

Incidents are defined as events that may result in a threat to an individual and/or organisation. An incident can be treated locally and does not normally require global support.

Monitored incidents were introduced in 2018 and can be treated locally but may also require some global support. They are likely to be events that sit on the border of incidents or critical incidents. By monitoring them more closely the impact of any ongoing risk is reduced.

Critical incidents are events that can result in injury or damage to an individual and/or organisation, which may lead to significant harm and will require additional global support. An internal review is carried out following a critical incident.

Crisis incidents are events that result in substantial injury or damage to an individual and/or organisation. The event may cause significant logistical, as well as psychosocial, demands and will require additional resources and support in the form of a crisis management team. An external review is carried out following a crisis incident.

Crisis and critical incidents occurring during the delivery of the DFID-funded ICS contract, including those of ICS sub-contracted agencies, are reported immediately to DFID. All other incidents are reported quarterly.



Selama Hussein Makame, 49, has been supported through VSO's Commercial Agriculture for Smallholder Farmers project. Here she holds tomatoes grown organically at her farm in Pai Pwani, Zanzibar.

Reporting and whistleblowing

We have a clear process for raising concerns and how to manage these effectively. Any concerns relating to safeguarding can be sent to a confidential safeguarding email address. Where necessary we collaborate with our colleagues in our medical and security team to ensure we have a coordinated and comprehensive response.

VSO has a global 'managing complaints' procedure to ensure complaints from volunteers and third parties (the public and other stakeholders) are dealt with fairly, consistently and in a timely manner, and can be raised through a confidential concerns email address. For employees, we encourage concerns to be raised and managed informally, however there is also a formal grievance process in place.

To ensure the highest standards of openness, decency, integrity and accountability, another mechanism for raising a concern regarding the practice of the organisation, or those within it, is the whistleblowing process. The concern can be raised through a confidential email address and each matter reported will be investigated and responded to.

VSO believes that corrupt practices undermine the fairness, efficiency and effectiveness of governments, NGOs, private sector and civil society/community-based organisations. We aim to maintain the highest standards of openness, decency, integrity and accountability in our work.

VSO's Preventing Criminal Practices policy underpins our operational practice in the areas of fraud and risk. We encourage all employees, volunteers and external parties with suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work, to follow our whistleblowing policy and process. They are encouraged to report any serious concerns they have, without fear of punishment or unfair treatment.

We have mandatory online training on preventing criminal practices and whistleblowing for all staff and volunteers so the process of reporting is fully understood.

There have been 11 issues raised through our whistleblowing process during 2018/19.

Our approach to pay

To deliver our mission, VSO needs to attract high quality, committed people who can drive organisational performance. Our pay philosophy is based on the principles of fairness, internal equity and external competitiveness in order to do this.

VSO is committed to ensuring all employees are compensated fairly for their role. To do this, we pay the appropriate rate for the role in each country where we operate. External competitiveness is achieved by benchmarking salaries against actual pay for similar positions in comparable organisations.

The remuneration framework identifies a range of pay for roles, depending on the location of the work. The banding level for each role is determined by considering:

- job purpose – the scope, depth and difficulty of the work
- level of engagement – communicating and connecting with others
- delivery – level of planning and organising necessary to successfully execute the role, and how the role fits within the team or function.

VSO does not operate a bonus scheme. Our leaders and managers work with our employees to support their performance and development. They do this by supporting them to use their skills and experience to the best of their abilities, and to keep on learning together. We recognise and incentivise our people to perform by creating a positive working environment and providing interesting and purposeful roles.

To strengthen our pay philosophy VSO is working with Project FAIR, a collaboration with agencies, academic partners and professional services to overview Fairness in Aid Remuneration.

This work builds upon a strong body of research into the psychological impact of salary practices in the sector, in particular their impact on some employees' motivation, performance, and retention. The aim is to translate these research findings into an evidence-based protocol that provides practical alternatives and maximises contributions to the sustainable development goal of decent work.

Our voluntary workforce

Voluntary people resource continues to be embedded in our ways of working to support the effective and efficient delivery of our operational plan. In 2018/19, over 540 voluntary people resources supported the organisation in various capacities – from volunteer facilitators and assessors, to specialist advisers and programme researchers, supporting in programme design and evaluation. Together they contributed over 26,000 hours globally and we are incredibly grateful for their dedication and support.

Gender pay reporting for UK employees

On 5 April 2019 VSO employed 136 females and 73 males in the UK. The difference in mean (average) pay between female and male employees in the UK in the period to 5 April 2019 was 11.5% (compared to 5.9% to 5 April 2018).

The difference in median pay of male and female employees in the UK in the period to 5 April 2019 is 7.56% (compared to 3.53% to 5 April 2018). This is less than the average figure of 10% for UK organisations with 250-499 employees, or 9.6% for the total UK average.

During the year 2018/19, the number of males in the top quartile of pay has increased from 45% to 50%, raising the median pay gap.

VSO has reported its gender pay gap in the UK, in the statutory form, for three years now. We have introduced a further degree of transparency of the gap and ratios into our salary review process to highlight the consequences of decisions and to help us take corrective measures when required.

- Our family leave policies have been developed to support employees to share responsibility of childcare between men and women.
- We check our recruitment adverts using a Gender Bias Decoder.

Margret Kawanga, a teacher on VSO's Unlocking Talent programme, oversees students working on their tablets at the Learning Center of the Mdzobwe Primary School in rural Lilongwe, Malawi.



Our approach to equal opportunities

VSO has a global Code of Conduct in support of our vision, mission and values. It sets out the standard of behaviour expected of VSO People. The Code of Conduct covers professional ethics and what we expect in terms of the integrity of individuals who act as VSO representatives. It overarches all of VSO's policies and procedures, which guide conduct and performance, and supports our commitment to creating a safe and inclusive working environment.

