



Trustees' report and accounts 2010

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Report of the board of trustees

The trustees present their statutory report with the financial statements of ActionAid for the year 2010. The report has been prepared in compliance with Part IV of the Charities Act 1993. Financial statements have been prepared in accordance with the accounting policies set out on pages 45-47 of the attached financial statements, and comply with the charitable company's Memorandum and Articles of Association, applicable laws and requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005).

The trustees' report is also a directors' report required by section 415 of the Companies Act 2006, and all trustees are directors.

Patron

His Royal Highness, The Prince of Wales

Legal and administrative information

Auditors

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Solicitors

Bates, Wells & Braithwaite LLP
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Board of trustees

Jane Buckley Sander
Adriano Campolina Soares (retired 3 December 2010)
Rosalind Eyben (appointed 19 March 2010)
Jane Esuantsiwa Goldsmith
Mark Haysom CBE (appointed 1 July 2011)
Mike Forrest
Richard Lewis, FCA, Honorary Treasurer (retired 3 December 2010)
Frank McLoughlin
Annie Moreton (retired 1 July 2011)
Prash Naik
Gemma Peters (appointed 1 July 2011)
Andrew Purkis OBE, Chair
Patricia Whaley, Honorary Treasurer (appointed 19 March 2010)
Tennyson Williams (appointed 3 December 2010)

Board committees

Performance, finance and audit committee

Patricia Whaley, Mike Forrest, Prash Naik, Sue Logan (co-opted)

Governance and board development committee

Andrew Purkis, Frank McLoughlin, Rosalind Eyben

Principal officers

Richard Miller, Executive Director
Sue Bishop, Communications Director
Belinda Calaguas, Policy and Campaigns Director
Judith Davey, Performance & Accountability Director (started September 2010)
Anna Stobart, Organisational Effectiveness Director (left March 2010)
Richard Turner, Fundraising Director (left May 2011)
David Woodbine, ACA, Central Resources Director

ActionAid is a registered charity in England and Wales (number 274467) and a company limited by guarantee, registered in England and Wales (number 1295174).

Trustees' biographies

Jane Buckley Sander

Currently works part time for Commonwork on sustainable and global education. Most recently worked as an associate lecturer at Birkbeck and consultant and education adviser for a number of bodies including the British Council, the Commonwealth Foundation, QCA, The Institute of Global Ethics, the Community Development Foundation and the Nuffield Review. Formerly CEO of NGOs Changemakers and VSU Youth in Action, director of public sector body The Volunteering Partnership and a federally funded anti-poverty programme in New York state. Also chaired National Council of Voluntary Youth Services and National Federation of Youth Action Agencies. Her main interests are in children's rights and learning for global citizenship. She joined the ActionAid board in March 2008.

Rosalind Eyben

Trained as a social anthropologist, Rosalind has had a long and varied career as an international development practitioner and policy analyst.

She worked in different parts of Africa, and then lived in India before being employed by the UK Department for International Development (DFID) where she eventually became its first Chief Social Development Adviser. In 1999 she went back to country level work, heading the DFID office in Bolivia until 2002 when she became a Research Fellow at the Institute of Development Studies (IDS) in Sussex.

At IDS her research and teaching centres around power and relations in the international aid system. Among other activities, she convenes the global policy programme of an international research consortium, Pathways of Women's Empowerment, and also facilitates reflective dialogue among staff of international non-government organisations about supporting social change.

Mike Forrest

Senior partner at Karis Medical Centre in Birmingham. A GP trainer, honorary clinical lecturer at Birmingham University and a Fellow of the Royal College of General Practitioners. Currently a trustee of Karis Neighbour Scheme and Chair of Sport4Life UK. He has a special interest in social determinants of health and disease. He joined the ActionAid board in March 2008.

Jane Esuantsiwa Goldsmith

An independent consultant in statutory and voluntary sector, specialising in diversity, gender, race, strategic planning and international development. A member of the UK government delegation to the 1995 UN Fourth World Conference on Women in Beijing. Former commissioner for Women's National Commission and former chair of the Fawcett Society. Jane is currently a member of the Equality and Diversity Forum and ambassador for the Women's Resource Centre. She joined the ActionAid board in 2007.

Mark Haysom CBE

Currently serving a varied portfolio of Non-Executive Directorships, including at HMRC, St Giles Trust, Affinity Sutton Housing and the drug and alcohol support service Phoenix Futures; Mark holds a formidable record of prominent leadership positions across the public and private sectors including Managing Director of FTSE 250 company Trinity Mirror PLC, and Chief Executive of the Learning and Skills Council where he was responsible for a budget of £12 billion. Mark brings to the ActionAid Board substantial and unquestioned commercial and operational management expertise, together with valuable expertise in direct marketing and audience segmentation from his time in Media. Mark joined the ActionAid board in July 2011.

Frank McLoughlin

Principal of City and Islington College in London – one of the largest general further education colleges in England. The focus of Frank's career in education has been on social justice, developing equal opportunities and widening participation. He has a special interest in global citizenship. He is a trustee of the Helena Kennedy Foundation and a fellow of the Royal Society of Arts. He joined the ActionAid board in March 2008.

Prash Naik

Head of Channel 4 Television's Legal and Compliance Department. He trained and qualified as a solicitor in private practice where he specialised in media litigation. He was recruited to Channel 4's in-house legal team in 1994 and is responsible for advising Channel 4 and its independent producers on legal and regulatory issues relating to the content of its programmes. He joined the ActionAid board in October 2007.

Gemma Peters

Executive Director of Fundraising & Supporter Development at King's Health Partners and King's College London, Gemma has fifteen years' experience of managing multi-disciplinary teams across the not-for-profit sector, raising over £250 million for a variety of different causes. Gemma took this role after six years serving as both Director of Development and Head of Fundraising. Prior to joining King's College, Gemma held senior fundraising and events positions with the learning disability charity Mencap and the deaf-blind charity Sense. Gemma joined the ActionAid Board in July 2011.

Andrew Purkis (Chair)

Has been Chair of three UK national charities: Living Streets, The Green Alliance and The Empty Homes Agency. He has been employed in leadership positions at the National Council for Voluntary Organisations; the Council for the Protection of Rural England; the Diana, Princess of Wales Memorial Fund and the Tropical Health and Education Trust, which facilitates health partnerships between the UK and poor countries. He has also been senior adviser to the Archbishop of Canterbury on his relationships with the world outside the Church. He was a board member of the Charity Commission for England and Wales until July 2010 and is an independent member of The Parole Board. He joined the ActionAid board in October 2009.

Patricia Whaley (Honorary Treasurer)

Director of Finance and Resources at Forum for the Future, a sustainable development charity, and former Treasurer of the British Institute of Human Rights.

She was previously at the International Secretariat of Amnesty International, first as Director of Informational Technology and later as Deputy Secretary General. Before joining Amnesty, she was a systems analyst at Price Waterhouse. She is a qualified chartered accountant and holds the ICAEW Diploma in charity accounting.

Tennyson Williams

ActionAid International's regional director for west and central Africa, Tennyson has over 12 years' experience in the development sector. As the ActionAid Sierra Leone Country Director, he helped to position Sierra Leone's development agenda at national and international levels. Key successes included taking the aid effectiveness debate to key donors including the Department for International Development and the EU.

He holds an MSc in Zoology, a BSc in Agriculture, a Diploma in Epidemiology and Control of Human Vector-Borne Diseases and a Certificate in Human Resource and Industrial Relations Management.

Chair's statement

2010 was a year of considerable change for ActionAid: the start of a new international strategy process that will set out a roadmap for our federation for the next five years; a new CEO – Joanna Kerr – in ActionAid International; a change of government in the UK with new priorities and perspectives; and even a change in our London base, leaving offices we had occupied for over 20 years. Such change undoubtedly brings challenges, but also new possibilities – and seizing opportunities to bring about transformative change is fundamentally what ActionAid is all about.

The year started with the worst earthquake for 200 years in Haiti killing many thousands of people and displacing a million more, and then several months later Pakistan lost 20 million homes to devastating floods. Yet even in the tragedy of such events there were great stories of hope and resilience.

It was really heartening to see, amidst the UK's ongoing economic gloom, just how many of our supporters were eager to support the people of Haiti and Pakistan. The appeal for Haiti raised the most money in ActionAid's appeal history and, combined with the response to Pakistan, raised £1.9 million. Such generosity means we now have the resources in place to make a sustained difference in both countries, and ensure that the most vulnerable victims of these disasters are able to rebuild their lives.

What stands out, in the midst of such calamity, is the way ActionAid finds opportunities to support people, particularly women, to claim their rights. In Pakistan we supported local women to organise rallies, protests, press conferences and sit-ins, to demand that they receive equal access to government compensation and participation in rehabilitation programmes. Which means women won't be shut out from the key decisions that affect their lives immediately after such disasters, and that in finding their voice they are unlikely to be so easily dismissed in the future.

The exercising of such basic human rights – as our current strategy *Rights to end poverty* suggests – has been at the heart of how we work for over 10 years now. We believe it has the power to deliver fundamental and sustainable change in the lives of poor and excluded people. This is a strategy for the long term, but we are already seeing the impact of ActionAid-supported people power. Many years of work on food rights by ActionAid Brazil and 18 partners finally paid off in February 2010, when President Lula signed a constitutional amendment guaranteeing all Brazilians the right to food. In India we saw the mining company Vedanta back down in the face of concerted action by the Kondh tribal community – supported by ActionAid's campaigning in both India and the UK – that this UK company's plans sought to displace. This was a brilliant example of how ActionAid UK can work with the wider ActionAid International family to uphold the rights of poor people.

Such long-term change is only possible through the consistent and dependable resources provided by the faithful support of over 150,000 'ActionAiders' month in, month out. This provides the long-term security and continuity to enable ActionAid to work side-by-side with communities and social movements in the developing world, building people's confidence in asserting their basic rights so they can take control of their own lives and build a better future.

I am also delighted to report that last year we were able to provide a direct link for

communities in Ethiopia and Rwanda to the corridors of Westminster: several members of the new government, as well as key decision makers in the Department for International Development, participated in ActionAid 'immersions'. For a couple of days they lived alongside some of the most marginalised communities we work with. This is a great way of breaking down barriers and making sure powerful people learn from poor people themselves. We hope that such authentic experiences will help steel Ministers' resolve in the years ahead when we know that support for international development will continue to be under close scrutiny.

Economic times are hard, but not nearly as hard here in the UK as they are for poor people in the developing world. Their determination is a constant inspiration, and it is a privilege for ActionAid to stand alongside them. I want to thank all our UK supporters and staff for the continued loyalty that allows us to work for the long term to help change millions of lives for the better.

Thank you

Andrew Purkis OBE

Trustees want to hear from you, so if you have any comments or questions on this report, please email Andrew Purkis at Chairaauk@actionaid.org

About ActionAid International and our approach

Our governance

Please note that in these accounts we use the term 'ActionAid' to mean the UK charity and 'ActionAid International' to describe the global 'family' of which ActionAid is a part.

ActionAid International, of which ActionAid is a full affiliate member, is an association registered in The Hague (Netherlands) with its international secretariat and head office in Johannesburg, South Africa. ActionAid International has a two-tier governance structure composed of:

- An assembly, meeting once a year, consisting of affiliate and associate members that are responsible for the strategic governance of ActionAid International.
- A board, consisting of independent trustees elected by the assembly and responsible for the ongoing and effective decision-making and oversight of the international secretariat. The board meets three to four times a year.

ActionAid's governance is considered on pages 35-36

Our vision

A world without poverty and injustice in which every person enjoys their right to a life with dignity.

Our mission

To work with poor and excluded people to eradicate poverty and injustice.

Our values

ActionAid lives by the following values:

- Mutual respect, requiring us to recognise the innate worth of all people and the value of diversity.
- Equality and justice, requiring us to work to ensure equal opportunity to everyone, irrespective of race, age, gender, sexual orientation, HIV status, colour, class, ethnicity, disability, location and religion.
- Honesty and transparency, being accountable at all levels for the effectiveness of our actions and open on our judgements and communications with others.
- Solidarity with the poor, powerless and excluded will be the only bias in our commitment to the fight against poverty and injustice.

