

ActionAid UK trustees' report and accounts 2009

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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 2009. 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 44-65 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 Chapter 5 Part 15 of the Companies Act 2006, and all trustees are directors.

Patron

His Royal Highness, The Prince of Wales

Legal and administrative information

Auditors

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Solicitors

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Board of trustees

Karen Brown, former Chair, term expired 4 December 2009
Jane Buckley Sander
Adriano Campolina Soares
Pat Caplan, resigned 16 October 2009
Rosalind Eyben, appointed 19 March 2010
Jane Esuantsiwa Goldsmith
Mike Forrest
Richard Lewis, FCA, Honorary Treasurer
Frank McLoughlin
Annie Moreton
Prash Naik
Andrew Purkis, appointed 16 October 2009, appointed Chair 4 December 2009
Patti Whaley, appointed 19 March 2010

Board committees

Finance and audit committee

Jane Buckley Sander, Adriano Campolina Soares, Richard Lewis, Mike Forrest, Patti Whaley

Governance and board development committee

Karen Brown, Pat Caplan, Frank McLoughlin, Annie Moreton

Remuneration committee

Karen Brown, Richard Lewis, Frank McLoughlin

Principal officers

Richard Miller, Executive Director
Sue Bishop, Communications Director
Belinda Calaguas, Policy and Campaigns Director
Richard Turner, Fundraising Director
David Woodbine, ACA, Finance 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.

Adriano Campolina Soares

ActionAid International's regional director for the Americas and also the international director responsible for the food and hunger theme and impact assessment. A trained agronomist, Adriano was the chief of cabinet of Federal Deputy Gander, Brazil, covering legislative change, public policy and budgetary issues. He was a political adviser for the Brazilian Centre of Labour Unions. Adriano previously worked at the National Confederation of Workers in Agriculture, Brazil, covering foreign relations, regional trade policy and rural communities, supporting the formulation of policy programmes for the improvement of national agricultural reform policy. He joined the ActionAid board in 2004.

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.

Richard Lewis MSc FCA (Treasurer)

A consultant specialising in finance and higher education. Richard was formerly professor of accountancy at the University of Wales, Aberystwyth, pro-vice chancellor of the UK Open University, and interim chancellor of the US Open University. He studied at Imperial College and at the London School of Economics, and is the author of a number of publications on financial accounting. Richard has worked as a consultant for several organisations, including UNESCO, the World Bank and the Organisation for Economic Co-operation and

Development. He joined the ActionAid board in 2004 and was elected treasurer in September 2005.

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.

Annie Moreton

Marketing and fundraising consultant developing strategy and operational plans for charities, particularly NGOs, with a focus on raising funds from individuals. Formerly marketing director of Greenpeace UK, and trustee of Greenpeace Mexico and Action on Smoking and Health. Currently chair of GeneWatch UK, a not-for-profit group monitoring developments in genetic technologies from a public interest, environmental protection and animal welfare perspective. She joined the ActionAid board in 2004.

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.

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 is a board member of the Charity Commission for England and Wales until October 2010. He joined the ActionAid board in October 2009.

Chair's statement

2009 was another challenging year for ActionAid and for ActionAid International as a whole, but one that was also full of achievement and promise in our global fight against poverty and injustice.

ActionAid in the UK remains a major centre for education and campaigning, influencing the UK government, wider society and key international institutions that affect the lives of poor people in developing countries. Our independence and freedom to respond to the agendas of social movements among poor and marginalised people derive principally from the financial support of over 160,000 individual supporters across the UK, of whom at least 20,000 not only donate but actively participate in campaigning actions. We are profoundly grateful to them for their commitment.

Of course, the continuing global recession cast its shadow. Although some supporters were no longer able to support our work financially, we have been amazed at the extent to which others have stepped forward and given more – either by increasing their regular financial commitment or by responding to our appeals.

Nonetheless, we have had to make some difficult decisions in anticipation of the impact on future income, cutting budgets and making 10 posts redundant. This has been painful but, we believe, necessary to safeguard resources to fund our work.

I joined the ActionAid board in October 2009 and in January this year was fortunate enough to see ActionAid's work in Myanmar first hand, to see how people are dealing with the aftermath of 2008's cyclone Nargis. I came away with a profound sense that there is something special about the way we work. Starting from the 'bottom up', ActionAid doesn't assume what 'help' people need, but asks them what their priorities are. Working with communities, the organisation has tapped into an incredible volunteer spirit, particularly amongst young people, that is really inspiring. I was bowled over by the confidence and ability nurtured in young people by ActionAid, helping to support their communities today and preparing them to be tomorrow's leaders.

In December I took on the role of Chair from Karen Brown. She has been an indefatigable, wise leader from the very start of her seven years on the ActionAid board, and we were all delighted to see that she will now be taking her wisdom, energy and passion to the ActionAid International board. I would like to take this opportunity to formally thank Karen for her wonderful stewardship. On behalf of the board, I want also to thank ActionAid's staff team in the UK for its brilliant, tireless work over the last year.

Thank you

Andrew Purkis

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 35-40.

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 48 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.
- 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.
- Bringing 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 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

The global recession has underlined the urgent need for resources for our work with poor people worldwide. Raising almost £65 million this year, ActionAid in the UK still remains the largest generator of income for ActionAid internationally, accounting for over 40% of ActionAid International's total income in sterling terms in 2009. It therefore remains crucial that the UK continues to deliver steady income growth, balancing the need for both flexible and restricted types of income, as cost-effectively as possible.

As the financial crisis in 2008 unfolded it became clear that 2009 would be a difficult year for many people to make a new regular financial commitment. Therefore at the start of the year we decided to reduce the level of fundraising we had originally planned, by stopping or scaling back some of the least effective methods of recruiting long-term supporters. Our initial target of securing new child sponsors was reduced from 17,000 to 13,000. In the event, as the recession continued we were only able to find 10,500 new child sponsors.

We continued to look at how we can make supporter relationships with ActionAid stronger and more engaging – going out on the road with supporter road shows, taking time out to thank supporters for their support, as well as listening more attentively to their concerns and suggestions.