VSO's volunteering for development approach has social inclusion at its core. This means our programmes, and our internal and external practice, reflects our position that women and girls are disadvantaged socially, economically and often

Rate of pay	Quartile 1 (lowest)		Quartile 2		Quartile 3		Quartile 4	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Year								
Male	25%	30%	33%	36%	33%	35%	50%	45%
Female	75%	70%	67%	64%	67%	65%	50%	55%

Note: VSO employs less than 250 people in the UK so a statutory declaration of our gender pay gap is not required. We have chosen to make a voluntary declaration of our gender pay gap.



environmentally. This disadvantage is one of the primary causes of poverty. We believe that the empowerment of women and girls and the removal of socio-economic gender barriers will reduce their marginalisation and impoverishment, and reduce poverty of whole communities and future generations.

VSO also recognises that other forms of exclusion e.g. race, ethnicity, homophobia and caste have their roots in gendered socio-economic structures, primarily patriarchies. VSO recognises that boys, men and other LGBTQ+ groups can experience discrimination based on their identity and therefore a social inclusion-exclusion lens and analysis is applied to our policy and programme development.

Our policies commit us to fair treatment during recruitment, training and deployment, dignity at work, and zero toleration of bullying, discrimination, harassment and unwanted behaviour.

We ensure we have an appropriate level of disability awareness and make reasonable adjustments in the workplace to help people with disabilities achieve their career potential and access volunteering opportunities. This is a fundamental part of our approach to leaving no one behind.

Modern slavery statement

VSO has a zero tolerance approach to modern slavery and is committed to ensuring that there are no instances of modern slavery or human trafficking occurring within our global organisation or our supply chains.

VSO is focused on ethical and responsible business practice in our global supply chains and will continue to learn, review and adapt our processes to ensure best practice.

In keeping with VSO's vision of a fair world for everyone, wherever possible we source goods and services locally in the countries we operate. Our supplier base is broad and diverse and is comprised of organisations best able to meet our requirements. If an existing supplier were to be suspected of having links to involvement in modern slavery, interaction with that supplier would immediately cease.

VSO's supply chain activities are managed under the guidance and leadership of our procurement function and in accordance with our Global Procurement policy. The policy requires all staff and volunteers to follow the procurement principles of fairness, transparency, ethical behaviour, compliance

and value for money for all procurement, whatever the value.

The policy also states 'procurement activity must not support organisations involved in criminal activity such as fraud, corruption, forced labour (modern slavery) and other human rights abuses'.

Before contracts are awarded, due diligence checks are done on suppliers. Due diligence is carried out at country office level and includes, but is not limited to, numerous sanctions list checks (which contains names of individuals or organisations who are known to be involved in financing crime or terrorism), reference checks and site visits where appropriate.

Training to heighten awareness of modern slavery and how to report it is incorporated into our criminal practices awareness training, which is mandatory for all people as part of their induction.

Our approach to background checking

VSO recognises that working globally and in the development sector could expose us to risks arising from the behaviour or activities of those we engage with. We are clear that our intention and explicit programme design is to "do no harm" to the primary actors, partners, volunteers, employees and consultants with whom we engage.

We therefore make the following checks for all employees and volunteers:

- references
- criminal background checks through the Disclosure and Barring Service in the UK or police checks in-country
- checking through Compliance Assist, our compliance screening software, against main governmental bodies' sanctions lists for association with terrorism or fraud.

VSO also carries out anti-terrorism checks for suppliers and implementing partners to ensure the risk is minimal.

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's policy can be found at vsointernational.org/privacy.



Students at Mkokotoni Vocational Training College, Zanzibar. Teachers at the college are supported by VSO and corporate volunteers from global recruitment company, Randstad.

VSO adheres to the Charities (Protection and Social Investment) Act 2016. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

We aim to inspire our supporters to help us fight poverty and seek to raise funds from a diverse range of sources. In our recruitment and retention of supporters in 2018/19 we used the following channels: direct mail, telemarketing, email communications, television and video, and digital advertisement.

We monitor complaints and take on board feedback to help us improve our fundraising approach, our systems and internal processes, as well as the work undertaken for us through external agencies. VSO continues to report to the Fundraising Regulator on the number of complaints received in response to our fundraising activity.

In 2018/19 this number totalled 70. Our Supporter Care team looks into every complaint, responding within three working days. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2018/19.

VSO has a vulnerable person's policy which ensures we have thorough guidelines with respect to people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

We must invest in our fundraising in order to achieve our ambitious plans to increase our scale, influence and impact to help us fight poverty. We monitor our spending in all areas of our fundraising activity to measure our impact and returns. We recognise that growth is dependent on sound investment.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector, and is currently working on the development of a Global Ethical Fundraising policy.

Our approach to data protection

VSO planned and prepared for 25 May 2018, the effective date for the General Data Protection Regulations (GDPR).

The regulations set out the responsibilities all organisations have in relation to the personal data they collect and hold, and are designed to enhance the rights of individuals in controlling their own personal data.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of the VSO induction.

We have reviewed all areas of work to ensure that we protect personal data as an organisation, use it only for clear and stated reasons, and that we store and transfer it safely in line with the requirements and principles of the regulations.

As part of our programme design process we complete a privacy impact assessment in order to determine how we will make use of the data we collect in delivering and evaluating any programme of work.

We have reviewed our data retention and other relevant policies to ensure we retain personal data only as needed.

No major data breaches, which require reporting to the Information Commissioner's Office, have occurred in the year. On the small number of occasions where a minor data breach occurs, we record the details and conduct a learning session to mitigate the risks of a similar breach occurring in future.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity name: Voluntary Service Overseas (VSO)

Charity registration: 313757 (England and Wales), SC039117 (Scotland)

Company registration: 703509

Registered office: 100 London Road, Kingston upon Thames KT2 6QJ

Company secretary: Jenny Owen

Objects

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

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

Public benefit

VSO sets out how we will work towards achieving our objectives through our strategy and operational plan. The strategy was revised in 2016/17 and our operational plan is reviewed annually. Our strategy ensures we provide public benefit by adhering to guidance published by the Charity Commission on the Public Benefit requirement under the Charities Act 2011. By monitoring performance, in line with our strategy and operational plan, our Executive Board members and trustees ensure that we continue to deliver our objectives while benefiting the public.

Governing document: Voluntary Service Overseas Limited is governed by its Articles of Association.