- Courage of conviction, requiring us to be creative and radical, bold and innovative — without fear of failure — in pursuit of making the greatest possible impact on the causes of poverty.
- Independence from any religious or party-political affiliation.
- Humility in our presentation and behaviour, recognising that we are a part of a wider alliance against poverty and injustice.

Our approach

We fight both the effects and the causes of poverty and injustice every day in 44 countries worldwide. We aim to give people the tools to work their own way out of poverty, not only by helping them grow food, dig wells and create schools, clinics and advice centres, but also by helping them demand from their governments their rights to food, water, education, healthcare and a life free from discrimination and violence. We aim to redefine old notions of ‘charity’ and replace them with notions of equity, justice, mutual responsibility and respect.

Our way of delivering change is by enabling people to take control of their own lives, in particular:

- Putting women at the centre of everything we do. Not only are they the poorest and most discriminated against, they are also in the best position to transform the way their families and communities live.
- We work with children, changing their lives by changing the world in which they live. We also recognise the energising and transformative potential of young people and their role in shaping the next generation of active citizens.
- Working locally, nationally and internationally. We do so in partnership with various civil society organisations that know the culture and communities they are working with.
- Enabling people from rich and poor countries together to speak with one powerful voice to mobilise for change.
- Campaigning and advocating for change both as ActionAid and as members of alliances, movements and networks.
- Raising awareness in rich countries of the scandal of global poverty and injustice and the ways in which it can be ended, as a building block to engagement and action.

Our work is organised around six themes or objectives:

Women’s rights: we address women's rights both directly and by working alongside women's organisations to transform gender relations.

The right to education: all children should have free access to quality education within an equitable system. We want to see schools where children's rights – especially those of girls – are respected, injustices are challenged and children's lives can be transformed.

The right to human security: we work both before potential emergencies and conflicts erupt to reduce the risks and mitigate impacts, and after a crisis has taken place to aid recovery and explore the opportunities for change that occur in times of flux.

The right to food: we seek to go beyond alleviating hunger to address its root causes, for example unequal access to and control over resources such as land.

The right to just and democratic governance: we believe that local, national and international institutions and governments must be fully accountable for their actions and responsive to the needs of poor countries and people, as this will help to restore just and democratic governance.

The right to life with dignity in the face of HIV and AIDS: we work with HIV-positive people, using innovative methods to develop their skills in living positively and in claiming their rights; we put people living with HIV and AIDS – especially women and girls – at the centre of our planning and implementation.

Public benefit

In accordance with the Charity Commission's general guidance on public benefit, ActionAid's trustees confirm that the impact of our work on people and the communities with whom we work is a key criterion when deciding what activities to undertake.

The trustees have also referred to that guidance when reviewing the charity's aims and objectives and in planning future activities.

Our work in the UK

ActionAid's current strategic objectives in the UK are to:

- Raise money to support our international and UK work.
- Inspire people to join us in campaigning for the rights of poor people and in delivering the change we seek.
- Challenge, influence and hold to account the UK government, corporations and other institutions to ensure they are working in favour of poor people, not against them.
- Increase awareness amongst the UK public of global poverty and ActionAid's role in ending it.

Raise money to support our international and UK work

Despite the difficult economic circumstances we raised £65.7 million in 2010, £1 million more than last year, and were able to increase our spending on charitable activities by over £2.5 million. Although the total number of supporters who donate on a regular basis fell, our voluntary income actually grew 8%.

We set out to recruit just over 15,000 new child sponsors in 2010 and this turned out to be optimistic, as we secured only 9,600. Although the year got off to a good start with recruitment buoyed by positioning our TV recruitment within Channel 4's India season, efforts to tie in with the World Cup later in the year were less successful, as we got crowded out by commercial organisations with similar messages and imagery about the competition.

Direct Response TV (DRTV) advertising, which provides the core of our recruitment, became more expensive to purchase as the media environment picked up post recession. Our experience was largely consistent with that of much of the sector, and many charities withdrew from TV advertising altogether as response rates declined. We started to trial a new DRTV advert at the end of the year to better reflect how child sponsorship works in ActionAid, and in doing so provide contrast with some of the more pessimistic images used by others in the sector. We will see how effective this approach is in 2011.

Following on from our first regional child sponsorship recruitment campaign in Yorkshire in 2009, we focused on Bristol and urged them to *Make your mark*. Although a high proportion of people who showed an interest went on to sponsor, we failed to get the volumes we had hoped for.

A key objective of the year was to find a way for people who do not wish (or cannot afford) to sponsor a child to support ActionAid. In the past we have struggled to find a cost-effective means of doing so, especially since stopping face-to-face fundraising in

2009. The first campaign urging people to 'join us' was due to take place in 2010, but in fact ran in January 2011 and therefore we were unable to meet the 2010 target of 5,000 new regular givers.

In this difficult environment it is particularly important that we hold on to our existing supporters. Whilst there are many factors that determine whether supporters are able to continue with us, we were pleased that the proportion of supporters continuing to support us rose in the year. We have continued to listen to supporters and improve their experiences with ActionAid. In particular we looked at those on *the Next Step* to find ways of bringing them much closer to the countries they are supporting. We also went on the road with supporter road shows in Birmingham, London and Exeter. And 70 people attended our Haiti supporter event to hear ActionAid Haiti country director Jean Claude Fignole talk about our work in the six months following the earthquake.

We were really pleased to be chosen as 'charity of the year' by FTSE 100 commercial property company SEGRO – which raised £119,000 during 2010 through events, collections, office fundraising activities and sponsorship. And Hogg Robinson Group supported our work for the fourth year running, raising £50,000 across 35 countries.

As in previous years some supporters have been exceptionally generous, with 20 individuals giving over £25,000 each in a single year. Having visited our work in Myanmar, one supporter decided to fund work there for £100,000 each year over three years.

During the year *Millione* wine – a 'lightly sparkling Frizzante rose' from Italy – was launched. The brainchild of one of our supporters, Jerry Lockespeiser, for every bottle sold £1 goes towards building community-run primary schools in Sierra Leone in west Africa. *Millione* hit supermarket shelves in September – even making the cover of a leading retailer's magazine – and by the end of the year 20,000 bottles had been sold.

2010 saw us respond to two emergencies – the earthquake in Haiti and the floods in Pakistan. The response from our supporters was unparalleled, with Haiti being the highest appeal in our history and Pakistan not far behind, together raising over £1.9 million – a testament to the generosity of our supporters. As part of the DEC we also received a further £2.6 million for Haiti and £0.6 million for Pakistan. Monies raised were further topped up through the Haiti benefit gig at the London Roundhouse, organised by Festival Republic.

Inspire people to join us in campaigning for the rights of poor people and in delivering the change we seek

We believe that governments, big business and world leaders can end poverty. ActionAid's supporters in the UK are in an almost unrivalled position to influence key decision makers, and in doing so can transform the lives of those living in the countries we work in. In 2010 we set ourselves the target of attracting 6,000 new campaigners and almost made it with 5,883 by the end of the year. Acknowledging the huge potential of

young people, we recruited 7,500 through campaign actions at festivals. This means that by the end of the year over 25,000 were receiving our campaign communications and over 42,000 are signed up to *Bollocks to poverty*.

Fighting for tax justice

In 2009 we launched our tax justice campaign, to stop developing countries from losing hundreds of billions of dollars a year because of tax avoidance by multinational companies. The profile of the campaign rose steadily throughout the year and was taken up by other parts of ActionAid International, attracting global press coverage that helped build the pressure on our targets.

A key element of the campaign was a call for greater transparency in the way companies account for their profits and tax. In 2010 the OECD, European Commission and International Accounting Standards Board all conducted consultations on the development of country-by-country reporting standards for multinational companies. The previous UK government committed to signing a multilateral Tax Information Exchange Agreement with developing countries, but this was put on the back burner by the current government, so there is further work to be done in this area.

In November, we exposed how giant multinational brewer SABMiller – the company that owns Grolsch, Peroni, Miller and Castle – is avoiding an estimated £20 million of taxes in Africa and India every year – enough money to educate an extra 250,000 children in Africa – by siphoning millions into tax havens.

Victory over Vedanta

In August the Kondh tribal community of Niyamgiri, India – alongside whom ActionAid, together with ActionAid India, Amnesty International and Survival International, has been campaigning for six years – discovered that they have the power of the Indian government behind them. The government's decision to reject the application of the British company Vedanta to mine aluminium in the Niyamgiri mountains in Orissa was a major breakthrough. Not only that, but Vedanta will now be investigated for breaking the law.

As a result of actions by our UK supporters, in February 2010 two key investors, The Church of England and Joseph Rowntree Charitable Trust, withdrew their investments from the company on ethical grounds. This sent a powerful message to Vedanta's other shareholders about the risks of investing in a company with such a poor human rights and environmental record.

Who pays?

We have continued our long-running demand for a supermarket ombudsman to address the suffering of those people in developing countries providing the food and clothes that we buy in UK supermarkets. The government will produce a draft bill to create a

Groceries Code Adjudicator (GCA) to be debated in parliament in late 2011 or early 2012.

In 2010 *Who pays?* turned its attention to the fashion industry and targeted Asda in particular. Our report, *Asda: poverty guaranteed*, showed that three years on from our school uniforms exposé, Asda continues to pay wages to women garment workers that are keeping them trapped in poverty. Even in factories where Asda claimed to have improved wages, we discovered they still fell well below what is considered to be a living wage.

The real scandal of this lies in the fact that, according to research commissioned by ActionAid, it would cost Asda just an extra 2p on a £4 t-shirt to bring wages up to a decent level. Given that Asda/Wal-mart makes £45 million in profit every day, we don't think that's a lot to ask.

M&S is to pilot a living wage scheme for 200,000 women workers in India, Bangladesh and Sri Lanka after campaigning from ActionAid and others using the living wage approach developed by ActionAid and Northumbria University. Next, the second biggest retailer in the UK after M&S, then met with ActionAid to discuss how they could do the same and to explore how they could help promote this to other retailers.

Putting the brakes on biofuels

Last year we started to research the devastating impact that the push for biofuels was having on vulnerable families across the developing world. The quest to find land to grow biofuels has resulted in families losing their income and the lands they have farmed for generations, so that we can grow fuel for our cars.

The primary objective of the biofuel campaign is therefore to influence the Department for Transport (DfT) to freeze the proportion of industrial biofuels in transport fuel at current levels. In July over 10,000 ActionAid supporters contacted the DfT and asked them not to lock the UK into biofuels targets that would make global hunger worse and damage the environment. We were delighted when the DfT responded, saying they shared our concerns and that there won't be 'any new commitments to increasing transport-related biofuel use in the UK' in their National Action Plan and that instead, they'll hold a formal consultation on biofuels for transport in early 2011 where they will decide how to take UK biofuel policy forward.

Challenge, influence and hold to account the UK government, corporations and other institutions to ensure they are working in favour of poor people, not against them.

During the year we sought to widen and deepen our relationships with key political players, especially those in the new government who might be less familiar with our work.

Transforming through immersions

For many years ActionAid has run immersions – inviting influential people to be the guest of a family in a marginalised community – bringing together people committed to eradicating poverty with people who directly experience it. During the year we were able to secure the valuable time of several key UK decision makers. In September Andrew Mitchell, Secretary of State for International Development, stayed in a village in the Azernet Berbere district of Ethiopia. He prepared and ate food with the family, and slept alongside them and their cattle on the floor of their tukul, a traditional single-room hut with a thatched roof. Mr Mitchell said:

"It was humbling to be welcomed as the guest of Abrar and his family, as I shared a typical day in their lives. I saw how tough life is for them. The eight children have just one set of ragged clothes each, and their mother told me how she struggles to provide enough food for the family."

Earlier in the year the Secretary of State's special advisers went on immersions in Rwanda and DFID's Permanent Secretary experienced an immersion in India. The Secretary of State has now promised to roll out the immersions at DFID.