The difficult environment was, however, a great stimulant to innovation:

- In June we launched a new national event, PoverTee Day, asking our supporters to don a tee shirt for a day to raise funds. This raised £60,000 and, although less than we had hoped for, gave us the opportunity to make links with new supporters and companies, such as property investment group SEGRO, who went on to select ActionAid as their charity of the year with the aim of raising £100,000 in 2011.
- We focused our attentions on a single part of the country for the first time in October. Recognising the particular generosity of our supporters in Yorkshire, we held a number of different events and generated massive local publicity under the banner 'Yorkshire Means the World'. The campaign brought on board 750 new sponsors, and by focusing on one geographical area we saw the take up in some areas of our marketing increase by 200% compared to the national equivalent.

- As the impact of the recession on our work became apparent we approached supporters to see whether they could help fill the gaps, and received over £600k in response.
- As a long-standing member of the Disaster Emergency Committee (DEC) we were active in two appeals – one for Gaza and a joint appeal for Vietnam, the Philippines and Indonesia – receiving £305,000 and £64,000 respectively in the year. We also raised a further £327,000 from our own Gaza appeal, which was great given the limited publicity this received in the media.

Child sponsorship

In 2009 our child sponsors raised over £12 million, and with 56p in every pound being spent in the community in which a sponsored child lives, this support has been making a huge difference to the communities in which we work.

Through child sponsorship, children have always played a central role in ActionAid by mobilising resources for their communities. In 2009 however we started to place greater emphasis on their active participation in our work not only in education, but beyond. This recognised that children and young people are an important area of focus not only because of their vulnerability but also as potentially powerful agents of change.

In 2009 we continued our efforts with in-country sponsorship teams to make the process of child sponsorship message collection more fulfilling for the children involved and more enjoyable for supporters to receive. We also implemented new standards for country reports to child sponsors to better feed back the impact on communities of their support.

Inspire people to join us in campaigning for the rights of poor people

Our campaigns turn up the heat and challenge the rules, regulations and power relations that mean people go to bed hungry, workers don't get paid a fair wage, developing countries lose revenues through tax dodging and women get consistently treated the worst. ActionAid campaigns focus on the issues that matter to poor people and on the structures that keep people and countries poor. Our campaign targets include the UK government, as well as British companies that operate overseas and may be involved in rights abuses. With the support of thousands of campaigners in the UK, we raise our voices together to make a difference.

Connecting women through 6 degrees

ActionAid's *6 degrees* project is based on the '6 degrees of separation' theory, that says we are all connected to any other person in the world by no more than six links. We wanted to use this theory to fight for women's rights, by connecting women in the UK with women living in poverty.

In 2009, ActionAid joined forces with president of Epic Records, Amanda Ghost, to re-record Chaka Khan's classic anthem *I'm Every Woman* – giving a unique twist by

involving six innovative and exciting modern female artists including Sinead O'Connor and Roisin Murphy who all gave their time free.

What did we achieve?

- The remix was downloaded 4,400 times from the ActionAid website. Media coverage reached 7.14 million people.
- In 2009 *6 degrees* won us a European Public Affairs Awards for effective campaigning.

Putting our foot down to prevent the rise of HIV & AIDS

More than 15 million women are living with HIV globally and many more continue to be infected. Widespread violence against women and girls is at the heart of these statistics.

On World AIDS Day at the end of 2008 we launched our *Put your foot down* campaign to press the Department for International Development (DFID) to take action on violence against women as a part of their HIV and AIDS strategy.

Young artist Riitta Ikonen created a piece of art using 2,876 shoes sent by our supporters, representing the number of women who contract HIV every day. The finished product, an installation which uses customised shoes to tell the stories of women affected by violence and HIV and AIDS, was unveiled on International Women's Day 2009 (8 March) at DFID's offices.

What did we achieve?

- Ivan Lewis, the Minister in charge of HIV and AIDS, spoke at our launch event, promising greater international effort on the issue.
- In response to ActionAid's voice in combination with others, DFID's white paper committed £120 billion to tackle gender based violence.

Fighting for tax justice

"Taxation is a major building block for our development. In 1998 tax revenue made up 16% of our budget. It now makes up 52%."

Mary Baine, Commissioner General of Rwanda revenue authority

ActionAid contends that delivering the billions of pounds of tax owed to poor countries would go a long way to helping fund sustainable development. Our Outlandish Revenue Service campaign was launched to demand that multinational corporations stop evading tax in the developing countries in which they do business.

Despite our humorous approach, this is no laughing matter as it is estimated that multinational companies dodge a whopping US\$160 billion in taxes every single year. This denies developing countries opportunities to build a stable tax base, without which they can't invest in the basic services people need to pull themselves out of poverty.

Our campaigning strategy developed over the year, and took a two pronged attack:

- tax havens – asking for greater transparency through tax information exchanges amongst countries to expose tax dodging practices
- company reporting – asking multinational companies to report on their profits and taxes they paid on these on a country-by-country basis when they file their accounts.

“It’s been a very imaginative campaign, with a touch of humour, which always helps. The issues are absolutely the right ones.”

Former Treasury Minister Stephen Timms MP

What did we achieve?

- 5,000 supporters took action.
- Gordon Brown started to link tax havens and developing countries in public statements.
- Tax havens in British jurisdictions were compelled to enter into tax information exchange agreements with several countries.
- The G20 decided to undertake work to reform international tax cooperation that will benefit developing countries.
- Treasury Minister Stephen Timms championed “country-by-country reporting” at the G20 finance ministers’ meeting in Scotland and at the influential Organisation for Economic Co-operation and Development (OECD). The OECD and the International Accountancy Standards Board decided to look into how this could be done.
- ActionAid played a key role in the creation of the ‘Put People First’ coalition, which sought to use the global financial crisis as an opportunity to promote progressive reform, including global tax reform. The campaign culminated in a rally of 35,000 in London in March and our own innovative masked crusader, Megamouth, was deemed by an influential website to have given birth to “Protest 2.0”!

Campaigning for a *HungerFree* world

In autumn 2009 the number of hungry people topped over one billion – that’s nearly a sixth of humanity and the highest total ever. Despite the awful statistics there is in fact enough food in the world to meet everyone’s needs, if only everyone got their fair share.