Royal patron: HRH The Princess Royal

Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP

Auditors: Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH

For more information

Website: www.vsointernational.org

Facebook: www.facebook.com/vso.international

Twitter: www.twitter.com/VSO_Intl

Instagram: www.instagram.com/vsointernational

YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500 Email: enquiry@vsoint.org

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each financial year. 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 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 the 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 judgements 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 group will continue in business.

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

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

Statement on disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware.
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors.

By order of the Board of Trustees



Sam Younger
Chair
16 July 2019



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

to the members and trustees of Voluntary Service Overseas

Opinion

We have audited the financial statements of Voluntary Service Overseas for the year ended 31 March 2019, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as of 31 March 2019, and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared, for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Strategic Report and the Directors' Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the Audit, we have not identified material misstatements in the Strategic Report or the Directors' report included within the Trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 63, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as Auditor under section 44(1)(c) of the Charities and trustee Investment (Scotland) Act 2005 and under the Companies Act 2006, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the Audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006.

Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an Auditor's Report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

29 July 2019

CONSOLIDATED STATEMENT

of financial activities for the year ended 31 March 2019

Income and expenditure	Note	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000
Income							
Donations and legacies							
Institutional grants	2a	286	15,759	16,045	589	18,958	19,547
Other donations	2b	7,615	262	7,877	6,655	569	7,224
Charitable activities							
DFID Volunteering for Development grant	2c	-	17,059	17,059	-	17,000	17,000
ICS contract with DFID		17,818	-	17,818	25,903	-	25,903
Other trading activities							
	2d	2,173	31	2,204	3,734	94	3,828
Bank interest							
		85	-	85	43	-	43
Integration of subsidiary							
	9	1,939	-	1,939	-	-	-
Total income		29,916	33,111	63,027	36,924	36,621	73,545
Expenditure							
	3						
Raising funds							
		5,986	-	5,986	4,592	-	4,592
Charitable activities							
Inclusive education		7,324	14,031	21,355	5,251	10,458	15,709
Health		1,112	5,060	6,172	2,014	8,227	10,241
Resilient livelihoods		4,565	10,055	14,620	6,113	10,382	16,495
Core approaches*		3,507	5,430	8,937	1,203	6,863	8,066
ICS consortium partners		7,675	-	7,675	17,936	-	17,936
Interest payable and similar costs		58	-	58	51	-	51
Operating expenditure		30,227	34,576	64,803	37,160	35,930	73,090
Exceptional item	12	(711)	-	(711)	2,657	-	2,657
Total expenditure		29,516	34,576	64,092	39,817	35,930	75,747
Net operating income/(expenditure)	4	(311)	(1,465)	(1,776)	(236)	691	455
Net income/(expenditure)		400	(1,465)	(1,065)	(2,893)	691	(2,202)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	19	(81)	-	(81)	53	-	53
Exchange translation difference arising on consolidation		(82)	-	(82)	-	-	-
Net movement in funds		237	(1,465)	(1,228)	(2,840)	691	(2,149)
Transfer of funds	13	249	(249)	-	-	-	-
Reconciliation of funds							
Total funds brought forward		15,450	6,687	22,137	18,290	5,996	24,286
Total funds carried forward		15,936	4,973	20,909	15,450	6,687	22,137

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 72 to 90 form part of these financial statements.

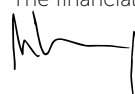
BALANCE SHEET

as at 31 March 2019

	Note	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Fixed assets					
Tangible assets	8a	691	662	988	985
Intangible	8b	47	47	-	-
Investments	9	-	2,892	-	953
Total fixed assets		738	3,601	988	1,938
Current assets					
Debtors	10	12,558	12,899	19,044	19,531
Short-term cash deposits		11,856	11,000	11,725	11,000
Cash at bank and in hand:					
In the UK and held by group subsidiaries		6,585	4,215	9,507	8,652
ICS working capital advance		4,716	4,716	3,740	3,740
Overseas		2,001	2,001	2,485	2,481
Total current assets		37,716	34,831	46,501	45,404
Liabilities					
Creditors: amounts falling due within one year	11a	(11,747)	(11,263)	(13,099)	(12,988)
Net current assets		25,969	23,568	33,402	32,416
Total assets less current liabilities					
		26,707	27,169	34,390	34,354
Creditors: amounts falling due after one year	11c	(221)	(221)	(5,647)	(5,647)
Provisions for liabilities	12	(5,577)	(5,577)	(6,606)	(6,606)
Total net assets		20,909	21,371	22,137	22,101
Restricted funds					
Income funds	13, 15	4,973	5,100	6,687	6,687
Unrestricted funds					
General fund	14, 15	14,185	14,549	12,671	12,638
Designated funds	14, 15				-
Pension deficit repayment plan fund		(3,285)	(3,285)	(3,611)	(3,611)
Change programme fund		951	951	986	986
ICS fund		500	500	1,416	1,416
Fixed asset fund		738	709	988	985
Income generation		2,847	2,847	3,000	3,000
Total unrestricted reserves		15,936	16,271	15,450	15,414
Total funds		20,909	21,371	22,137	22,101

The notes on pages 72 to 90 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 16 July 2019.



Chris Merry, Honorary Treasurer on behalf of the trustees

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2019

	Note	Group £'000 2019	Group £'000 2018
Cash flows from operating activities			
Net cash provided by operating activities		(3,539)	(3,510)
Cash flows from investing activities			
Interest received		85	-
Integration of subsidiary	9	1,939	-
Purchase of property, plant and equipment	8	(784)	(918)
Net cash provided by / (used in) investing activities		1,240	(918)
Change in cash and cash equivalents in the reporting period			
		(2,299)	(4,428)
Cash and cash equivalents at the reporting period		27,457	31,885
Total cash and cash equivalents at the end of the reporting period		25,158	27,457
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		(1,065)	(2,202)
Adjustments for:			
Depreciation charges	8	926	1,174
(Gain)/losses on disposal of fixed assets	8	108	-
Interest received		(85)	-
(Increase) / decrease in debtors	10	6,486	(8,585)
Increase / (decrease) in creditors falling due within one year	11a	(1,352)	6,116
Increase / (decrease) in creditors falling after one year and provisions	11c	(6,455)	(66)
Effect of exchange rate changes on subsidiary consolidation		(82)	-
Accounts related to the defined benefit pension scheme included within the statement	19	(81)	53
Integration of subsidiary	9	(1,939)	-
Net cash provided by operating activities		(3,539)	(3,510)
Analysis of cash and cash equivalents			
Cash at bank and in hand		13,302	15,732
Short-term cash deposits		11,856	11,725
Total cash and cash equivalents		25,158	27,457

NOTES FORMING PART OF

the financial statements for the year ended 31 March 2019

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the group's ability to continue.