The general election

We were determined that candidates in May's general election did not forget the importance of continued support for international development. ActionAid supporters in over 400 constituencies wrote to, emailed or met potential candidates. All three main political parties included our policy ask of a supermarket ombudsman, and the promise to commit 0.7% of gross national income as aid in their manifestos. Two parties included commitments around a Financial Transaction Tax and promotion of greater tax transparency.

Increase awareness amongst the UK public of global poverty and ActionAid's role in ending it.

2010 saw new developments in our external engagement with our schools and youth audiences. We expanded the number of teachers delivering talks to schools and broadened the range of talks (over 500) from our ever popular Chembakolli to include talks on ActionAid's education work, child sponsorship and cutting carbon emissions.

Our youth team also piloted university-based groups in order to link to our international Activista network. Nine university-based groups were set up, reaching around 10,000 students through profile building, campaigning and fundraising activities in the last few months of the year. Many of the students started working with us as part of our 80 strong volunteer army at festivals. Another growing contact point for young people was Facebook, with a 63% increase in 'fans' in 2010.

ActionAid is a founding member of the Global Campaign for Education (GCE) and is part of GCE's national and local campaigning in many countries around the world. The GCE's 2010 *1GOAL: education for all* campaign, linked to the World Cup, was the biggest ever campaign delivered by this global movement of NGOs, child rights organisations and trade unions, with endorsements from over 200 global football stars and support from more than 18 million people worldwide. One million children from 9,000 schools made giant paper 'supporter scarf' petitions to send to the Prime Minister for the UK part of the campaign.

All this pressure helped to keep education as a top development priority for the new UK government and International Development Secretary Andrew Mitchell attended a 1GOAL education summit meeting in South Africa.

Other news

In August we moved office to Farringdon in London, away from Archway – our London home for over 24 years. The move has provided us with an affordable, professional and flexible working environment that has excellent transport links and crucially has a much lower carbon footprint. We were able to negotiate a substantial rent-free period and costs of the move itself were kept to a minimum through pro bono assistance and donated office furniture.

Looking ahead: our plans for 2011

2011 is likely to be a further year of economic uncertainty.. We know that in such periods it is hard to encourage new supporters to start new financial commitments and existing supporters, loyal as they have been through the recession, may have to make difficult decisions as to whether they can continue to support us financially. We will continue to review our fundraising approaches as a result, and in particular will be looking for opportunities to 'cut through' with clearer, more consistent messaging and by better harnessing the media agenda.

The difficult economic climate will undoubtedly put pressures on the coalition government. Laudable though the government's commitment to spending 0.7% of gross national income as official development assistance every year from 2013 is, we know that how the money is spent is as important as the target itself, and we will continue to be at the centre of that debate.

In addition there are signs that the UK public, as it experiences domestic austerity, may well question this commitment and we must ensure that the government doesn't buckle under such pressure. In June we will be joining other organisations descending on parliament to remind MPs how important it is for poor communities to receive essentials like healthcare and education – not just through aid but through cracking down on the tax dodging that costs developing countries billions.

March 8 2011 will mark the centenary of International Women's Day, when we will be asking supporters to *Get lippy* by sending messages of support to women around the world struggling for their rights.

We expect the tax justice campaign to go from strength to strength. Our focus on the activities of a specific multinational, SAB Miller, has resonated well with our supporters, companies and tax authorities alike, and we hope to build on this momentum.

Our work on biofuels is also set to gain momentum. We hope to deter the UK government from passing legislation that would see a trebling of the amount of biofuels in our petrol and diesel, creating even more misery from those who stand to lose their land.

2011 will be a year of transition for us as our current strategy, *Rights to end poverty*, comes to a close and we develop a new strategy alongside colleagues in the rest of ActionAid International to take us forward for the next five years. This is an exciting opportunity to ensure we remain on course to build a world without poverty and injustice in which every person enjoys their right to a life with dignity.

A snapshot of ActionAid International's work across the world

ActionAid in the UK is part of a global federation – ActionAid International (AAI). Working together as part of a global family means that ActionAid can more effectively tackle poverty and its causes at local, national and global levels. It also enables ActionAid International to raise more resources and deliver programmes in a cost effective way.

This section provides a few highlights of how ActionAid International continued to deliver against the current strategy, *Rights to end poverty*, in 2010. If you would like more information please go to the ActionAid International website www.actionaid.org for ActionAid International's annual report.

Children and young people

ActionAid International continued to involve children and youth more consistently in all its work – for example children drawing about food rights in Brazil, pastoral children in Kenya using dance, poems and drama to demand girls' education, and the further development of our child centred empowerment methodology, the Children's Reflection and Empowerment for Social Transformation (CREST), in west Africa.

Women's rights

Women around the world are more likely to live in poverty – just because they're women. ActionAid International is helping women to challenge discrimination, claim their rights and transform their societies.

Bangladesh – ActionAid Bangladesh's partner, the People with Disabilities Federation, has successfully advocated for protection for women and girls with disabilities who are

vulnerable to violence. The federation brings together 44 self-help groups to campaign for rights, and because of this work it is now represented on local government committees.

Malawi – in 2010, ActionAid Malawi's Women Land Rights (WOLAR) project was awarded a UNESCO prize for its work to mobilise women and raise their awareness of land rights. Their community work resulted in over 2,000 women being allocated land.

Afghanistan – ActionAid Afghanistan is working to provide access to justice for women by training female paralegals. Since the start of the project, paralegals have taken up over 300 cases and brought justice for more than 100 cases. UN Women has included this activity in its strategic plan for Afghanistan, while the Afghan government has started recognising paralegals as representatives of women, and ActionAid Afghanistan has advocated for paralegals to be officially recognised in the formal justice system. At community level, women are slowly being more accepted as equals in society, there is less reluctance to send girl children to schools, parents are more aware of the dangers of early marriages and religious leaders are open to hearing about challenges for women and finding solutions.

China – on International women's day, 4,000 women in Guizhou province alone participated in a campaign to end violence in their communities, engaging with local government officials and the community to increase knowledge on policies against violence.

The right to life with dignity in the face of HIV and AIDS

AIDS causes the deaths of approximately 8,200 people every single day, the majority of them in poor countries. Every death is a tragedy, but AIDS particularly hits young adults – leaving families and communities destitute, as well as bereaved.

Lesotho – in the face of a national HIV prevalence rate of 23%, ActionAid Lesotho worked with the Lesotho Network of People Living with HIV and AIDS to raise awareness about transmission, treatment, prevention (including prevention of mother-to-child transmission), living positively and nutrition. The public education efforts contributed to an increased number of people, especially women, going for HIV counselling. In one local health centre alone, an average of more than 70 new women came to the clinic every month after the campaigns, compared to 5-10 women before the intervention. Overall, more than 1,300 women were reached directly through the campaigns.

The right to education

Education is a right. It's the key to a better childhood, and a better future for children, their communities and their countries. It is the responsibility of the state and a core element of any development policy committed to social justice. Yet for many children worldwide, the right to education remains unfulfilled.

Rwanda – ActionAid Rwanda supported the construction of new classrooms, equipped with desks, whilst working with the community to understand and claim education as a right. The government heeded the demand of parent-teacher associations and provided ten additional teachers – a move that is hoped will drastically improve performance.

Nepal – in 2010, 41 out of 47 schools in western Nepal started providing free primary education as a result of ActionAid Nepal’s joint campaigns with four local partner organisations. As a result, about 10,000 students from poor and marginalised families are now enrolled. Similarly, more than 5,000 children were able to access primary and secondary level education because of the advocacy by six partners in the eastern region during the School Enrolment Campaign 2010.

Burundi – communities in Ruyigi, Karusi and Rutana provinces now have 22 parent-teacher associations and school management committees, actively engaging parents and state agencies on the quality of education. At the national policy level, an ActionAid-supported education coalition is leading this campaign, resulting in a new code of conduct to stop teachers abusing girls in school.

Liberia – through the Reintegration and Resettlement Project for War-Affected Women and Girls in Liberia project, ActionAid Liberia and two local partners helped 500 schoolgirls in 30 primary schools to resist abuse by raising awareness of their rights and improving their self-confidence. As a result, more than 400 of the girls remained in school, completing the junior high level and preparing to enter senior high school as at December 2010. This was the largest number of girls completing junior high school in the area since the war ended in 2003.

The right to just and democratic governance

Fair, accountable government is crucial to ending poverty and promoting human rights. ActionAid International helps people to engage with governments, fight for justice, end discrimination and corruption, and take control of the decisions that shape their lives.

Kenya –in August 2010 Kenya celebrated its new constitution. For 10 years ActionAid Kenya had actively participated in and influenced the drafting of the constitution, through civic education, community mobilisation and written submissions to the government. ActionAid Kenya contributed, in particular, to the chapters on the bill of rights, devolution, women’s representation and public finance. The new constitution has the long-term potential to transform the lives of over 17.5 million Kenyans who live in poverty by ensuring their basic rights and women’s rights – including rights to land and natural resources – are recognised and protected.

Zambia – in 2010 the Zambian government changed the farmer input support programme to make it more ‘farmer-owned’ and shift its location from town to village. These changes were the result of robust advocacy work by ActionAid Zambia and its partners, alongside district farmer associations and farmer support organisations. The changes allowed village group representatives to be responsible for distribution of inputs

(such as fertiliser and seeds) – a move that should help prevent corruption and enable better targeting of recipients – and quantities per household were also revised, enabling many more people to benefit from the programme. As a result, in 2010 154,000 poor farmers benefited compared to 106,838 in 2009.

Nigeria – in 2010 Nigeria’s constitution was amended to include the right to food. The government also pledged to increase the agriculture budget from 3.7% of the total national budget to 10%, and to improve food production and distribution. ActionAid Nigeria contributed to these achievements through collaboration with Oxfam and other local NGOs in linking the local campaign on food rights with the international *HungerFree* campaign.

Sierra Leone – ActionAid Sierra Leone and its partner, Kono Budget Education Network, have successfully used ActionAid’s economic literacy and budget accountability (ELBAG) tool in six diamond-mining communities. The budget tracking work has focused on whether and how diamond income is used for the development of poor communities in the mining areas. The committees are also investigating where the royalties for the past five years have gone.

Bangladesh – after initiating mass mobilisation and year-long policy advocacy, ActionAid Bangladesh contributed to the increase in the national budget allocation for persons with disabilities in 2010. Additionally, the draft law on disability was submitted to the ministry of social welfare, and is now adopted and awaiting passage from parliament.

The right to human safety and security

When disaster strikes ActionAid International can respond within hours, providing vital supplies such as food and shelter. ActionAid International links their response to our ongoing projects in the region, and they stick around as long as they’re needed, providing practical support, and making sure local people have a say in rebuilding their communities and livelihoods.

Thailand – in ActionAid Thailand’s first emergency intervention – a response to flooding in the south of the country – communities were organised into committees that assisted with relief items for 4,934 flood victims. This emergency response and rehabilitation work has laid the basis for a three-year European Commission-funded programme aimed at strengthening the local community and non-governmental organisations

Pakistan – ActionAid Pakistan’s programme provided emergency relief to over 118,000 people during the 2010 floods. As part of this, ActionAid Pakistan supported women’s rights by promoting local women leaders, facilitating advocacy and provincial and national level campaigns demanding equal access to government compensation, and women’s participation in rehabilitation programmes.

Vietnam – ActionAid Vietnam has worked intensively with the Ha Tinh Centre for Community Development in setting up village disaster reduction committees in Ha Tinh province, and helping people be prepared for when disaster strikes. The committees helped keep communities informed and provided relief when floods hit the area in 2010. Thanks to their planning and disaster preparedness work, there were no human casualties in these districts – a stark contrast to districts with no disaster reduction committees.

Haiti – the January earthquake killed an estimated 222,563 people and left up to 1.5 million people in temporary shelters. ActionAid Haiti's response included distribution of food packs to 54,822 people in six camps, provision of hygiene and kitchen kits to more than 57,096 people, and provision of tarpaulin sheeting to over 11,000 families living in camps. Cash-for-work schemes provided employment for 5,688 individuals, 27,000 people received counselling, and five women and child-friendly community centres were set up. In preparation for the future, partners and communities were trained on hurricane preparedness and identifying the hazards to which they are vulnerable.