As part of a global campaign we launched *HungerFree* on World Food Day 2009. We joined ActionAid partners and campaigners in 27 countries to call for a global response to the hunger crisis from the international community. We focused our efforts on two main areas:

- Promotion of sustainable agriculture – we believe that local farmers should have access to and control over resources, that farming should draw on local and indigenous knowledge and skills, use affordable and appropriate technologies and that the needs of local communities should be placed ahead of the demands of global markets and corporations.
- We also began research into industrial biofuels, identified by the World Bank as having caused up to 30% of the recent global food price hike, and by country programme partners as causing small farmers to lose food crop land to biofuel plantations.

What did we achieve?

- Some 5,261 supporters inundated Prime Minister Gordon Brown with calls for an end to hunger.
- Gordon Brown acknowledged the scale of the global hunger crisis to us on receipt of HungerFree's groundbreaking report, *Who's really fighting hunger?*, which one of our supporters, Avis Talbot, handed in to No 10 Downing Street on World Food Day.
- In just five days a record 186,312 people signed our joint petition with Avaaz – an online global campaigning organisation – in the run up to the World Summit on Food Security at the UN in Rome to demand urgent action on the hunger crisis.

Who pays? continued to deliver results

Every week 32 million of us shop in British supermarkets. But in developing countries supermarket price wars are having a devastating effect on the lives of women workers who produce the food and clothes we buy. It's the poorest people who suffer most from low wages, job insecurity and poor working conditions. We're campaigning to make sure no-one suffers producing the goods we buy.

Our campaign to end unjust purchasing practises from powerful supermarkets continued to bear fruit in 2009.

What did we achieve?

- Early in 2009, our action asking supporters to send 5p to Tesco (the difference in price for a living wage for workers) achieved over 10,000 responses, gave us over 1,000 new campaigning supporters, and helped open up negotiations with Tesco. The company has since increased the number of ethical audits it conducts among its South African fruit farm suppliers. It has also explored, alongside the Women on Farms union (ActionAid's partner in this campaign), a pilot in four farms to increase the wages of farm workers.
- In the summer, we focused on putting more pressure on the government for a supermarket watchdog. Approximately 6,000 supporters sent our action card to Peter Mandelson asking him to make it a reality.

Keeping the pressure on Vedanta

Vedanta Resources plc, a British-listed mining company, is planning to build an open-pit bauxite mine in the pristine Niyamgiri Hills in Orissa, India, potentially causing huge damage to the environment and to the way of life of local tribal groups. ActionAid India has been asking for the last two years that this project be stopped before irreversible damage is done. In 2009 we stepped up our support by pulling in other organisations, such as Amnesty International, Survival International, media and human rights and celebrities to highlight the issue.

What did we achieve?

- In July we held a protest rally at Vedanta's AGM, supported by a number of high profile campaigners including Bianca Jagger, Nitin Sawhney and Labour MP Diane Abbott. Similar protest actions were undertaken in Delhi at the same time. In the two weeks we generated over 200 news stories, which helped persuade two major Vedanta shareholders, Joseph Rowntree Charitable Trust and investment management company Martin Currie, to take their money out of Vedanta and another, the Church of England, to visit the site and conduct an enquiry.
- Together with the Corporate Responsibility (CORE) coalition, we successfully persuaded the Joint Human Rights Committee to recommend to the government the creation of a Business and Human Rights Committee, to provide a means of redress for victims of human rights abuses by UK companies and look into setting standards for UK companies on human rights.
- Our Vedanta campaign won the European Public Affairs best NGO campaign award.

Tackling climate change

Our work with young people and schools continues to be at the forefront of our efforts to make the link between climate change and its impact on poor people.

PowerDown

We grew a new campaign, designed to raise awareness of the link between climate change and poverty, and to empower young people to take action at home and at school.

What did we achieve?

- The *PowerDown* toolkits, launched in 2008, have now delivered materials to over 290,000 pupils – almost 40% more than our original target. This success was endorsed by the campaign winning silver at the Geographical Association awards and being cited as best practice in government guidance to schools.
- 1,000 schools (and counting) have signed up to cutting their carbon emissions by 10% in 2010 through the national 10:10 campaign, which ActionAid is delivering in schools.

Food v dust campaign

In 2009 ActionAid joined the Stop Climate Chaos coalition to campaign for a good deal at the United Nations climate conference in December. A particular concern for ActionAid was the threat to food security and a campaign was developed to highlight the link between climate change and hunger – food v dust.

What did we achieve?

- Over 6,400 young people sent photo messages, collected at summer festivals, to the minister for climate change. A group of young campaigners delivered these messages in person to both Ed Miliband and Gordon Brown a week before the climate conference.
- ActionAid organised the youth element of 'The Wave' march in London attended by 50,000 people. Two young campaigners also joined our chief executive, Richard Miller, in a delegation to meet the prime minister.

- One of our young activists took part in a special edition of BBC World's 'Hard Talk' programme at the end of the summit (she was one of three guests chosen to represent the views of civic society).

Campaigning for education for all

ActionAid in the UK continued to take a lead role in the Global Campaign for Education, which mobilises millions of people and thousands of organisations in over 100 countries to demand education for all.

What did we achieve?

- Around one million young people in the UK took part in the global big read in April – almost double the target and the biggest year since Make Poverty History. A further 200 schools contacted their MPs directly.

Building the power of our communications

In order to fundraise and campaign for change effectively we recognise we need to produce powerful communications which touch people's lives, change their perceptions and inspire them to act. We worked hard to raise awareness and build engagement and action for change with reduced resources. 2009 saw us increase our awareness through our media work, bucking the industry trend, and bring in income and campaigning actions through our innovative online initiatives, PR campaigns and work with celebrities.

What did we achieve?

- Online news and public relations impact rose by 53% as we implemented our new digital strategy.
- National print coverage increased by 11%.
- We developed award-winning online and offline communications – winning seven different national and international prizes for our communications work in 2009, and being awarded both the *Independent* and the *Independent on Sunday* Christmas appeals, raising £150,000 as well as providing other benefits such as an increase in child sponsors and profile.