Group financial statements

The consolidated financial statements incorporate the financial statements of the charity, including overseas branches, and its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included line by line in the statement of financial activities. Balances and transactions between the charity and its subsidiary undertakings are eliminated on consolidation. The overall results of the group are materially the same as those of the parent charity, therefore the charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).
- Overseas tax liability – The charity has recognised a liability based on prudent estimations provided by tax advisers (see note 12).

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves policies are given on page 40 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 14 and 15).

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), VSO has chosen to report its charitable expenditure by the three thematic areas and the core approaches set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is

apportioned across thematic areas based on number of volunteers placed across those themes.

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

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Grants for development programmes tend to be given on a three-year basis. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. VSO also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. Also included under this heading are contract payments made to the consortium partners of the ICS Programme. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

VSO is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to VSO each year.

Where VSO is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of VSO's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction. Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are taken into account in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight line basis over the term of the lease, adjusted for lease incentives where applicable.

Fixed assets and depreciation

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

Depreciation is charged over the useful economic life of an asset on a straight line basis as follows:

Assets held in the UK and Subsidiaries

Leasehold improvements	Length of the lease
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years

Assets held overseas

All categories	Fully in the year of acquisition
----------------	----------------------------------

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

Investments

The only investments VSO currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Netherlands) Limited	Stated at cost
100% shareholding in Beijing VSO Consulting Company Limited	Stated at expected future value

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

VSO has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and the debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

At the balance sheet date the charity held financial assets at amortised cost of £28.8m (2018 £40m) and financial liabilities at amortised cost of £8.97m (2018 £15.3m).

Provisions

Provisions are recognised where VSO has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

2. Income analysis

a. Institutional grants	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
Governmental bodies				
Australian Department for Foreign Affairs and Trade	-	1,263	1,263	1,335
DFID – other funding	-	4,347	4,347	2,123
European Union	-	757	757	1,599
Irish Aid	-	283	283	353
Norwegian Embassy	-	836	836	684
Scottish Government	-	176	176	198
Swiss Development	-	-	-	1,018
UN Agencies	-	1,235	1,235	3,212
USAID	-	63	63	1,397
Other public funding	-	147	147	352
Total governmental bodies	-	9,107	9,107	12,271
Non-government bodies				
Companies	62	4,579	4,641	4,587
Trusts and Foundations	69	814	883	859
National Lottery Community Fund	-	144	144	356
Comic Relief	-	71	71	496
Other charitable organisations	155	1,044	1,199	978
Total non-government bodies	286	6,652	6,938	7,276
Total Institutional grants	286	15,759	16,045	19,547
b. Other donations				
	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
Individuals	6,705	95	6,800	5,419
Major donors	34	65	99	598
Legacies	617	-	617	614
Gifts in kind and pro bono services	259	102	361	593
Total donations and legacies	7,615	262	7,877	7,224
c. Charitable activities				
	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
Volunteering for Development	-	17,059	17,059	17,000
ICS	17,818	-	17,818	25,903
Total other trading income	17,818	17,059	34,877	42,903

Income analysis (note 2 continued)

d. Other trading income	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Total 2018 £'000
Lettings	169	31	200	173
Community projects	61	-	61	17
Events	43	-	43	150
Volunteer fundraising	1,869	-	1,869	3,410
VSO Shop	5	-	5	-
Sale of assets	26	-	26	78
Total other trading income	2,173	31	2,204	3,828

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2019 £'000	Total costs 2018 £'000
By core programme area						
Inclusive education	1,594	6,345	10,762	2,654	21,355	15,709
Health	1,134	1,758	2,975	305	6,172	10,241
Resilient livelihoods	1,648	3,881	8,398	693	14,620	16,495
Core approaches*	998	4,400	2,407	1,132	8,937	8,066
ICS consortium partners						
Balloon Kenya	430	-	-	-	430	2,056
Challenges Worldwide	592	-	-	-	592	1,617
Pravah	-	-	-	-	-	56
Raleigh International	3,494	-	-	-	3,494	5,525
Restless Development	1,648	-	-	-	1,648	3,025
Tearfund	194	-	-	-	194	1,349
United Nations Association International Service	830	-	-	-	830	2,472
Y Care International	487	-	-	-	487	1,836
Total ICS consortium partners	7,675	-	-	-	7,675	17,936
Total	13,049	16,384	24,542	4,784	58,759	68,447

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

Charitable activities (excluding apportioned support costs) include pro bono services valued at £146,000 (2018: £144,000).

Charitable activities and support costs (note 3 continued)

b. Analysis of support costs

	Governance and CEO costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2019 £'000	Total costs 2018 £'000
Education	371	553	492	504	733	2,653	1,154
Health	40	60	59	57	91	307	562
Livelihoods	97	145	129	132	190	693	1,424
Core approaches	71	167	173	223	497	1,131	1,542
Apportioned support costs - charitable activities	579	925	853	916	1,511	4,784	4,682
Raising funds	76	115	101	104	152	548	332
Total apportioned support costs	655	1,040	954	1,020	1,663	5,332	5,014

Apportioned support costs include pro bono services valued at £209,020 (2018: £415,627).

Governance and CEO costs include costs directly related to the Chief Executive Officer role, including remuneration, travel and executive assistance, of £224,110 (2018: £214,007).

4. Net incoming resources

Net movement in funds is stated after the following charges:

	2019 £'000	2018 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	35	32
Fees payable for the audit of the charity's subsidiaries	11	4
Fees payable for the audit of USAID	17	17
Fees payable for overseas tax consultancy	60	11
Other services	13	3
Total fees payable to the charity's auditors	136	67
Depreciation		
Assets in the UK and held by group subsidiaries	257	349
Assets held overseas	669	825
Total depreciation charges	926	1,174
(Gain)/loss on exchange rate movements (realised and unrealised)		
Realised (gains)/losses	129	(38)
Unrealised (gains)/losses	(356)	487
Total (gain)/loss on exchange rate movements	(227)	449

Unrealised gains and losses on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2018: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to £16,601 (2018: £15,855), paid to eleven trustees (2018: ten).