The right to food

Every day, one person in six goes to bed hungry. Yet the world produces more than enough food for everybody. ActionAid International is tackling the causes of hunger, so that everyone can claim the right to have enough to eat.

India – in 2010 ActionAid India, along with 20 civil society organisations, jointly organised a 130 kilometre march of over 1,000 landless and marginalised people demanding land reform and the promise of land for the landless. In response, the land and revenue department issued an order to dispose of all pending land-related cases and to restructure land administration to provide for immediate disposal of future cases. The local Bihar government also issued an order to give 0.03 acres of land to each landless *dalit* family, or cash for purchase of land, and the local government started inviting claims from landless *dalit* families – a group of socially outcast people. So far, 45,000 applications for homestead land have been successful, resulting in 45,000 families gaining possession of land.

Myanmar – ActionAid Myanmar took advantage of the new opportunities 2010's elections provided for civil society organisations. One example of this is its partnership with the Myanmar Fisheries Federation, which provides fishing licences. ActionAid Myanmar persuaded the federation to open up membership to small-scale fishers. Previously, it offered membership only to larger businesses that were well connected to the government, and who sub-leased their fishing rights to small-scale fisher folk and lent money to poorer ones in return for control over sales of their catch. So far, 983 poor small-scale fishers have become members and are now able to fish independently.

Guatemala – as a result of the campaign started in 2008 with our partner the Committee for Peasants Unity, ActionAid Guatemala and its partners secured places for 21 communities in a Verification Commission which will re-open land rights cases against agro-industry that were shelved in 2005.

Mozambique – land-grabbing by powerful individuals and companies is common in Maputo province. But local farmers' associations representing 10,000 small farmers got together this year to force the local Xinavane sugar cane factory to sign a memorandum guaranteeing the rights of local people to grow food on their land.

Tanzania – seaweed farming is the main source of livelihood for people in Pemba, Tanzania, and contributes about 25% to Zanzibar's economy. The business has been directly controlled by foreign companies for more than two decades, but ActionAid Tanzania has contributed to changing this through helping the Pemba Seaweed Farmers Association to organise its members, improving their productivity and defending and demanding their rights to fair prices. In 2010, the 1,625 members negotiated a doubling of the price they received for their seaweed harvest from buyers, gaining recognition from the government and the industry.

Financial review

ActionAid's finances

For the third successive year, following the global financial crisis, a challenging financial environment provided the backdrop to the year. As with last year we struggled to recruit enough new supporters to offset those stopping their support – though fortunately fewer people ended their support than we anticipated. The fact remains however that the number of supporters providing a regular financial gift has fallen from 176k in 2007 to 155k at the end of 2010.

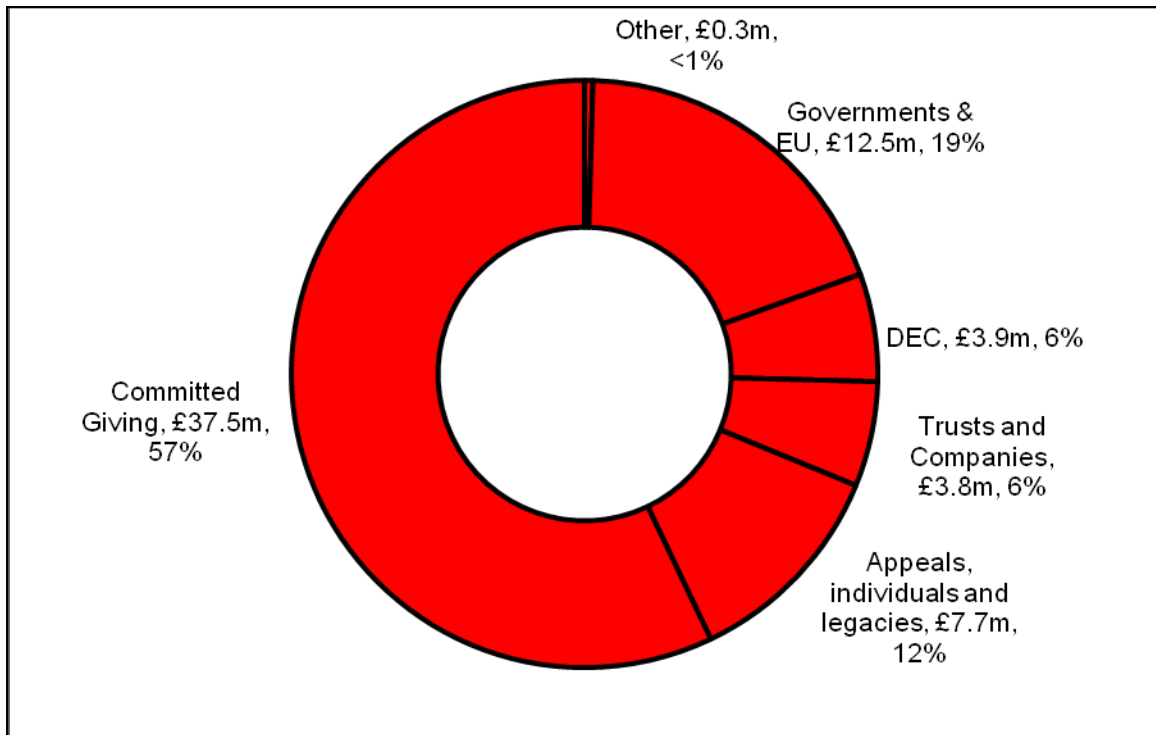
Total income was buoyed by an incredibly strong response to the Haiti earthquake and the floods in Pakistan, with emergency income for the year totalling £10 million. Income excluding emergencies however was down just under 5% on 2009.

A significant proportion of ActionAid's supporters work in the public sector, and with the government plans to cut public sector spending we are naturally concerned about the impact this may have on future income – exacerbating the general impact of continued poor economic growth and fears about the future. We recognise this challenge and will look to solve it as we develop our next strategic plan.

Throughout the year sterling remained weak, which means that the income we raise 'buys' less in the countries we work in. This has been the situation for the last couple of years and aggravates the pressure on our programmes of falling regular giving income.

Where does our money come from?

We receive income from a number of sources and the proportions are not dissimilar from those received in 2009, with committed giving from individuals accounting for the largest element:



Although income was up by just over £1 million, this is distorted by the high level of emergency income in the year. Excluding the impact of emergencies, income fell by 4.6% on 2009.

Voluntary income

Voluntary income includes all the income received from individual supporters, appeals and core grants that support our work generally (for example DfID's partnership programme agreement).

Since 2008 we have seen a decline in committed giving supporters after years of consistent growth. The total number of such supporters was down by 6,000 by the year end, despite having brought an additional 9,600 on board. The fall mainly reflects the much tougher environment to find new supporters and continuing issues finding a replacement for face-to-face fundraising of regular givers. The generosity of existing supporters giving more in part offset for the overall fall in supporter numbers, however income from committed givers still fell by 1.5% to £37.5 million.

Emergency appeals – both received directly and through the Disasters Emergency Committee – increased significantly by £3.7 million as the result of appeals for the Haiti earthquake and the floods in Pakistan (see note 2a).

Income from legacies was 52% higher than in 2009 at £1.8 million – reflecting both an increase in the average value and the number of supporters remembering ActionAid in their will. This is the highest amount we have received through legacies in any one year.

We received £4.2 million from the Department for International Development as part of its programme partnership arrangement, making a significant contribution to our global programmes. 2010 was the final year of the funding arrangement, but we are pleased that DfID has decided to award ActionAid a similar level of funding for the next three years.

Income from charitable activities

All the grants that we receive from governments and other public bodies that contribute directly to our charitable purposes are included within this category. Overall income in this category was down 15% from £14.3 million to £12.1 million. The main movements were a drop of £4 million in EU funding – which usually fluctuates significantly depending on number and availability of projects – and UK government income, which was up £1.5 million mainly due to two new projects; an access to justice project for women in Sierra Leone, Somaliland, Liberia and Nigeria, and a review of the engagement of NGOs with the humanitarian reform process project in Afghanistan, the DRC, Ethiopia, Sudan and Zimbabwe.

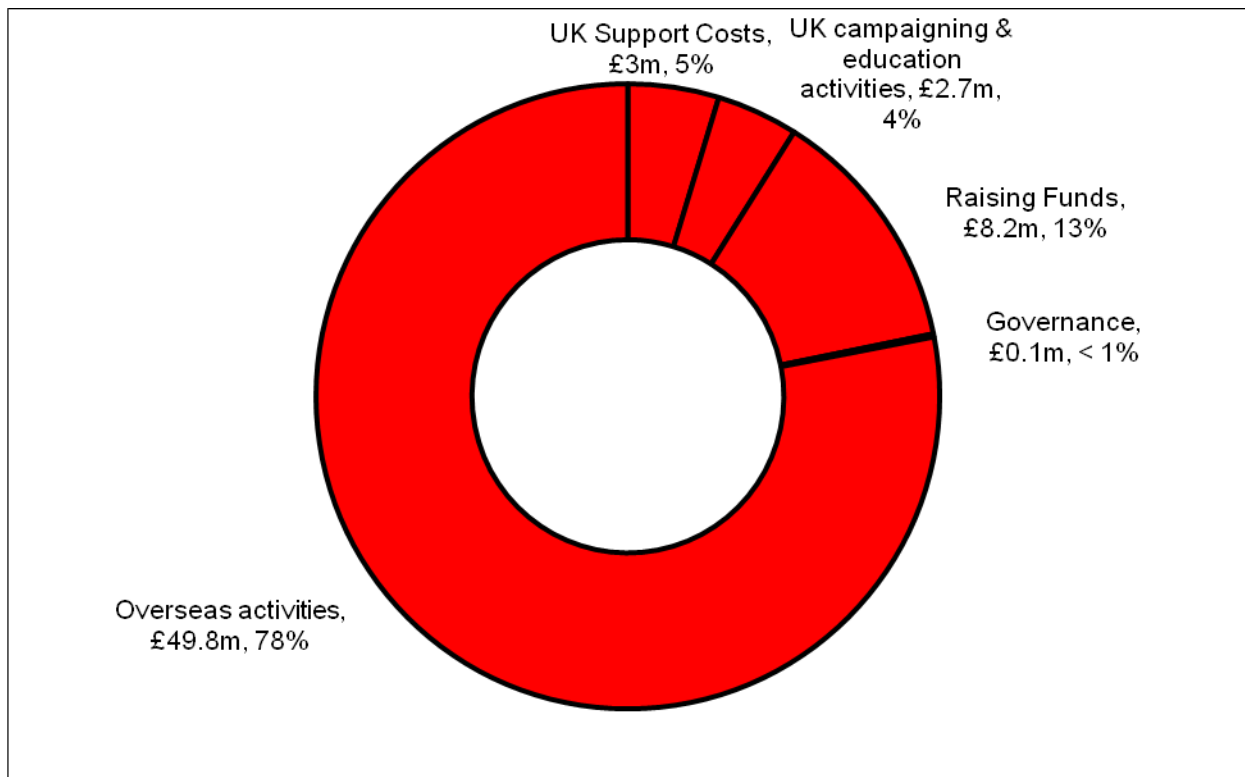
We continue to receive significant support from Big Lottery Fund for our ‘violence against girls’ project in Kenya, Mozambique and Ghana, and Comic Relief for ‘transforming girls’ education’ in Nigeria and Tanzania.

Other incoming resources

ActionAid was fortunate to receive furniture for the new office valued at £120,000 as a gift in kind. However with the base rate continuing at its historic low of 0.5% investment returns continued to be poor in 2010 despite high relatively high cash balances.

How was the money spent?

In the statement of financial activities our expenditure is split between fundraising costs, our charitable work and governance, with support costs allocated across each. Here is the breakdown for the year:



As shown in note 8 of the financial statements, total staff remuneration dropped by 1%. This was a result of no inflationary increase being awarded in the year and a lower average number of employees due to longer periods where posts remained unfilled, as well as a small number of redundancies early in the year.