Looking ahead: our plans for 2010

The financial outlook in the UK remains uncertain and a period of austerity is expected. The new government is planning deep cuts in public expenditure in order to balance the budget. The impact of these cuts, together with the general economic environment, are likely to mean it will continue to be a major challenge to recruit and retain new supporters. In addition, as family budgets are constrained and unemployment potentially rises further, existing supporters may be unable to donate as much or may withdraw entirely.

However, whilst acknowledging the economic uncertainties we now believe 2010 does provide opportunities to invest in growth once more and we hope we can bring more supporters on board. Not only do we want new supporters to join us but we also want to inspire and provide opportunities to get involved in our work in any number of ways – be it writing to an MP, sponsoring a child, volunteering at a music festival or taking part in a community build in Cambodia. In 2010 we will be looking to more clearly articulate, to both current and future supporters, all the ways there are in which to support our work.

Of course in 2010 there will be political as well as economic uncertainties to deal with, with the coalition government now in power. The election of a new government will mean forging new relationships and engaging with new arguments in order to maintain the influence we have built up in recent years. Our Partnership Programme Arrangement with the Department for International Development, currently worth £4.1 million annually, is due for review next year. This important grant supports fieldwork across ActionAid and has a significant impact on our ability to work closely with communities and identify the root causes of poverty.

We have also been witnessing a change in the UK's political and social climate. Whilst international development still enjoys broad public and political support, reflected in the government's budgetary ring fencing of international aid money, there has been a growing questioning of its effectiveness. We will engage both key decision makers, our supporters and the wider public to spell out the achievements of aid and its value for money as well as recognising that it is not just about 'more aid' but 'better aid' too.

However it is important that the debate about development is not just reduced to a debate about aid, but recognises that it is unequal power that keeps people poor and there are many widespread actions that those in power can and need to take in order to foster development.

We will continue to push our current campaigns with all political parties – with lots of activity on tax justice and *HungerFree* in particular, as well as seeking justice for workers in the garments industry for our *Who pays?* campaign – and will capitalise on high profile global events such as the World Cup in South Africa to highlight our work on the ground.

Our global five year strategy, *Rights to end poverty*, was originally due to come to an end in 2010 but has been extended until the end of 2011 in light of the global recession. In 2010 we will therefore be taking stock of what we have achieved and learnt in the last five years and beginning the process of developing a new strategy to be finalised by the middle of 2011. This is an exciting opportunity to look ahead and articulate our vision for the next five years.

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 we can more effectively tackle poverty and its causes at local, national and global levels. It also enables us to raise more resources and deliver programmes in a cost effective way.

In many countries where ActionAid International works national boards have been established to provide better local accountability and oversight. In 2009 ActionAid Uganda and Kenya became full affiliates of ActionAid International with the national boards taking responsibility in their own countries.

The next section highlights how ActionAid International is delivering against the current strategy, *Rights to end poverty*. If you would like more information please go to the ActionAid International website www.actionaid.org.

International context for the year

The financial crisis affected AAI internally as well in the field, and was one factor in a turbulent and very busy year. Through the continuing generosity of supporters and a major effort on the part of fundraisers the same level of income (setting aside the impact of new members joining) was largely maintained. Unfortunately however the value of the income raised dropped, because of the loss in the value of sterling and rising costs. AAI made every effort to protect country programmes and work on the front line by reducing expenditure at an international level and cutting overall international staffing by 12%.

Throughout all this, the ActionAid family has managed to stay united and to use the crisis to bring more focus and cost effectiveness to its work. Overall AAI remains in good shape – widening its income base, increasing its ability to influence policy change and bringing new skills and greater diversity.

Here is a snapshot of the work of ActionAid International.

Women's rights

As well as incorporating women's rights into all its thematic work, AAI also has a standalone women's rights theme to help ensure that women's rights remain at the centre of ActionAid International's 'being and doing'.

The two areas where AAI continues to have the most impact are the *Women won't wait* campaign, which in its third year continues to address the links between HIV and AIDS and violence against women, and its work on women and their right to land.

Violence against girls and women

At the international level the *Women won't wait* campaign reported further gains this year. UNAIDS, one of the campaign's primary targets, announced that ending violence is now one of its eight priority actions. Further evidence of the campaign's increasing influence include ActionAid International being asked to provide input into the UNAIDS action framework and being part of the global taskforce on women, girls, gender equality and HIV.

Work in focus:

- AAI in Ethiopia helped provide legal aid services in over 2,000 cases of violence against women, and 78 women's watch groups were set up to challenge cultural practices that penalise women and girls. As a result 57 girls were rescued from early marriage, with eight parents prosecuted, 93 girls were rescued from genital mutilation and 37 circumcisers were persuaded to stop the practice.

- In Kenya, AAI continues to organise girls' forums to discuss issues affecting them. These 'safe spaces' involved 10,000 girls participating in 98 forums across the country during 2009, where they could discuss issues such as circumcision and early marriage.
- In Liberia AAI worked to promote knowledge of the Rape and Inheritance Laws amongst rural women, traditional leaders and members of parliament.
- In Rwanda 158 women's clubs have been established to help women come together and act on issues that affect them. Bernadette Mukandekazi is one of the violence survivors that the project supported with legal services.

"With this project, ActionAid [International] has enabled us to break our silence. We are now able to report these cases to our local leaders and police. Many women who had suffered have now been assisted. More families, including mine, are now living in peace."

Women's right to land and natural resources

Even though it has been recognised for decades that rural women produce between 60 and 80 per cent of food in developing countries, FAO research shows that women still own less than two per cent of the land. AAI has been fighting since 2005 for equal land rights for women.

Work in focus

- The intensive lobbying undertaken by different parts of AAI, in tandem with AAI partners in the last two years, resulted in the African Union in June adopting guidelines on the promotion and protection of women's rights to land.
- In India AAI's partner Women Dalit Samakya secured 380 acres of land for *dalit* (low caste) families in Andhra Pradesh, with all titles issued in the name of the women in the household.
- In Mozambique paralegals were trained to help women farmers deal with land conflicts, marital conflicts and family laws. In 2009, 12 cases of land disputes were resolved and 10 inheritance cases were supported all the way through the courts, with the widows involved all winning their rights to land.
- In Kenya AAI helped influence the government's National Land Policy so that it addressed gender imbalances in land ownership, access and control, and over 100 people were trained in paralegal skills to help secure land rights for themselves and their communities.