6. Employee emoluments including the cost of key management personnel

	2019 £'000	2018 £'000
Salaries and wages*	18,373	17,869
Social security costs	1,183	971
Pension costs	1,018	674
Other employee benefits	1,346	1,489
Temporary staff	561	488
	22,481	21,491

* Excluding overseas tax provision - see note 12

The 2019 wages and salaries figure includes an amount of £162,857 (2018: £328,156) relating to severance pay.

The table below shows which bands the emoluments of individual staff fell into during the financial year.

	2019 £'000	2018 £'000
£60,001 - 70,000	9	5
£70,001 - 80,000	6	6
£80,001 - 90,000	5	5
£90,001 - 100,000	3	4
£100,001 - 110,000	4	2
£110,001 - 120,000	1	2
£120,001 - 130,000	-	-
£130,001 - 140,000	2	1
£140,001 - 150,000	-	-
£150,001 - 160,000	-	1
Total	30	26

Total emoluments disclosed in the above bands include termination costs of £57,000 (2018: £37,000), and health benefits, housing, dependents' education and income tax costs of £329,000 (2018: £553,000).

The key management personnel of the charity comprise the trustees who make up the International Board, and the executive team, led by the Chief Executive Officer. All trustees serve VSO voluntarily. They do not receive any employee benefits; they receive payment only for reimbursement of out of pocket expenses (see note 5).

The executive team is made up of five members. The total compensation payable, including employers National Insurance contributions, pension and terminations costs was £568,625 (2018: £634,300).

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2019 Headcount	2019 FTE	2018 Headcount	2018 FTE
UK based	186	177	234	225
Overseas based	567	563	505	505
Total	753	740	739	730

8. Fixed asset

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2018	1,339	187	1,371	2,224	5,121
Additions	-	-	38	669	707
Integration of subsidiary	-	-	144	-	144
Disposals	-	-	(184)	-	(184)
At 31 March 2019	1,339	187	1,369	2,893	5,788
Accumulated depreciation					
As at 1 April 2018	654	176	1,079	2,224	4,133
Charge for the year	134	7	116	669	926
Integration of subsidiary	-	-	114	-	114
Disposals	-	-	(76)	-	(76)
At 31 March 2019	788	183	1,233	2,893	5,097
Net book value					
At 31 March 2018	685	11	292	-	988
At 31 March 2019	551	4	136	-	691
Held by parent charity	550	2	110	-	662
Held by subsidiaries	1	2	26	-	29

Fixed asset (note 8 continued)

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2018	-	-
Additions	47	47
Integration of subsidiary	-	-
Disposals	-	-
As at 31 March 2019	47	47
Accumulated depreciation		
As at 1 April 2018	-	-
Charge for the year	-	-
Integration of subsidiary	-	-
Disposals	-	-
As at 31 March 2019	-	-
Net book value		
As at 31 March 2018	-	-
As at 31 March 2019	47	47
Held by parent charity	47	47
Held by subsidiaries	-	-

9. Investments

	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Market value at the beginning of the year	-	953	-	953
Integration of subsidiary – VSO Netherlands	-	1,939	-	-
Impairment	-	-	-	-
Market value at 31 March	-	2,892	-	953

Investments held by the charity at 31 March 2019 comprise £2 held in VSO Trading Limited, £953,000 held in Voluntary Service Overseas (Ireland) Limited, £1,939,000 held in Voluntary Service Overseas (Netherlands) and Enil held in Beijing VSO Consulting Company Limited.

VSO Trading Limited, Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost and Beijing VSO Consulting Company Limited has been written down to a nil value based on expected future value of this investment (see note 17).

10. Debtors

	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Trade debtors	4,723	4,723	7,589	7,589
Amounts due from ICS consortium partners (working capital advances)	784	784	4,461	4,461
Amounts due from VSO Trading Limited	-	608	-	529
Amounts due from VSO Ireland	-	39	-	-
Other debtors	756	752	1,678	1,673
Accrued income	5,479	5,199	4,595	4,592
Prepayments	816	794	721	687
Total	12,558	12,899	19,044	19,531

All amounts above are due within one year, with the exception of £31,347 relating to non-current prepayments (2018: £36,601), and £53,831 relating to lease deposits (2018: £53,621).

Legacies of which we have been notified, but not recognised as income, are valued at £212,689 (2018: £219,675).

11. Creditors

a. Amounts falling due within one year	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Trade creditors	1,864	1,694	5,219	5,212
Working capital advance from DFID for ICS	5,500	5,500	2,700	2,700
Amounts due to VSO Ireland	-	-	-	1
Amounts due to VSO Netherlands	-	225	-	-
Other creditors	538	512	1,029	1,030
Pension contributions payable	91	91	81	80
Tax and social security	725	725	653	641
Accrued expenditure	1,925	1,434	1,835	1,802
Deferred income	859	837	1,272	1,212
Accrual for compensated employee leave	245	245	310	310
Total	11,747	11,263	13,099	12,988

Income is deferred when it is received ahead of income recognition criteria being met.

b. Movement on deferred income during the year	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Balance brought forward	1,272	1,212	526	405
Released to income	(1,000)	(962)	(61)	-
Received in year	587	587	807	807
Balance carried forward	859	837	1,272	1,212

Creditors (note 11 continued)

c. Amounts falling due after one year	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Working capital advance from DFID for ICS	-	-	5,500	5,500
Other creditors	221	221	147	147
Total	221	221	5,647	5,647

No interest is incurred on any of the above creditors.

12. Provisions for liabilities – group and charity

	As at 1 April 2018 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2019 £'000
Overseas tax	2,657	473	(412)	(772)	1,946
Volunteer flights	52	8	-	-	60
Dilapidations	286	-	-	-	286
Pension deficit	3,611	139	(465)	-	3,285
Total	6,606	620	(877)	(772)	5,577

Overseas tax

A liability across VSO's global portfolio has been identified in relation to overseas taxes. This has been provided for and is being managed with relevant authorities and expert services. The total movement for the year was £711,000 which is shown as the exceptional item of the statement of financial activities.