Spending on our charitable activities

ActionAid’s charitable activities are split between supporting our campaigning and influencing work in the UK and the grants that we make to the rest of ActionAid International to support our fieldwork. The former dropped by 5% in the year from £2.85 million to £2.7 million mainly as a result of the end of the Global Action Schools project.

Our charitable expenditure overseas increased by £3.2 million to £49.8 million mainly explained by the increase in funding for emergencies.

What was spent on ‘support’?

In August 2010 ActionAid moved offices on the expiry of its previous lease. The move resulted in £0.7 million of additional costs – professional fees, refurbishment and relocation costs – though these were kept to a minimum through negotiation, pro bono assistance and gifts in kind and have to a large extent been capitalised. ActionAid also improved the allocation of finance costs in 2010 so that specific costs were recognised as fundraising rather than support, and therefore support costs only increased £0.2 million to £3 million.

Expressed as a proportion of our UK expenditure, support costs have increased from 19% to 21% – as a consequence of the office move and another year of reduced fundraising spend. Excluding the impact of the move support costs fell in absolute terms.

How effective was our fundraising?

2010 was another difficult year for fundraising. Although we continued to retain supporters at a high level, ActionAid struggled to recruit new supporters as existing fundraising channels declined. This was a phenomenon across the sector and reflects the external economic environment, continuing changes to the way people consume media (and which require ActionAid to take a more joined up and integrated approach), and trying new creative approaches.

ActionAid planned to recruit 15,742 child sponsors and yet managed to secure only 9,600. Despite lower levels of recruitment, fundraising costs still increased 3% on 2009 to £8.2 million. In part this reflects the particularly low expenditure levels in 2009, but also reflects hardening media rates in 2010.

Excluding emergencies, our overall 'return on investment' for the year remained high – at 5.5:1 (i.e. for every £1 spent over £5.50 was raised) – a good benchmark when compared to the rest of the sector.

How does ActionAid decide how much money to hold?

The level of money that we hold is affected by other factors, most of which are a matter of timing – for example when we make grants to ActionAid International or the level of unrestricted and restricted reserves. The level of cash and liquid assets rose by £4.8 million in the year, primarily reflecting an increase in the balance owing to ActionAid International and the increased reserve balances on projects funded by the EU. These funds are remitted when country programmes request them and so balances can build up in the UK.

Reserves

Reserves are essentially funds that we have yet to spend. To understand our reserves we split them into two main categories.

Unrestricted reserves are funds available to be spent or held at the discretion of ActionAid trustees.

We have designated some of the unrestricted funds to better show the true level of unrestricted reserves at the trustees' discretion – in this case funds that are 'locked up' in fixed assets. All unrestricted funds that are not designated are termed 'general'.

Restricted reserves are linked to a particular project, theme or country and therefore limited as to how and when they can be applied.

Reserves policy

Our supporters give us money with the expectation that we deliver on our vision – so we take care not to hold excessive funds.

Our policy is to hold general funds sufficient to cover three months' UK expenditure. This provides us with both the cash to run our day-to-day business, and a certain amount of insulation from unanticipated shocks or the need to pre-finance some projects funded by the European Union. At the end of 2010 ActionAid's unrestricted reserves were over the target due to the unrestricted surplus generated in the year and yet to be granted to ActionAid International, and also due to an underspend against budget in 2010 which was carried forward into 2011. Adjusting for carried forward expenditure and pre-financed EU projects, the reserves were £1.9 million above our target of £4.3 million at the end of 2010. It is at the trustees' discretion whether to grant these funds to ActionAid International or to allocate them to priorities in ActionAid.

Most restricted funds are passed directly to ActionAid International. Some funds, mostly from the EU, are managed by ActionAid. To the extent that such income has been received but not spent at the year end, this will show as restricted reserves and will be spent in the following year.

At the year-end, three EU-funded projects showed a deficit balance exceeding £10,000 – the total of all deficit balances totalled £322,000 (2009: £193,000). Fund balances will be in deficit when expenditure has been made but, at the end of the financial year, not all the conditions have been met that would justify this income being recognised within the accounts. The trustees are satisfied that the likelihood of reimbursement is sufficient to justify carrying the deficit fund balances at the end of the year for all projects.

Grant making policy

We grant our funds to ActionAid International for their wider disbursement to country programmes and their partners, according to the management agreement that exists between ActionAid and ActionAid International.

Payment policy

We pay our suppliers in accordance with the payment terms agreed at the start of the relationship. Where payment terms have not been agreed we pay 30 days after the invoice date.

ActionAid International's finances

These accounts reflect the financial performance of the UK charity, however this is only part of the picture of the geographical reach and impact of the ActionAid family. For this reason we have included a snapshot of ActionAid International's finances. ActionAid International reports its numbers in euros, however we have reflected them in sterling (and therefore comparisons between years will be impacted by different prevailing exchange rates).

Summary income statement

	2010 £'000	2009 £'000
Income		
Voluntary Income		
Committed giving	89,165	89,931
Other donations	36,003	27,516
	<u>125,168</u>	<u>117,447</u>
Official Income	61,089	62,439
Investment Income	618	719
Other Income	8,904	7,017
Total Income	<u>195,779</u>	<u>187,622</u>
Expenditure		
Fundraising	(34,879)	(32,048)
Programme	(151,656)	(141,738)
Governance	(2,298)	(2,582)
Total Expenditure	<u>(188,833)</u>	<u>(176,368)</u>
Investment profits	925	499
Net surplus	<u>7,871</u>	<u>11,753</u>
Unrealised exchange losses on translation	(150)	(450)
Net movement in Funds	<u>7,721</u>	<u>11,303</u>
Total Funds brought forward at 1 January 2010	<u>70,155</u>	<u>53,652</u>
Total Funds carried forward at 31 December 2009	<u>77,876</u>	<u>70,155</u>

ActionAid International's income and expenditure grew in the year by 4% and 7% respectively. Income was up mainly because of the high level of emergencies income received for Haiti and Pakistan and contributions from new fundraising members.

Income

Underlying income grew by 4%. Committed giving did not grow in sterling terms, though there was a small euro increase. The number of supporters making a regular gift

remained broadly constant at 399,000. Other donations increased significantly, again because of the strong response to two major humanitarian emergencies.

Within official income are included the following amounts received from the UK government:

	2010	2009
	£'000	£'000
Partnership programme arrangement (UK)	4,230	4,110
Partnership programme arrangement (Latin America)	500	575
NGOs and Humanitarian Reform	688	504
Disaster risk reduction (International)	663	663
Access to Justice programme	623	-
Rights and voices initiative (Ghana)	94	745
Strengthening Nigeria Resilience (Nigeria)	1,567	818
National equity and access (Nepal)	290	290
Protracted Relief Programme (Zimbabwe)	973	846
Other	961	1,055
Total	10,589	9,606

Investment income fell significantly as global interest rates fell.

Expenditure

Fundraising costs, excluding support allocations, rose by 13% driven mainly by increases in committed giving recruitment in middle income countries such as Brazil and India. Costs of fundraising increased slightly to 15% of income raised, up from 14% in 2009. This is equivalent to a return of 7:1.

Programme expenditure, excluding support allocations, rose by 9% while support costs decreased by 2%.

	2010	2009
	£'000	£'000
Fixed assets		
Tangible assets	4,139	3,289
Investments	9,610	8,919
	<u>13,749</u>	<u>12,208</u>
Current assets		
Debtors	12,410	13,198
Cash at bank and in hand	74,784	65,155
	<u>87,194</u>	<u>78,353</u>
Current liabilities		
Creditors: amounts falling due within one year	(23,068)	(20,406)
Net assets	<u>77,875</u>	<u>70,155</u>
Restricted reserves	56,601	50,345
Unrestricted reserves	21,274	19,810
	<u>77,875</u>	<u>70,155</u>

Net assets increased in the period because of the £8 million surplus generated in the year. Most of the increase is the result of short term timing differences in restricted funds – primarily where official income has been received late in the year and significant expenditure has yet to take place.

Fraud and irregularities

Although we believe financial controls in ActionAid International are generally strong, we estimate that ActionAid International lost some £31,000, net of amounts recovered, in 2010 through fraud and irregularities – significantly less than the £50,000 in 2009 and £271,000 lost in 2008.

Update on ActionAid International's governance

In May 2010 Joanna Kerr took over as ActionAid International's Chief Executive from Ramesh Singh, who stepped down after more than 26 years of service, in various roles including almost seven as CEO.

ActionAid International's general assembly met for the second time in June 2010. The assembly approved:

- A resource allocation framework, which will provide a transparent basis on which to allocate resources within the ActionAid federation. It also sets the contributions required by members to contribute to the federation.

- In June 2010 India and Guatemala became full affiliates of ActionAid International and as the previous legal owner, ActionAid transferred all assets and liabilities to these new members.
- Two established NGOs, MS Denmark and AustCare, became full affiliate members of the federation as MS ActionAid Denmark and ActionAid Australia respectively.

ActionAid's constitution and governance

ActionAid's objectives, as set out in our governing documents, are to promote the relief of poverty and distress in any part of the world where ActionAid works, and to inform and raise awareness amongst the public around these issues.

ActionAid is a UK registered charity and also a company, limited by guarantee. We are governed by a board of trustees who are also considered directors under company law. A list of current trustees is given on page 4 and brief biographies are set out on pages 5-7.

Trustees are charged with setting the strategic direction of ActionAid and checking our progress against it. The board, however, delegates the day-to-day operations to a senior management team.

The board meets formally at least four times a year – though there is regular contact between the chair and other trustees between meetings.

New trustees join the board at its invitation and are chosen with a view to ensuring that the board contains an appropriate balance of experience relevant to the needs of the charity.

ActionAid International is entitled to appoint one trustee to the board.

Trustees are appointed for a basic three-year term, renewable for a further three years. The chair's term of office is five years, which may be extended for a further two years in exceptional circumstances.

The board of trustees delegates certain functions to committees of trustees. During the year the board reviewed the committee structure and decided to streamline the committee structure as follows:

- Performance, finance and audit combines the mandate of the finance and audit committee with the remuneration committee as well as widening to incorporate performance. The role of the committee is to:
 - Encourage and safeguard the highest standards of integrity, financial reporting and internal control, ensuring that ActionAid UK's systems of financial control comply with Charity Commission guidelines and provide reasonable but not absolute assurance against material mis-statement or loss.
 - Review organisational performance and results.
 - Review the remuneration of the executive director and the principles for staff remuneration.
 - Review organisational performance and results.

- Review the remuneration of the executive director and the principles for staff remuneration.
- The governance and board development committee considers governance issues, assesses the board's composition and is responsible for the recruitment and induction of new trustees.

Accountability and trustee development

We continued to run a series of seminars in which trustees have an opportunity to explore how ActionAid works and to better understand our key campaigns. Several trustees were also able to see first hand the overseas work funded by ActionAid through field visits and by participating in international reviews.

Internal control

The trustees have overall responsibility for ActionAid's system of internal control.

Trustees recognise that systems of control can only provide a reasonable and not complete assurance against inappropriate or ineffective use of resources, or against the risk of errors or fraud.

Trustees however remain satisfied that ActionAid's systems provide reasonable assurance that the charity operates efficiently and effectively, safeguards its assets, maintains proper records and complies with relevant laws and regulations.

We operate a comprehensive accountability system. This includes a rolling three-year plan, approved annually by trustees, and annual budgets. Trustees consider actual results compared with plans and forecasts, and non-financial performance data. Other controls include delegation of authority and segregation of duties.

The internal audit function of ActionAid International regularly reviews internal controls and submits reports to the performance, finance and audit committee.

Risk management

Trustees have identified and reviewed the major strategic, business and operational risks that the charity faces, and are satisfied that reasonable steps are being taken to mitigate exposure to these risks.