HIV and AIDS

This year – AAI's 20th year of working on HIV and AIDS – was one of transition for the HIV and AIDS team internationally, however excellent work continued at country level.

AAI's STAR (societies tackling AIDS through rights) education programme has continued to spread: in 2009 AAI helped 1,200 groups in 20 countries discuss the issues that matter to them and how to change them. STAR is used in a variety of ways such as: addressing teenage pregnancy, polygamy and health system strengthening in Niger; issues of sex before marriage in Vietnam; reducing stigma and discrimination for HIV-positive people in Uganda; and claiming accountability

from the government for AIDS services in India. Children were a particular focus of programmes in Kenya, India, and Zimbabwe, where it was possible to address issues of child abuse, paediatric treatment and of gaps in services.

Work in focus

- In Afghanistan AAI helped form the first ever HIV-positive people's support group, and made the country's first ever HIV awareness film, which was used to train mullahs, doctors and other officials who could then dispense the information to community members.
- In Zimbabwe AAI's orphans and vulnerable children programme helped in many cases of child abuse by partnering with local, provincial and national child protection committees and monitoring their work as a watchdog for children. AAI also provided school fee payments for vulnerable children and cash transfers, food vouchers, direct food distribution and treatment vouchers for people living with HIV.
- In Kenya AAI promoted voluntary counselling and testing to encourage people to find out their status and adopt positive prevention methods. In collaboration with local partners and the Ministry of Health the programme tested 7,000 people, and referred those who needed treatment to local hospitals or care centres.
- In Tanzania AAI supported a group of people living with HIV in Zanzibar by providing two soap making machines. This enabled the 2,000 members to improve the quality of their soap making, and they are now making a living by selling their wares to tourists on mainland Tanzania.

The right to education

ActionAid is recognised as a leading international organisation working on education and in 2009 there was a comprehensive external evaluation of AAI's education work. This confirmed that AAI is having great impact both locally and internationally, though that there are areas to improve – for example in monitoring.

Work in focus:

- AAI played a key role in securing \$17.5 million for the Global Campaign for Education to support education in 50 countries.
- AAI also influenced the re-design of the \$1.5 billion Education Fast Track Initiative, making the case for support to post-primary school age children, as well as securing greater independence from the World Bank.
- In Pakistan militants opposed to women's rights have been physically destroying girls' schools and so AAI mobilised both communities and the government to protect them. AAI also provided financial support to 57 internally displaced girls to enrol for distance learning from Open University, while 300 girls and 400 boys were provided with education kits.

Just and democratic governance

A key ActionAid tool by which communities are empowered to demand accountability from governments and international institutions is AAI's Economic Literacy and Budget

Accountability in Governance (ELBAG) system. ELBAG helps communities come together to discuss and understand issues of budget tracking, government responsibility and accountability, and has continued to deliver successful challenges across AAI.

Work in focus:

- AAI in Nigeria trained over 500 people in budget tracking and analysis, gender analysis, government and policy formulation. Remarkable results in government transparency and accountability have come about in the communities where the tool is used. For example in Benue State, a coalition has been formed to follow the state budget process. In Lagos, there is now a monthly public accounting by the Ejigbo local council on expenditure to the people.
- In Pakistan, as a result of the mobilisation of 11 district level ELBAG groups around the National Drinking Water Policy, budget allocations were approved for public water in various areas, worth over £300,000. ActionAid Pakistan's tax justice campaign continues to advocate for fair and transparent levying of land tax and ELBAG groups are drafting a constitutional petition to be submitted to the High Court against illegal tax collection.

The right to human safety and security

This year, despite changes in the leadership and membership of the human security team, there was a marked increase in the scale, speed and efficiency of emergency response as we responded to crises in 25 countries.

Emergency response and preparedness

Major responses in the year were in respect of the drought in East Africa, conflict in Democratic Republic of Congo, Afghanistan and Haiti, drought and cyclone in India and Bangladesh, typhoon Ketsana in Vietnam, and the cholera crisis in Zimbabwe. ECHO was AAI's major partner and donor in emergency responses, providing almost €4 million for responses in Afghanistan, Bangladesh, India, Pakistan and Vietnam.

Work in focus:

- In Bangladesh AAI provided emergency support in the form of food, water and non-food items in the wake of cyclone Aila, then established 'watch' committees to help people organise longer term. Meanwhile, our response to survivors of the 2007 SIDR cyclone has led to 112 landless families getting land.
- Hunger in eastern Uganda caused by food insecurity affected about 1.3 million people. ActionAid provided 150 metric tonnes of food as emergency relief food to almost 16,000 people. The relief support provided food for 14 days as AAI mobilised people to demand food from the government. The debate on food rights in northeast Uganda escalated to the national level and the increasing public pressure got a positive response, with the office of the Prime Minister delivering 43 metric tonnes of food. Ultimately, the government provided £6.5 million to support hunger-affected families in eastern and northern Uganda.

The right to food

Our *HungerFree* campaign provided an avenue for citizens across the world to demand that governments minimise the effects of the food crisis on poor people. At the policy level, AAI helped influence the historic \$22 billion commitment to food aid made at the G8 summit in L'Aquila in July, ensuring it prioritised sustainable agriculture.

Work in focus:

- In India, as the result of mobilisation since 2008 by AAI's partner Digambarpur Angikar, women who fish for a living won a major victory when the government of West Bengal issued identity cards to them acknowledging them as fisherfolk.
- AAI is helping build a future generation of farmers in Brazil through supporting education alternatives and engaging with the government on their youth policy. Almost 500 young boys and girls aged 9 to 16 have already graduated from the Family Agriculture Schools run by AAI's partner Assema.
- Farmer to farmer exchanges were held between Kenya and Tanzania to share learning on cashew nut production and marketing. On their return, farmers from Kenya created a cashew nut marketing board and demanded space on the government body responsible for fixing prices and providing technical support to the cashew nut sector. Two farmers now have a seat in this committee.