Volunteer flights

Provision is made in the financial statements for the cost to the charity of return airfares for volunteers on placement at the end of the financial year.

Dilapidations

The provision for dilapidations is to cover the probable future costs of restoring properties to their required condition at the end of their lease.

Pension deficit

VSO participates in the Pensions Trust Growth Plan, a multi-employer defined benefit scheme in the UK. The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure the scheme has sufficient assets to meet its past service liabilities.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid £465,000 (2018: £489,000) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

13. Restricted funds – group and charity

a. Movement on restricted funds	Opening balance 2019 £'000	Transfer to/from unrestricted funds 2019 £'000	Incoming resources 2019 £'000	Resources expended 2019 £'000	Closing balance 2019 £'000	Opening balance 2018 £'000	Incoming resources 2018 £'000	Resources expended 2018 £'000	Closing balance 2018 £'000
Worldwide restricted funds	1,793	-	19,269	(19,255)	1,807	866	19,849	(18,922)	1,793
Restricted funds by country									
Bangladesh	(3)	6	761	(599)	165	37	170	(210)	(3)
Cambodia	516	-	418	(898)	36	692	813	(989)	516
Ethiopia	77	-	419	(418)	78	99	167	(189)	77
Ghana	482	(411)	355	(315)	111	929	574	(1,021)	482
India	-	-	26	(26)	-	-	83	(83)	-
Kenya	63	-	618	(474)	207	7	318	(262)	63
Malawi	318	-	1,428	(1,289)	457	425	1,984	(2,091)	318
Mozambique	102	-	-	(51)	51	140	(7)	(31)	102
Myanmar	81	-	71	(151)	1	187	280	(386)	81
Nepal	53	-	1,514	(1,558)	9	20	1,035	(1,002)	53
Nigeria	15	-	(11)	2	6	7	14	(6)	15
Pakistan	79	-	191	(142)	128	18	245	(184)	79
Papua New Guinea	(53)	48	(10)	15	-	174	291	(518)	(53)
Philippines	63	-	72	(71)	64	-	64	(1)	63
Rwanda	95	(29)	3,037	(3,085)	18	83	2,054	(2,042)	95
Sierra Leone	79	-	53	(132)	-	13	1,588	(1,522)	79
South Africa	993	-	196	(1,039)	150	692	1,272	(971)	993
Tanzania	485	-	1,863	(2,150)	198	420	2,521	(2,456)	485
Uganda	1,083	137	2,413	(2,356)	1,277	1,142	2,394	(2,453)	1,083
Zambia	-	-	242	(70)	172	-	(3)	3	-
Zimbabwe	366	-	186	(514)	38	45	915	(594)	366
Total country restricted funds	4,894	(249)	13,842	(15,321)	3,166	5,130	16,772	(17,008)	4,894
Total restricted funds	6,687	(249)	33,111	(34,576)	4,973	5,996	36,621	(35,930)	6,687

The closing balance of the restricted funds comprises the unexpended balances of donations and grants held for specific purposes. It is anticipated that any surpluses on funds will be expended during the coming financial year. A comprehensive review was completed this financial year on all grants and the transfer of funds relates to historic balances on previously closed projects.

Restricted funds – group and charity (note 13 continued)

b. Movement on contracted funds	Opening balance 2019 £'000	Incoming resources 2019 £'000	Resources expended 2019 £'000	Closing balance 2019 £'000	Opening balance 2018 £'000	Incoming resources 2018 £'000	Resources expended 2018 £'000	Closing balance 2018 £'000
International Citizen Service (ICS)	1,416	19,658	17,818	3,256	1,755	25,903	26,242	1,416

Income and expenditure relating to the above contract is recorded under the unrestricted column on the Consolidated Statement of Financial Activities.

14. Unrestricted funds – group and charity

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Total £'000
As at 01 April 2017	18,189	(4,102)	1,203	1,755	1,245	-	18,290
Surplus / (deficit) for the year	(2,775)	491	(217)	(339)	-	-	(2,840)
Transfer between funds	(2,743)	-	-	-	(257)	3,000	-
As at 31 March 2018	12,671	(3,611)	986	1,416	988	3,000	15,450
Surplus / (deficit) for the year	(1,741)	326	(35)	1,840	-	(153)	237
Transfer from restricted	249	-	-	-	-	-	249
Transfer between funds	3,006	-	-	(2,756)	(250)	-	-
At 31 March 2019	14,185	(3,285)	951	500	738	2,847	15,936

Designated funds:

Pension deficit repayment plan fund

The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 19).

Change Programme fund

The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country. The balance is carried forward to fund the ongoing programme of transformational change.

ICS fund

The trustees have decided to transfer £2.7m to the general fund. The remaining £500,000 corresponds to the redundancy costs of employees should the ICS contract not be renewed.

Fixed asset fund

Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Income generation fund

In March 2018, the trustees decided to designate a £3m fund to be invested in income generating activities over the next three years to support unrestricted income growth and income portfolio diversification.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2018 were represented by:								
Tangible fixed assets	-	-	-	-	988	-	-	988
Investments	-	-	-	-	-	-	-	-
Current assets	26,213	-	986	9,617	-	3,000	6,687	46,503
Current liabilities	(10,400)	-	-	(2,701)	-	-	-	(13,101)
Long term liabilities and provisions	(3,142)	(3,611)	-	(5,500)	-	-	-	(12,253)
Total net assets	12,671	(3,611)	986	1,416	988	3,000	6,687	22,137

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2019 are represented by:								
Tangible fixed assets	-	-	-	-	738	-	-	738
Investments	-	-	-	-	-	-	-	-
Current assets	22,818	-	951	6,000	-	2,847	5,100	37,716
Current liabilities	(6,120)	-	-	(5,500)	-	-	(127)	(11,747)
Long term liabilities and provisions	(2,513)	(3,285)	-	-	-	-	-	(5,798)
Total net assets	14,185	(3,285)	951	500	738	2,847	4,973	20,909

16. Operating leases

As at 31 March 2019 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below, including in year lease expense.