Mechanisms used to identify, manage and mitigate the impact of risk include the annual planning process, the maintenance of a risk register that is reviewed and updated throughout the year by senior managers and trustees, and the implementation of a risk-based internal audit programme throughout the charity. While risks change over time, areas of potentially significant risk during the year continued to be the impact of the recession on our ability to raise funds cost effectively and retaining supporters, a perceived negative shift in the public's attitude to international development and the Advertising Standards Authority challenge to the use of the term 'child sponsorship'.

Financial risk management

ActionAid's activities potentially expose it to a number of financial risks including:

Credit risk – there is a risk that ActionAid's suppliers might not meet their contractual obligations, however this is mitigated by credit reference checks on significant companies and careful management of payment terms. For some income contracts we grant money to ActionAid International ahead of it being received, however as this income is due from large institutional donors we do not believe this poses significant risk of non-payment.

Foreign exchange risk – ActionAid accepts funding from donors denominated in other currencies, principally euros. If the value of these currencies relative to local currencies used by ActionAid country programmes changes over time, so will the value of funding income to cover our contractual obligations. To the extent that there is a shortfall we will either negotiate with our donors or fund the shortfall through unrestricted funds.

Foreign currency cash balances associated with these contracts may generate exchange gains and losses. We do not attempt to hedge such transactions as we deem the cost of doing so outweighs the benefit of additional exchange security.

Liquidity risk – by maintaining our reserves in relatively liquid assets we are able to ensure that we are able to meet our obligations as they fall due.

Trustees and their statutory responsibilities

The trustees (who are also directors of ActionAid for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP), revised 2005;
- 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Staff, volunteers and supporters

The trustees appreciate the hard work and commitment of ActionAid staff across the organisation. The shared values and dedication of staff is key to the success of ActionAid. Trustees recognise that the continued pressure to perform on limited resources has taken its toll on staff morale and will ensure that plans are put in place to address this.

The trustees would also like to recognise the immense contribution made to ActionAid's success by the many committed volunteers who willingly give their time and skills. Volunteers make a particularly valuable contribution to fundraising, HR and communicating with supporters – contributing more than 300 days a year – and this is increasing with supporters lending their time and expertise in more varied ways.

The loyalty of supporters in the UK is essential to achieving our mission in the UK and beyond and the trustees are extremely grateful for their continued financial generosity in what are undoubtedly difficult economic times. Thousands of supporters are also providing

their time and energy taking our campaign actions, blogging and tweeting and helping out at the summer festivals – all helping to raise awareness of our work and taking the voice of poor and marginalised people to those in power.

ActionAid's supporter groups deserve particular mention – year in year out raising funds through a huge range of activities, as well as campaigning, and acting as media 'ambassadors' in their local areas. The 35 supporter groups meet formally and informally, and contribute huge amounts of time to our work, not to mention raising more than £141k for ActionAid in 2010. Our most successful group is Guernsey ActionAid, consistently raising over £40,000 a year.

ActionAid has a strong commitment to developing the diversity of its staff and volunteers, and has continued to develop its strategy during 2010. We do this through training and ensuring that, through our people policies, no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

By order of the board

Andrew Purkis OBE, Chair

10 August 2011

Independent auditor's report to the members of ActionAid

We have audited the financial statements of ActionAid for the year ended 31 December 2010 which comprise the consolidated statement of financial activities, the consolidated summary income and expenditure account the consolidated and parent charity balance sheets, the consolidated cash flow statement; the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the groups' and the parent charitable company's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Buzzacott LLP

Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

26 August 2011

Consolidated statement of financial activities

for the year ended 31 December 2010

Income and expenditure		Restricted funds	Unrestricted funds	Total 2010	Total 2009
	Notes	£'000	£'000	£'000	£'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2a	27,877	25,478	53,355	49,501
Activities for generating funds		91	43	134	78
Investment income	2c	(3)	27	24	31
Incoming resources from charitable activities:					
Grants	2b	11,680	404	12,084	14,283
Trading income from charitable activities	2b	-	135	135	114
Other incoming resources	2d	2	11	13	692
Total incoming resources		39,647	26,098	65,745	64,699
Resources expended					
Cost of generating funds:					
Costs of generating voluntary income		116	9,760	9,876	9,544
Fundraising trading: costs of goods sold and other costs		-	11	11	123
Charitable activities	6	39,771	14,033	53,804	51,259
Governance costs	5	-	92	92	170
Total resources expended		39,887	23,896	63,783	61,096
Net (outgoing)/incoming resources before transfers		(240)	2,202	1,962	3,603
Gross transfers between funds	15	(1)	1	-	-
Net income		(241)	2,203	1,962	3,603
Total funds brought forward at 1 January		4,655	5,603	10,258	6,655
Total funds carried forward at 31 December		4,414	7,806	12,220	10,258

The notes on pages 48 - 63 form part of these financial statements. There are no recognised gains and losses other than those shown above.

Balance sheets

as at 31 December 2010

	Notes	Charity		Group	
		2010	2009	2010	2009
		£'000	£'000	£'000	£'000
Tangible fixed assets	11	1,021	110	1,021	110
Current assets					
Debtors	12	3,438	5,257	3,438	5,260
Short-term bank deposits		7,500	4,050	7,500	4,050
Cash at bank		7,106	5,765	7,106	5,765
		18,044	15,072	18,044	15,075
Liabilities					
Creditors: amounts falling due within one year	13	6,845	4,924	6,845	4,927
Net current assets		11,199	10,148	11,199	10,148
Net assets		12,220	10,258	12,220	10,258
Funds					
Restricted funds	14,15	4,414	4,655	4,414	4,655
Unrestricted funds					
Designated funds	14	1,021	110	1,021	110
General funds	14	6,785	5,493	6,785	5,493
Total funds		12,220	10,258	12,220	10,258

Andrew Purkis
(Chair)

10 August 2011

Patricia Whaley
(Honorary Treasurer)

10 August 2011

Consolidated cashflow statement

for the year ended 31 December 2010

Reconciliation of net incoming resources to net cash inflow from operating activities	2010	2009
	£'000	£'000

Net incoming resources before other recognised gains and losses	1,962	3,603
Depreciation	115	49
Decrease/(Increase) in debtors	1,822	(1,211)
Increase in creditors	1,918	310
Interest received	(24)	(31)
Net cash inflow from operating activities	5,793	2,720

Cash flow statement

Net cash inflow from operating activities	5,793	2,720
Interest received	24	31
Disposal of fixed assets	-	-
Purchase of tangible fixed assets	(1,026)	(47)
Cash inflow before management of liquid resources	4,791	2,704
Management of liquid resources (Increase)/Decrease in short-term bank deposits	(3,450)	230
Increase in cash in the period	1,341	2,934

Analysis of cash

	As at 31 De- cember 2009 £'000	Cashflow £'000	As at 31 Decem- ber 2010 £'000
Cash at bank	5,765	1,341	7,106
Short-term bank deposits	4,050	3,450	7,500
Total cash and liquid resources	9,815	4,791	14,606

Notes forming part of the financial statements

for the year ended 31 December 2010

1. Accounting policies

Basis of accounting

These financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006, Accounting and Reporting by charities: Statement of Recommended Practice and applicable Accounting Standards.

Basis of consolidation

These financial statements consolidate, on a line-by-line basis, the financial statements of ActionAid and its subsidiary undertaking ActionAid Enterprises Ltd.

ActionAid maintains legal ownership of a number of overseas country programmes which are no longer included in these financial statements. This treatment reflects the operational organisation of the programmes as their activities, assets and liabilities are under the direction of ActionAid International and are deemed to be 'controlled' by the ActionAid International board following internationalisation. Although assets may revert to ActionAid in the highly unlikely event that the internationalisation process is halted, the economic rights and obligations connected with country programmes have been transferred to ActionAid International under the terms of various formal agreements between the entities.

As permitted by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005, no separate statement of financial activities is presented for the charity.

Fund accounting

All funds raised by ActionAid are used in the furtherance of its charitable objects. There are three types of funds as follows:

Restricted funds are raised on the basis of an agreement or understanding with the donors that their use will be restricted to certain specified projects, activities or areas of operation. These restricted funds are accounted for separately.

Funds that are spent at the discretion of ActionAid's trustees for use on any of the charity's general charitable purposes are considered to be **unrestricted**. With the consent of the relevant donors, tax recovered through Gift Aid is generally treated as unrestricted.

Designated funds are unrestricted funds that have been set aside by the trustees for a specific purpose. ActionAid has only one designated fund - a fixed asset fund - the value of which represents the net book value of the fixed assets in the UK originally purchased from unrestricted funds.

The accounting for sponsorship and other committed giving income is, in each case, in accordance with the information provided to supporters.

For all child sponsorships commencing after 2003 income is restricted as follows: 20% is considered unrestricted. Of the balance, 70% is restricted to benefit the community in which the child lives, 10% can be spent on wider activities in the same country, 10% can be applied to international activities with the remaining 10% available to cover local sponsorships administration and information gathering.

ActionAid aims to make its income more flexible by encouraging supporters to transfer from child sponsorship to less restricted forms of giving over time such as *Next Step*. *Next Step* income also has a 20% element that is unrestricted. Of the balance, 10% may be applied to international activities with the remaining 90% being spent within the selected country.

Notes forming part of the financial statements

for the year ended 31 December 2010

1. Accounting policies (continued)

Incoming resources

Incoming resources are recognised in the Statement of Financial Activities when ActionAid believes it is entitled to them, the income is judged virtually certain of receipt and the amount can be reliably quantified.

Grants from the Department for International Development (DfID), European Union (EU) and European Community Humanitarian Office (ECHO) are recognised when there is a formal agreement for their receipt and under this agreement ActionAid considers that all outstanding conditions relating to the receipt of income have been met and the amount of receipt can be ascertained with reasonable certainty.

Where donor specified conditions state resources received in the year must be spent in subsequent accounting periods, the resources are carried forward in creditors as deferred income under the terms of the agreement.

Gifts in kind are credited to income on the basis of the lower of a market-price valuation or the gross value to ActionAid and the corresponding expenditure is taken to the appropriate heading on the SOFA or is capitalised.

Legacy income is included in the statement of financial activities when the charity is advised by the representative of an estate that payment will be made or property transferred, and the amount involved can be quantified.

Income is shown gross before any deduction of associated costs. An exception exists where sums are received from local fundraising groups in the UK net of direct expenses incurred by these groups. The amounts are not material in the context of ActionAid's total income.

Resources expended

All expenditure is accounted for on an accruals basis. Costs reported under each heading in the statement of financial activities reflect the allocation of activities directly attributable to that heading and an apportionment of support costs (see below).

Where the costs of direct activities fall under more than one of the headings, they are apportioned on a consistent basis by senior management.

Cost of generating funds represents expenditure incurred in the UK on raising funds from committed giving supporters and other members of the public, as well as keeping them informed as to how their donations are being spent.

Charitable activities comprise:

Grants from ActionAid to ActionAid International to be spent on managing the long-term development and emergency relief and rehabilitation projects in ActionAid International country programmes worldwide.

Expenditure of funds received from the European Union for projects in country programmes.

Policy-influencing, campaigning and education work carried out in the UK and internationally.

Charitable activities have been categorised according to the six strategic priorities from ActionAid International's strategy *Rights to End Poverty*, or are considered cross-cutting, or do not readily fall principally into one of these categories ('Other').

Governance costs are the costs associated with the governance arrangements of the charity. The costs included in this category relate to organisational administration and compliance with constitutional and statutory requirements.

Notes forming part of the financial statements

for the year ended 31 December 2010

1. Accounting policies (continued)

Support costs include expenditure on general management, payroll administration, budgeting and accounting, information technology, property management, communications, human resources and financing. Costs are allocated across the categories of the costs of generating funds and charitable expenditure. The basis of the cost allocation is staff numbers.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is calculated on a straight-line basis for the following categories of fixed assets:

Office equipment:

<i>Computers</i>	3 years
<i>Other equipment</i>	5 years
<i>Leasehold improvements</i>	15 years

Leases

Rentals applicable to operating-lease contracts, where substantially all the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight-line basis over the lease term.

Short-term bank deposits

Short-term bank deposits are funds not instantly accessible at the balance sheet date.