Financial review

ActionAid's finances

Last year we recognised that 2009 was going to provide a challenging economic environment – and so it turned out to be. Setting to one side the variable impact of emergencies, income fell by 3% which, though disappointing, within the current climate we feel is reasonable. The diversity of our funding sources – in particular the high proportion of people who choose to donate through a regular gift, and funders who are willing to commit over a period of years – have contributed to relative stability in troubled economic times. That said, the effect of losing valuable financial supporters for a second year running will undoubtedly be felt in future years.

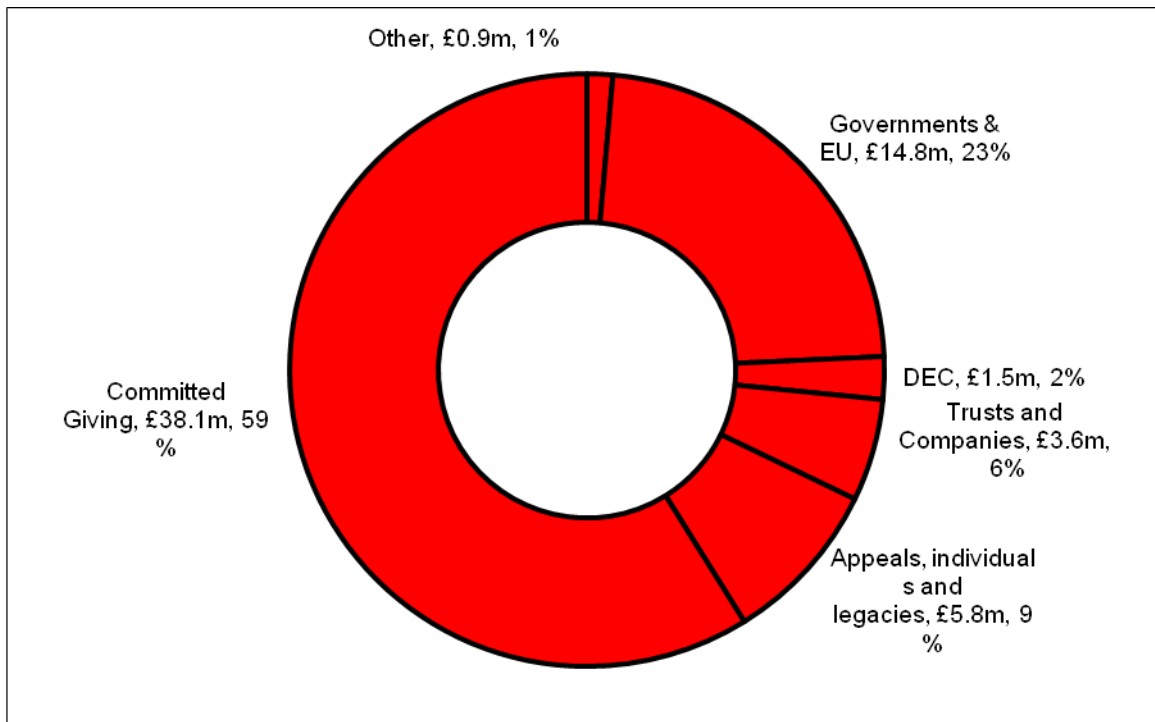
Unfortunately, what these accounts can't fully convey, is the impact of a weak British pound throughout the year, reducing the value, in local currency terms, of the income we raise in many of the countries in which we work.

At the start of the year a decision was made to make rein back expenditure in anticipation of falling income. We reduced our anticipated expenditure significantly – largely in fundraising but also in our project and support costs. As much of our fundraising expenditure focuses on finding new committed giving supporters, within the context of a difficult fundraising environment a more cautious approach made sense. We are nevertheless mindful that our inability to sustain the numbers of financial supporters will play out over the longer term.

There continues to be uncertainty beyond the economy. If the basic rate of income tax remains unchanged and gift aid's transitional relief is phased out as planned in April 2011 there will be a significant impact – potentially leading to a loss of about £1 million a year (in essence we are a victim of our own success, as ActionAid has been extremely successful at claiming gift aid and tax efficient giving – with the proportion of our supporters signing up to gift aid amongst the highest in the sector).

Where does our money come from?

We receive income from a number of sources and the proportions are not dissimilar from that received in 2008, with committed giving from individuals accounting for the largest element:



Although income was down by £3 million, this is in part a reflection of emergency income that varies from year to year. Excluding the impact of emergencies, income did still fall by about 3%.

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).

In 2008 we saw a decline in committed giving supporters after years of consistent growth and unfortunately this continued in to 2009, resulting in the total number of such supporters down 11,000 to 161,000 at the end of the year. The fall reflects an increased loss of existing supporters (with most people understandably citing financial concerns), a much tougher environment to find new supporters with which to replace them and also our decision to stop face to face recruiting of regular givers.

Encouragingly the level of people ending their support began to fall at the end of the year, though still remains high by historical standards.

Despite this income from committed givers only fell by less than 1% to £38.1 million, in part because many supporters increased their gift, which was very much appreciated in difficult times.

Emergency appeals – both received directly and through the Disasters Emergency committee (DEC) – fell by £2.6 million (58%). This primarily reflects the end of funds raised for the 2004 Asian tsunami, which came to an end in 2008. That said, we continued to receive significant funding for rehabilitation work in Myanmar after the cyclone as well as for the crises in the Democratic republic of Congo and Gaza from both the DEC and our own supporters.

An increased number of supporters generously remembered ActionAid in their will – 10% more than in 2008 – though as might be expected in the current environment the average value of residual legacies (which account for just over half of the legacies received in the year) fell from £23,000 in 2008 to £18,000 in 2009.

We received £4.1 million from the Department for International Development as part of its programme partnership arrangement, making a significant contribution to our global programmes.