	2019 £'000	2018 £'000
In the UK:		
Within one year	539	377
Within two to five years	1,647	1,148
In more than five years	-	-
Overseas:		
Within one year	256	264
Within two to five years	285	283
In more than five years	-	-
Total	2,727	2,072
Lease expense	2,160	2,187

As at 31 March 2019 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2019 £'000	2018 £'000
In the UK		
Within one year	71	71
Within two to five years	221	283
In more than five years	-	9
Total	292	363

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building. The current agreement is due to end in May 2023.

17. Subsidiary companies

	VSO Trading 2019 £'000	VSO Ireland 2019 £'000	VSO Netherlands 2019 £'000	VSO Trading 2018 £'000	VSO Ireland 2018 £'000	VSO Netherlands 2018 £'000
Total income	53	673	2,978	575	932	2,653
Total expenditure	43	831	3,238	571	993	2,364
Net income / (expenditure)	10	(158)	(260)	4	(61)	289
Gift aid payment to VSO	10	-	-	3	-	-
Retained profit / (loss) for the year	-	(158)	(260)	1	(61)	289
Total assets	633	1,250	1,903	596	1,028	2,309
Total liabilities	633	456	267	596	47	370
Total funds	-	794	1,636	-	981	1,939

The VSO Group comprises the parent charity (VSO) and four subsidiary undertakings.

VSO Trading Limited

A company limited by share capital incorporated in England and Wales (company number 02315724, 100 London Road, Kingston upon Thames, KT2). VSO Trading Limited is wholly owned by VSO.

The principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO. The net taxable profit of the subsidiary is transferred by Gift Aid to VSO.

Beijing VSO Consulting Company Limited

A company limited by share capital incorporated in People's Republic of China in June 2012 (company number 110000450208624 and registered address Chao Wai Avenue, Building 1, 5th Floor, Room 62, Chaoyang District, Beijing).

A decision was taken in 2014/15 to wind down Beijing VSO Consulting Company Limited. This process can take a number of years and it expected to be completed in financial year 2019/2020.

The registered capital of the company was initially valued at US\$210,000. The investment held by VSO in Beijing VSO Consulting Company Limited was recorded as impaired in prior years and based on its future expected value was written down to US\$ nil in financial year 2015/16.

In accordance with Chinese legislation, the financial year end of the subsidiary is 31 December. Full accounts are available on request from VSO.

Voluntary Service Overseas (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799, registered address: 7 Whitefriars, Peter's Row Aungier Street, Dublin, DO2 EF67, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

The principal activity of the subsidiary is to implement programmes that deliver sustainable change in three core areas: Education, Health and Secure Livelihoods.

Voluntary Services Overseas (VSO Netherlands)

A charitable foundation Stichting VSO Nederland. (Registration Number 41155934). Registered address; Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company is a wholly owned subsidiary and was acquired on 1 April 2018. (registration Number 41155934).

18. Related party transactions

There have been no related party transactions that require disclosure, other than the transactions with subsidiary companies detailed below:

	2019 £'000	2018 £'000
Donations received under Gift Aid from subsidiary undertakings		
Profit donated by VSO Trading Limited	10	3
Payments received from subsidiary undertakings for management services		
VSO Trading Limited	1	1
Sub-grants received from subsidiary undertakings		
Voluntary Service Overseas (Ireland)	408	-
Voluntary Service Overseas (Netherlands)	829	-
Total sub-grants received from subsidiary undertakings	1,237	-

19. Pension costs

Scottish Widows is the main scheme available to all UK employees. VSO offered this defined contribution scheme from October 2009 and it has been the primary scheme for the charity's employees since then. Scottish Widows has also provided an auto-enrolment scheme for all eligible UK employees since February 2014.

The Pensions Trust Growth Plan Series 4 was the previous main scheme; it has been closed to new VSO entrants since October 2009. The charity also contributes to certain pension schemes for some employees based overseas.

The following table shows the cost of pension contributions in 2019 and 2018.

	2019 £'000	2018 £'000
Scottish Widows	222	178
The Pension Trust	62	60
The Pension Trust – deficit reduction liability: unwinding of discounting	58	51
The Pension Trust – deficit reduction liability: revaluation	81	(53)
Other – overseas schemes	595	438
Total	1,018	674

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 1,300 non-associated participating employers. The Plan is a defined benefit scheme in the UK.

As at 31 March 2019, VSO employed 17 (2018: 18) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme. Therefore it accounts for the Plan as a defined contribution scheme.

The Plan is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as technical provisions.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the trustee has asked the participating employers to continue paying contributions to the scheme until 31 January 2025.

Future contributions for VSO as at 31 March 2019 are as follows:

Financial Year	£'000
2019/20	545
2020/21	562
2021/22	578
2022/23	596
2023/24	614
2024/25	527

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement, the employer must recognise a liability for this obligation.

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Pension costs (note 19 continued)

Present values of provision

	2019 £'000	2018 £'000	2017 £'000
Present value of provision	3,285	3,611	4,102

Reconciliation of opening and closing provisions

	2019 £'000	2018 £'000
Provision at start of period	3,611	4,102
Unwinding of the discount factor (interest expense)	58	51
Deficit contribution paid	(465)	(489)
Remeasurements – impact of any change in assumptions	30	(53)
Remeasurements – amendments to the contribution schedule	51	-
Provision at end of period	3,285	3,611

Income and expenditure impact

	2019 £'000	2018 £'000
Interest expense	58	51
Remeasurements – impact of any change in assumptions	30	(53)
Remeasurements – amendments to the contribution schedule	51	-
Cost recognised in the SOFA	139	(2)

Assumptions

	2019 % per annum	2018 % per annum	2017 % per annum
Rate of discount	1.39	1.71	1.32

These discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Plan is classified as a 'last-man standing arrangement'. Therefore VSO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

THANK YOU

Our work wouldn't be possible without the dedication and support of thousands of people, partners and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising.

From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work – and all those who generously choose to leave a gift in their Will.

The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you.

Here are just some of the individuals and organisations who made a vital contribution to our work in 2018/19.