Pensions

ActionAid contributes to a defined contribution pension scheme in the UK and contributions for the year are charged in the statement of financial activities as they become due.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. All foreign currency balances have been translated at the exchange rate prevailing at the balance sheet date. Gains and losses on translation are included in the statement of financial activities.

Taxation and irrecoverable VAT

As a registered charity, ActionAid is potentially exempt from tax on income and gains falling within section 505 of the Income and Corporation Taxes Act 1988, and section 256 of the Tax of Charitable Gains Act 1992.

In common with many other charities, ActionAid is unable to recover the majority of VAT that is incurred on purchases of goods and services in the UK. The amount of VAT that cannot be recovered is included within the appropriate underlying cost.

Related party disclosures

The charity has taken advantage of the exemption that is conferred by Financial Reporting Standard 8: Related Party Disclosures, which allows it not to disclose transactions with group undertakings that are eliminated on consolidation. Related party transactions that do not fall within this exemption are detailed in note 17.

Notes forming part of the financial statements

for the year ended 31 December 2010

2. Incoming resources	Restricted	Unrestricted	Total 2010	Total 2009
(a) Voluntary income	£'000	£'000	£'000	£'000
Committed giving	20,738	16,791	37,529	38,087
Appeals and individual donors	3,073	2,825	5,898	4,607
Disasters Emergency Committee appeals - see below	3,666	255	3,921	1,525
UK government - Partnership Programme Arrangement (note 16)	-	4,230	4,230	4,110
Legacies	400	1,377	1,777	1,172
Total	27,877	25,478	53,355	49,501

	Restricted	Unrestricted	Total 2010	Total 2009
Disasters Emergency Committee Appeals income	£'000	£'000	£'000	£'000
Haiti Earthquake	2,623	183	2,806	-
Pakistan Floods	560	39	599	-
Vietnam Cyclone Ketsana appeal	200	13	213	64
Gaza appeal	140	10	150	305
Bangladesh Cyclone	47	3	50	-
Congo (DR) Crisis appeal	96	7	103	485
Tsunami	-	-	-	75
Myanmar cyclone appeal	-	-	-	572
Asian earthquake appeal	-	-	-	24
Total Disasters Emergency Committee	3,666	255	3,921	1,525

DEC is the umbrella body for the 13 leading charities in the UK responding to major international disaster. Its aim is to raise money cost effectively in the UK from the general public. The monies raised are distributed to the charities on the basis of an agreed formula reflecting the charities' capacity and expertise.

All Emergency income

	Emergency Income	Non- Emergency income	Total
2010			
Incoming resources from generated funds:			
Voluntary income	5,875	47,480	53,355
Activities for generating funds	-	134	134
Investment income	-	24	24
Incoming resources from charitable activities:			
Grants	4,068	8,016	12,084
Trading income from charitable activities	91	44	135
Other incoming resources	-	13	13
2010 Total	10,034	55,711	65,745
2009 Total	6,305	58,394	64,699

Emergency income fluctuates depending on the number and severity of emergencies. The non-emergency income figure shows how underlying income changes year on year.

Notes forming part of the financial statements

for the year ended 31 December 2010

2 (b) Incoming resources from charitable activities	Restricted	Unrestricted	Total 2010	Total 2009
	£'000	£'000	£'000	£'000
(i) Grants from governments and other public authorities:				
UK government (see note 16)	2,221	25	2,246	760
European Union	5,574	349	5,923	9,853
Government of Jersey	58		58	65
Government of Guernsey	73		73	36
Total grants from governments and other public authorities	7,926	374	8,300	10,714
(ii) Grants from companies, trusts and NGOs:				
Big Lottery Fund	1,195	(9)	1,186	1,022
Comic Relief	863		863	1,032
The Haremead Trust	108	12	120	130
The Waterloo Foundation	-	-	-	123
The Mott foundation	137		137	-
Save the Children	250		250	-
Care International	175		175	-
Mourant	236	4	240	140
ActionAid International	-	-	-	155
Other grants all individually under £100,000	790	23	813	967
Total grants from companies, trusts and NGOs	3,754	30	3,784	3,569
Total grants	11,680	404	12,084	14,283
(iii) Trading income from charitable activities				
Sale of educational materials and fees for school talks	-	135	135	114
Total income from primary purpose trading	-	135	135	114
Total income from charitable activities	11,680	539	12,219	14,397

In 2008 and 2009 £9,481 of Big Lottery Fund grants were erroneously shown as Unrestricted grants. This has been corrected in 2010 and explains the £9,000 Unrestricted reversal above.

Notes forming part of the financial statements

for the year ended 31 December 2010

2. Incoming resources (continued)	Restricted	Unrestricted	Total 2010	Total 2009
(c) Investment income	£'000	£'000	£'000	£'000
Interest on deposits	(3)	27	24	31

(d) Other incoming resources	Restricted	Unrestricted	Total 2010	Total 2009
	£'000	£'000	£'000	£'000
Exchange (losses)/gains	2	(109)	(107)	(141)
Other income	-	120	120	833
Total	2	11	13	692

Exchange gains and losses shown above arise from the translation at the year end of the foreign currency balances held in the UK.

Other income in the year includes a Gift in Kind of furniture for the new ActionAid UK office and valued at £0.12m

3. Support costs	Restricted	Unrestricted	Total 2010	Total 2009
Support costs comprise the following items:	£'000	£'000	£'000	£'000
Communications	-	286	286	233
UK Director costs	-	111	111	105
Finance	-	433	433	597
Human resources	-	298	298	384
Information technology	-	596	596	567
Office administration	-	217	217	236
Organisational effectiveness director central costs	-	112	112	167
Property costs	-	971	971	496
	-	3,024	3,024	2,785

Support costs have been allocated to the categories below on the basis of employee numbers working in each relevant area.

	Restricted	Unrestricted	Total 2010	Total 2009
	£'000	£'000	£'000	£'000
Costs of generating funds	-	1,668	1,668	1,588
Charitable activities	-	1,356	1,356	1,197
	-	3,024	3,024	2,785

Notes forming part of the financial statements

for the year ended 31 December 2010

4. Costs of generating funds	Restricted	Unrestricted	Total 2010	Total 2009
	£'000	£'000	£'000	£'000
Costs of generating voluntary income				
Committed giving	-	5,984	5,984	5,882
Other voluntary income	116	2,108	2,224	2,074
	116	8,092	8,208	7,956
Support costs allocated	-	1,668	1,668	1,588
Total costs of generating voluntary income	116	9,760	9,876	9,544
Trading	-	11	11	123
Total costs of generating funds	116	9,771	9,887	9,667

Based on the above information and the incoming resources in note 2, the ratio between direct fundraising costs (excluding support costs allocated) and the income generated for each major area of voluntary income is as follows:

	Total 2010	Total 2009
	%	%
Committed giving	16%	15%
Other voluntary income	14%	18%
Overall voluntary income	15%	16%

5. Governance costs	Restricted	Unrestricted	Total 2010	Total 2009
	£'000	£'000	£'000	£'000
Auditors' remuneration - statutory audit	-	49	49	47
Auditors' remuneration - non statutory audit	-	-	-	10
Audit fees to firms other than the statutory auditor	-	-	-	15
Apportionment of staff costs	-	27	27	34
Costs of conducting Board meetings	-	16	16	64
Total governance costs	-	92	92	170

The auditors were paid £nil (2009: £nil) for other services.

Notes forming part of the financial statements

for the year ended 31 December 2010

6. Charitable activities by theme	Direct programme	Charitable grants	Total direct charitable activity	Support costs allocated	Total 2010	Total 2009
	£'000	£'000	£'000	£'000	£'000	£'000
Women's rights	360	4,663	5,023	49	5,072	5,094
The right to education	1,114	5,152	6,266	315	6,581	5,788
The right to a life of dignity in the face of HIV and AIDS	420	5,323	5,743	-	5,743	3,949
The right to food	2,499	8,515	11,014	224	11,238	8,345
The right to human security during conflicts and emergencies	3,596	4,119	7,715	-	7,715	10,748
The right to just and democratic governance.	497	4,554	5,051	169	5,220	9,418
Cross-cutting initiatives	1,334	1,238	2,572	599	3,171	4,099
Other	96	8,968	9,064	-	9,064	3,818
Total charitable activities	9,916	42,532	52,448	1,356	53,804	51,259

7a. Grants to ActionAid International and ActionAid country programmes	Total 2010	Total 2009
Restricted funds:	£'000	£'000
Africa		
Burundi	549	516
Democratic Republic of Congo	96	566
Ethiopia	769	771
Ghana	924	892
Kenya	2,078	2,246
Lesotho	175	167
Liberia	116	143
Malawi	780	860
Mozambique	506	479
Nigeria	591	650
Rwanda	206	203
Senegal	196	92
Sierra Leone	830	896
Somaliland	182	159
South Africa	228	227
Tanzania	292	301
The Gambia	1,151	1,108
Uganda	1,606	1,845
Zambia	156	69
Zimbabwe	143	53
	11,574	12,243

Notes forming part of the financial statements

for the year ended 31 December 2010

7a. Grants to ActionAid International and ActionAid country programmes (continued)	Total 2010	Total 2009
Restricted funds (continued):	£'000	£'000
Asia		
Afghanistan	377	269
Bangladesh	847	775
Cambodia	496	617
China	440	306
India	3,619	3,686
Myanmar	88	639
Nepal	678	784
Pakistan	1,450	792
Sri Lanka	-	143
Vietnam	724	611
	8,719	8,622
Latin America and the Caribbean		
Brazil	463	430
Ecuador	182	179
Guatemala	563	566
Haiti and Dominican Republic	3,289	583
Nicaragua	115	118
Peru	179	191
	4,791	2,067
ActionAid International - projects involving more than one country	7,888	5,154
Total restricted funds	32,972	28,086
Unrestricted funds:		
ActionAid International (cash grants)	8,439	10,600
ActionAid International (grants in kind representing support costs incurred on behalf of ActionAid International)	994	812
Total unrestricted funds	9,433	11,412
Total grants to ActionAid International and ActionAid country programmes	42,405	39,498
7b. Grants to other bodies		
Restricted grants (all individually under £100,000)	103	121
Unrestricted grants (all individually under £100,000)	24	98
Total grants to other bodies	127	219
Total grants	42,532	39,717

Notes forming part of the financial statements

for the year ended 31 December 2010

8. Particulars of employees

	Total 2010	Total 2009
	Number	Number
The average full time equivalent number of employees during the year was:		
Campaigns and policy	52	52
Fundraising	64	65
Support staff	40	43
Total	156	160

The average number of staff in the year was 168 (2009: 167)

The average full time equivalent number of employees has been restated down from 166 in 2009.

	Total 2010	Total 2009
	£'000	£'000
Total remuneration of employees (full-time and part-time) was:		
Gross wages and salaries	5,369	5,465
Social security costs	526	505
Pension contributions	391	399
Total	6,286	6,369

The number of staff whose emoluments are greater than £60,000 are shown below

	2010	2009
	Number	Number
£60,001 - £70,000	3	4
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
	4	6

ActionAid's executive director was the highest paid employee in the year and received the following remuneration in 2010: £82,425 salary (2009: £82,425). In addition £8,243 (2009: £8,243) was paid into a defined contribution pension scheme on his behalf.

Of those employees who earned £60,000 or more during the year (as defined above) employer contributions were made to defined contribution pension schemes in respect of all four (2009: six) employees. During the year this amounted to £27,547 (2009: £37,961).

ActionAid has an expenses policy in place which controls what can and cannot be claimed by trustees, staff and volunteers. Expenses can only be claimed if they have been incurred for valid and necessary business purposes. They will only be paid if they are on the approved list of allowable expenses, have been authorised and have supporting documentation. Inevitably ActionAid incurs significant costs on overseas trips but travel must always be by the most cost effective method and using public transport where possible. All trips are for valid business reasons and ActionAid is constantly seeking new ways to avoid overseas travel and find alternative ways to communicate and manage the business.