Income from charitable activities

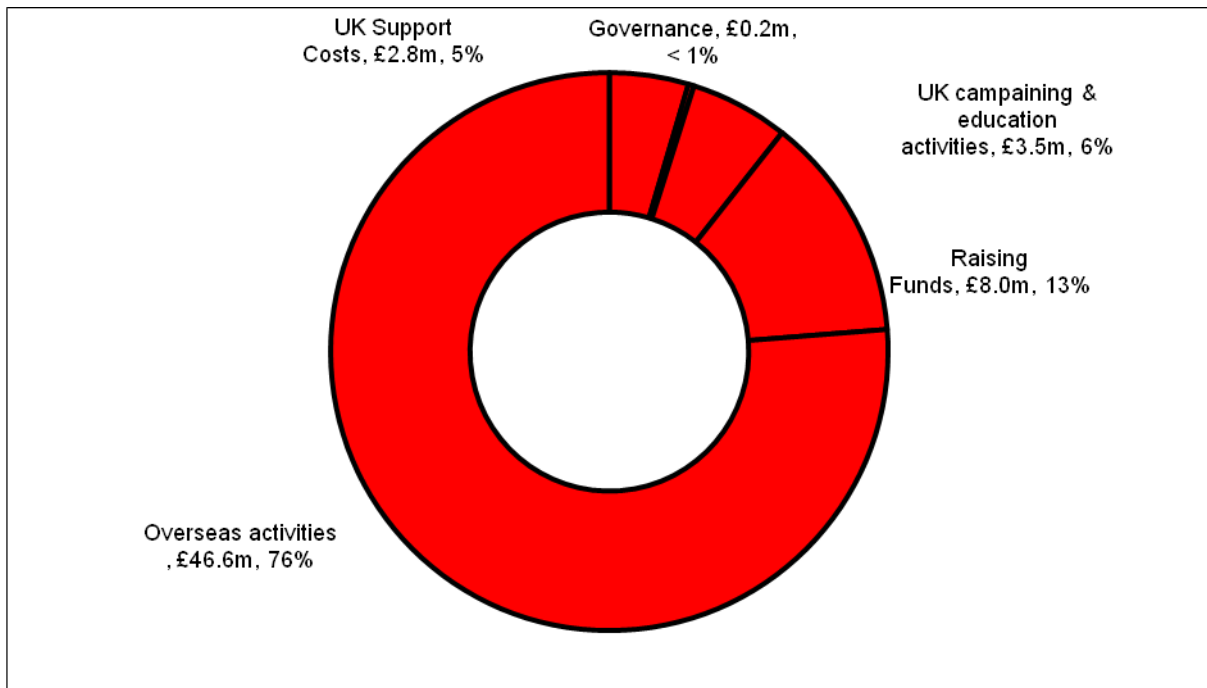
All the grants that we receive from governments and other public bodies that contribute directly to our charitable purposes are included within this category. Although it was largely unchanged in total this disguises some changes – in particular 2008 saw the end of the Commonwealth Education Fund (an 5 year joint project with Save the Children UK and Oxfam GB) and an HIV and AIDS project in Nigeria, but also a substantial increase in level of funding from the European Union. 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

We were the recipient of just over £500,000 from the closure of a trust arising from the end of a reinsurance business. Overall, however, with the base rate at a historic low of 1.5% before falling even further to 0.5% two months later, investment income was unsurprisingly dramatically reduced.

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 breakdown for the year:



As shown in note 8 total staff remuneration increased by 13%. This reflected a combination of factors – incremental rises staff receive through our pay structure, a 4% annual inflationary increase (reflecting the RPI at the time of negotiation), some minor team restructures and a modest increase in headcount. Although each element is relatively small clearly they add to a significant amount and we monitor these costs carefully.

Spending on our charitable activities

Naturally this is the bulk of expenditure – both 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.

Our charitable expenditure overseas fell by £2.7 million to £46.6 million. This is mostly explained by the fall in funding for emergencies, but also reflects the timing of grants made to country programmes for certain EU contracts.

What was spent on ‘support’?

Our support costs (the different elements of which are broken down in note 3) are down about 3% on last year as we sought to make savings (in spite of increased property costs resulting from the rent review on our London offices in 2008) and because the Commonwealth Education Fund project, which had its own administrative structure, came to an end in 2008.

Expressed as a proportion of our UK expenditure however, support costs have increased from 16% to 19% – as a consequence of the significant short term reduction in fundraising spend this year.

We continue to look critically at these costs though we recognise that there is still need for investment in areas such as IT to provide the infrastructure to support our ambitions around digital communications and suchlike.

How effective was our fundraising?

Towards the end of 2008 the fundraising environment became increasingly difficult. We decided to scale back our committed giving fundraising in 2009 until the public was more receptive – with the result that direct fundraising costs fell by £1.4 million to £5.9 million. The core element of this spend related to 10,500 new child sponsors – as noted previously, this was considerably fewer than we had originally intended, with response rates in some of our key recruitment channels falling significantly in the second half of the year.

Excluding emergencies, our overall ‘return on investment’ for the year remained high – exceeding 5:1 (i.e. for every £1 spent over £5 was raised) – a good benchmark when compared to the rest of the sector. We are conscious however that we need to develop new approaches to make up for any long-term shortfall due to reduced fundraising investment in 2009.

The costs associated with other voluntary income also fell 15% (though expressed as a proportion of income, it rose slightly with the fall in DEC income in the year).

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 rose by £2.7 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 – though this was offset by increased levels of gift aid due from HMRC.

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. On this basis we were £1 million above (our target being at £4.4 million, allowing for pre-financing) at the end of 2009 due to the surplus generated in the year and yet to be granted to ActionAid International. We will retain this to offset additional costs anticipated as part of an office move and anticipate that we will return to our target level of reserves by the end of 2010.

ActionAid's trustees judge that this is an appropriate level of reserves to hold in the context of reserves held elsewhere in ActionAid International (please see the financial review of ActionAid International for more details).