Accenture	Medicor Foundation
AmplifyChange	Mondelez
British Gas Tanzania	National Lottery Community Fund
Citi Foundation	Pestalozzi Children's Foundation
Comic Relief	Randstad
Department for Foreign Affairs Trade and Development	Royal Norwegian Embassy
Department for International Development	Networks Fund
Dubai Cares	SAP
European Commission	Scottish Government
ERIKS	Shell Foundation
GIZ	The British Asian Trust
Global Affairs Canada	The Ford Foundation
Greg Dyke and Sue Howes	The Robert Carr Civil Society Networks Fund
Imagine Worldwide	UNICEF
Irish Aid	USAID
Jersey Overseas Aid	Weeshuis der Doopsgezinden
Mastercard Foundation	Wees een Kans





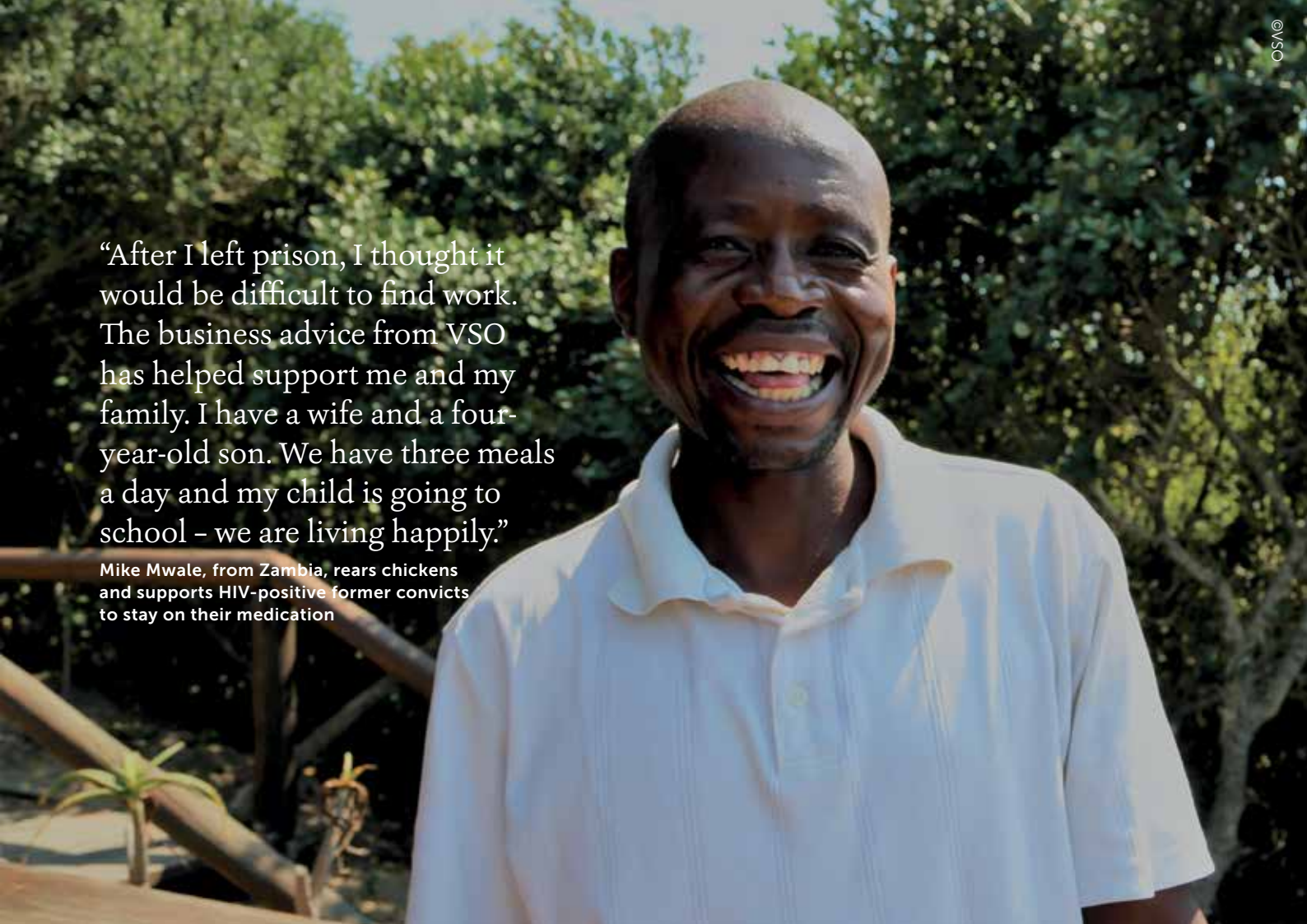
“With the financial management training I received, I save a third of the money I earn in case of emergency. It's important because emergencies can happen at any time.”

Aisha Usman, a farmer from Nigeria, is saving money through a village co-operative strengthened by support from VSO




“To people who are supporting VSO, I want to tell them they're helping the youth in Uganda. Thanks to VSO I got the opportunity to study for an internationally recognised qualification in welding. I can work in any company within the world. When I got my certificate, I felt great. It has changed my life.”

Whycliffe Rutalemwa, junior welding instructor and former VSO-supported graduate



“After I left prison, I thought it would be difficult to find work. The business advice from VSO has helped support me and my family. I have a wife and a four-year-old son. We have three meals a day and my child is going to school – we are living happily.”

Mike Mwale, from Zambia, rears chickens and supports HIV-positive former convicts to stay on their medication



“With training on conservation issues, we are now able to conserve the species of fish. I hope that as community members become more aware and increase their knowledge they can participate in conserving the resources and help develop their communities.”

Chaun Lan, resident of the Tonlé Sap, the largest freshwater lake in Southeast Asia, Cambodia



If you would like to know more about VSO's work worldwide, visit www.vsointernational.org

VSO
100 London Road
Kingston upon Thames
KT2 6QJ
UK

+44 (0)20 8780 7500

enquiry@vsoint.org
vsointernational.org
youtube.com/user/vsointernational
vsointernational.org/blog

Voluntary Service Overseas is a company limited by guarantee. Registered in England and Wales registered number 703509. Registered Office 100 London Road, Kingston upon Thames KT2 6QJ. Charity Registration 313757 (England and Wales) SCO39117 (Scotland).