In 2010 Richard Miller, the UK Director incurred costs of £7,753 (2009: £6,851) in connection with his duties as a member of the ActionAid International Directors team, as the director with responsibility for Human Security and visits to Country Programmes.

Notes forming part of the financial statements

for the year ended 31 December 2010

9. Trustees' remuneration

No remuneration or other payments have been made to the trustees of ActionAid for their services as board members or for other services provided to the organisation in 2010 or 2009. The most significant element of trustee's expenses is the cost of visits to country programmes but also includes attendance at board meetings (both ActionAid and ActionAid International). In 2010, five trustees incurred a total of £4,687 (2009: £8,135 was paid to nine trustees) through expenses reimbursed and costs incurred by ActionAid on their behalf.

Tennyson Williams is an employee of ActionAid International in addition to his role as a trustee of ActionAid (see note 17 for further details).

10. Incoming resources before transfers	2010	2009
	£'000	£'000
Net incoming resources are stated after the following charges:		
Operating lease rentals - property	680	547
	680	547

11. Tangible fixed assets	Leasehold improvements	Office equipment	Total
Group and Charity	£'000	£'000	£'000
Cost			
At 1 January 2010	-	249	249
Additions	609	417	1,026
At 31 December 2010	609	666	1,275
Depreciation			
At 1 January 2010	-	139	139
Charge for year	17	98	115
At 31 December 2010	17	237	254
Net book value			
At 31 December 2010	592	429	1,021
At 31 December 2009	-	110	110

All tangible fixed assets held by the charity and the group are for furtherance of charitable objectives and not for investment purposes.

In August 2010 ActionAid UK moved office as the lease on the old building had finished and proposed new terms were not competitive. Costs of moving to the new building were capitalised and include legal fees, fitting out the new building and new IT infrastructure.

Notes forming part of the financial statements

for the year ended 31 December 2010

12. Debtors	Charity		Group	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors		-		69
Accrued income	1,171	2,837	1,171	2,837
Other debtors	111	131	111	131
Prepayments	158	193	158	193
Amounts due from ActionAid Enterprises Ltd		66		-
Tax recoverable	1,962	2,015	1,962	2,015
Amounts due from employees	36	15	36	15
Total debtors	3,438	5,257	3,438	5,260

Amounts due from employees represents floats for overseas visits forming part of the employee's role and season ticket loans.

13. Creditors	Charity		Group	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Interest-free loans	86	83	86	83
Trade creditors	574	1	574	1
Accruals	340	602	340	605
Other creditors	398	211	398	211
Amounts due to ActionAid International	4,008	2,707	4,008	2,707
Amounts due to other ActionAid affiliates	8	-	8	-
Amounts due to employees	4	2	4	2
Taxation and social security	183	158	183	158
Deferred income	1,244	1,160	1,244	1,160
Total creditors	6,845	4,924	6,845	4,927

Notes forming part of the financial statements

for the year ended 31 December 2010

14. Analysis of fund balances	Restricted	Unrestricted		Total 2010
	£'000	Designated £'000	General £'000	
Group and Charity				
At 1 January 2010	4,655	110	5,493	10,258
Net movement in funds in period	(241)	911	1,292	1,962
At 31 December 2010	<u>4,414</u>	<u>1,021</u>	<u>6,785</u>	<u>12,220</u>
Represented by:				
Tangible fixed assets	-	1,021	-	1,021
Current assets	7,319	-	10,725	18,044
Current liabilities	(2,905)	-	(3,940)	(6,845)
	<u>4,414</u>	<u>1,021</u>	<u>6,785</u>	<u>12,220</u>

Designated funds represent unrestricted fixed assets at net book value.

Notes forming part of the financial statements

for the year ended 31 December 2010

15. Movement in funds	Balance as at 1 January 2010	Income	Expenditure	Transfers in/(out)	Balance as at 31 December 2010
	£'000	£'000	£'000	£'000	£'000
Group and charity					
Africa	770	12,046	(12,165)	151	802
Asia	2,684	13,031	(13,634)	136	2,217
Latin America and the Caribbean	-	4,929	(4,942)	52	39
International projects and other funds	1,201	9,641	(9,146)	(340)	1,356
Total restricted funds	4,655	39,647	(39,887)	(1)	4,414
Unrestricted funds (including designated balances)	5,603	26,098	(23,896)	1	7,806
Total unrestricted funds	5,603	26,098	(23,896)	1	7,806
Total funds	10,258	65,745	(63,783)	-	12,220

Restricted funds held by ActionAid at the start and end of the year include funds for European Union funded projects. ActionAid also holds funds for a small number of projects or activities which are managed by ActionAid directly. All other incoming resources are granted to ActionAid International on receipt as ActionAid International is the entity within the ActionAid family which holds and manages the vast majority of restricted funds.

The expenditure in the table above includes direct payments made to country programmes for EU funded projects. At the year end date some funds sent directly to country programmes may not have been entirely spent. These amounts are a small proportion of the payments made and are not material in the context of funds held.

Transfers mainly represent transfers of income received from the European Union for international projects. Funds are transferred from centrally held project funds to each country programme participating in the project and are made annually in line with budgeted expenditure at country level for each project.

Notes forming part of the financial statements

for the year ended 31 December 2010

15. Movement in funds (continued)

	Balance as at 31 De- cember 2010	Balance as at 31 De- cember 2009
The balances on restricted funds at the year end are made up:	£'000	£'000
EU and ECHO funded projects	3,454	4,160
Other projects managed by ActionAid	815	173
Exchange gains	145	322
Total restricted funds	4,414	4,655

Projects funded by the European Commission are generally development projects intended to run for several years; projects funded by the European Commission Humanitarian Aid Office are short term emergency relief projects. Projects may be based in one country or may be initiatives spanning a number of countries internationally.

Fund balances may be negative when expenditure is made on a project that is expected to be reimbursed by a government or other agency, but where, at the end of the financial year, not all the conditions have been met that would justify this income being recognised within the accounts. This results in an excess of expenditure over income on some project funds at the year end point. The total deficit fund balances at the year end amounted to £0.32m (2009: £0.19m). The trustees consider that the likelihood of reimbursement is sufficient to justify carrying the deficit fund balances at the end of the year for all projects in deficit.

Two fund balances within the "EU and ECHO funded projects" category in the table above showed a deficit balance which exceeded £100,000. There is a balance of £141,000 on "ECH Emergency support to the flash flood affected districts of NE Haor in Bangladesh". The final report is due in March when a claim for the funds can be submitted. There is another balance of £160,000 on "Promotion of rights, capacity building measures and initiatives to curb illegal and temporary migration including human smuggling and trafficking in Pakistan". Due to an underspend on this project ActionAid Pakistan repaid this balance to ActionAid in 2011.

Notes forming part of the financial statements

for the year ended 31 December 2010

16. Grants received	2010	2009
Grants received in 2010 from the UK Department for International Development:	£'000	£'000
Partnership Programme Arrangement (PPA)	4,230	4,110
Total voluntary income	<u>4,230</u>	<u>4,110</u>
Access to Justice Programme	623	-
NGO Humanitarian Reform Project	700	-
Food Rights General	5	-
Disaster Risk Reduction through Schools	418	155
Partnership Programme Agreement (PPA) - Latin America	500	575
Total incoming resources from charitable activities	<u>2,246</u>	<u>730</u>
Total grants received from UK Department for International Development	<u>6,476</u>	<u>4,840</u>

Expenditure of these grants has been in accordance with the terms agreed with DFID. The Partnership Programme Arrangement income represents 6% of ActionAid UK's total income.

Grants received in 2010 from Comic Relief were as follows:

	£
Transforming Girls Education in Nigeria and Tanzania	744,632
Support for Women and Children Living with and Affected by HIV and AIDS in Kenya	108,403
Global Campaign for Education	10,000
	<u>863,035</u>

Grants received in 2010 from the Big Lottery Fund were as follows:

Resettlement of women (Liberia)	114,958
Rights for life - Tsunami (Multi-country)	100,878
Violence against Girls in schools (Multi country)	950,627
	<u>1,166,463</u>

Notes forming part of the financial statements

for the year ended 31 December 2010

17. Related party transactions

ActionAid recognises ActionAid International and other members of the ActionAid group as related parties. Material transactions between the entities are shown below.

	2010	2009
	£'000	£'000
Grants to ActionAid International	42,405	39,498
	<u>42,405</u>	<u>39,498</u>

See note 2b for details of income received from ActionAid International as contributions to grant funded projects managed by ActionAid.

See note 7a for details of grants to ActionAid International.

See note 13 for creditor balances owed to ActionAid International at the balance sheet date.

As noted in the constitution and governance section of the report of the board of trustees, ActionAid International is entitled to appoint one trustee to ActionAid's board. The designated trustee for most of 2010 was Adriano Campolina Soares who is employed by ActionAid International as the regional director of the Americas region and International Director responsible for the food and hunger theme. As of 3rd December 2011 Tennyson Williams has taken over the ActionAid International trustee position. He is the International Director of the West and Central Africa region. The remuneration from ActionAid International for both individuals' roles are in line with other roles of comparable responsibilities in ActionAid International and, more generally, with market rate. They receive no remuneration for their work as trustees of ActionAid.

Notes forming part of the financial statements

for the year ended 31 December 2010

18. Subsidiary undertakings

ActionAid has one subsidiary undertaking:

ActionAid Enterprises Limited

A wholly owned subsidiary incorporated in Great Britain and registered in England and Wales (No. 5011412).

The principal trading activity of ActionAid Enterprises Ltd is the sub-licensing of the ActionAid name to commercial organisations in exchange for royalties and licence fees.

The total investment in the subsidiary is £1 (2009: £1).

The assets and results of ActionAid Enterprises Limited were:

	2010	2009
	£'000	£'000
Trade debtors	-	69
Other debtors	-	-
Cash at bank	1	-
Amounts owed to parent undertaking	(1)	(66)
Other creditors		(3)
	<hr/>	<hr/>
Net assets	-	-
	<hr/>	<hr/>
Retained funds	-	-
	<hr/>	<hr/>
Income	-	74
Expenditure	-	(61)
	<hr/>	<hr/>
Net profit	-	13
	<hr/>	<hr/>
Gift Aided to ActionAid	-	13

Notes forming part of the financial statements

for the year ended 31 December 2010

19. Obligations under operating leases	2010	2009
The group had annual commitments at the year end under operating leases expiring as follows:	£'000	£'000
Within one year	-	420
In two to five years	-	-
After 5 years	218	62
	218	482

20 Contingent assets and liabilities

ActionAid originally set up most of ActionAid International's country programmes and as such still owns the assets of these entities. Country programmes are now managed by ActionAid International rather than ActionAid. The intention is for ActionAid to transfer ownership of country programme assets to the country programme itself on completion of affiliateship, or to ActionAid International if the country programme has not become an affiliate by 2012.

The change in accounting policy regarding country programmes in 2007 means that country programme assets are no longer included in these accounts. However ActionAid retains the legal right to take back management of its country programmes from ActionAid International under a termination clause incorporated into the legal agreements in place over management of country programmes.

Therefore ActionAid has contingent assets in the form of the assets held by those country programmes which were originally set up by ActionAid.

No situation exists, or is anticipated to occur, whereby ActionAid would exercise its right to terminate the agreements with ActionAid International, however the legal position is stated here to give a full picture of the assets of ActionAid. It is not practical to estimate the value of assets which would revert to ActionAid control and would be included in the accounts. However, the funds held in ActionAid country programmes at the year end not included in these accounts were £20.9m (2009: £27.1m). The significant decrease in the year was due to India becoming an affiliate during 2010.

There also exist potential contingent liabilities for ActionAid relating to the country programmes which are legally owned by ActionAid. Such a liability would only impact ActionAid if ActionAid International had insufficient funds in hand to discharge the obligations of a country programme. ActionAid believes such a circumstance is improbable and any notional exposure cannot be reasonably estimated.

As at the year end there were a number of projects on which funds are outstanding from the donor pending finalisation of donor audits. Amounts disallowed are generally insignificant as a proportion of overall project budgets and in any event these amounts are considered to be fully recoverable as they are covered by ActionAid International.