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 £193,000 (2008: £660,000). 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

	2009 £'000	2008 £'000
Income		
Voluntary Income		
Committed giving	89,931	81,684
Other donations	27,516	30,302
	<u>117,447</u>	<u>111,986</u>
Official Income	62,439	27,860
Investment Income	719	1,758
Other Income	7,017	3,581
Total Income	<u>187,622</u>	<u>145,185</u>
Expenditure		
Fundraising	(32,048)	(29,581)
Programme	(141,738)	(108,366)
Governance	(2,582)	(2,013)
Total Expenditure	<u>(176,368)</u>	<u>(139,960)</u>
Investment profits/ (losses)	499	(1,242)
Net surplus	<u>11,753</u>	<u>3,983</u>
Unrealised exchange gains/(losses) on translation	(450)	2,053
Net movement in Funds	<u>11,303</u>	<u>6,036</u>
Total Funds brought forward at 1 January 2009	53,652	47,616
New affiliates brought into the group	5,200	
Total Funds carried forward at 31 December 2009	<u>70,155</u>	<u>53,652</u>

ActionAid International's income and expenditure grew significantly in the year (29% and 26% respectively), but this in part reflects the inclusion of four new affiliate and associate members in 2009, adding about £35 million to both income and spend.

Income

Underlying income, on a like for like basis, grew about 5%. Committed giving grew in sterling terms largely as the impact of a stronger euro on income from Italy and Greece. The number of supporters making a regular gift remained broadly constant at 399,000. Reductions in DEC funding and contributions from Ayuda en Accion have led to other donations falling by about 9%.

Growth in official income was driven primarily by the contributions from the governments of Denmark and Australia following the aggregation of new members, though there were healthy increases in funding from other institutional donors.

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

	2009	2008
	£'000	£'000
Partnership programme arrangement (UK)	4,110	3,990
Partnership programme arrangement (Latin America)	575	0
NGOs and Humanitarian Reform	504	0
Disaster risk reduction (International)	663	913
Promoting sexual and reproductive health (Nigeria)	0	857
Rights and voices initiative (Ghana)	745	828
Strengthening Nigeria Resilience (Nigeria)	818	804
Commonwealth Education Fund (UK)		1,332
National equity and access (Nepal)	290	539
Protracted Relief Programme (Zimbabwe)	846	280
Other	1,055	807
Total	9,606	10,550

Investment income fell significantly as global interest rates fell.

Expenditure

Fundraising costs, excluding support allocations, rose by 17% driven in part by the arrival of new fundraising members to ActionAid International. Expressed however as a proportion of income fundraising costs fell, as the new members largely raise income from institutional sources, which require relatively little fundraising expenditure to generate.

Programme expenditure, excluding support allocations, rose by 30% but fell by 5% on a like for like basis. Support costs grew by about 4% – the restrained growth a reflection of reductions in light of the recession.

Balance sheet

	2009	2008
	£'000	£'000
Fixed assets		
Tangible assets	3,289	1,577
Investments	8,919	5,118
	12,208	6,695
Current assets		
Debtors	13,198	8,816
Cash at bank and in hand	65,155	52,667
	78,353	61,483
Current liabilities		
Creditors: amounts falling due within one year	(20,406)	(14,526)
	70,155	53,652
Net assets	70,155	53,652
Restricted reserves	50,345	36,304
Unrestricted reserves	19,810	17,348
	70,155	53,652

Net assets increased in the period in part because of those brought in by new members, but also by the £11.8 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 £50,000, net of amounts recovered, in 2009 through fraud and irregularities – significantly less than the £271,000 lost in 2008.

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 pages 3-4 and brief biographies are set out on pages 5-6.

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 for appointment 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. There are three such committees:

- ActionAid's finance and audit committee has a remit to promote the highest standards of integrity, financial reporting and internal control. It also oversees the organisation's risk management.
- 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.
- The remuneration committee reviews the remuneration principles applying to ActionAid's staff, considers remuneration issues relating to senior managers, and recommends the remuneration of the executive director.

Changes in ActionAid International's governance

- New membership agreements reflecting the new international governance structures were drafted in the first part of the year and agreed within the inaugural meeting of ActionAid International's assembly, in June 2009. ActionAid also negotiated an additional agreement that addressed the fact that it currently retains ownership of the ActionAid brand as well as many of the country programmes.
- A new international board was appointed by the assembly, electing Irene Ovonji-Odida, a human rights lawyer and activist with 21 years' experience in development work as chair. Karen Brown, ActionAid's chair for the last six years, was also elected to the board.
- In September 2009 the sub-committee structure of ActionAid International was reorganised creating two new committees: finance and funding, and audit and risk, to replace the existing finance and audit committee. Up to this point ActionAid's finance and audit committee had met jointly with that of ActionAid International and as a result we have been considering what additional information we might require as a result to maintain an adequate level of oversight of the money we raise by ActionAid International.
- In June 2009 Kenya and Uganda become full affiliates of ActionAid International and as the previous legal owner, ActionAid transferred all assets and liabilities to these new members.

Accountability and trustee development

In 2009 we introduced 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 firsthand 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 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 downturn in the economy both in terms of raising funds and retaining supporters, potential loss of political capital and a change in approach to funding international development with the change in government.

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 sterling change 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 which 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 SORP;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 and volunteers

The trustees appreciate the hard work and commitment of ActionAid staff across the organisation and the shared values and dedication of staff is key to the success of ActionAid. ActionAid is an ambitious organisation driven by the need to make a difference in the lives of poor people and trustees recognise how demanding this is in an environment where resources remain tight.

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.

ActionAid's fundraising supporter groups are spread throughout the UK and these groups raise funds through a variety of activities and act as media 'ambassadors' in their local areas. The 40 supporter groups meet formally and informally, and contribute about 200 days each year, not to mention raising more than £172k for ActionAid in 2009.

Our most successful group is in Guernsey led by Glyn Allen, who decided to join the ActionAid local group to get to know people and has been running it for 25 years. In partnership with other local charities they opened a temporary shop as part of their tireless fundraising, which raised £41k in 2009. Over 25 years they have directly raised over a quarter of a million pounds, and donations we receive from individuals is one of the highest per head of population.

ActionAid has a strong commitment to developing the diversity of its staff and volunteers, and has continued to develop its strategy during 2009. 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, Chair

7 September 2010

Independent auditor's report to the members of ActionAid

We have audited the financial statements of ActionAid for the year ended 31 December 2009 which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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 auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of trustees' responsibilities on pages 38 and 39.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the trustees' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the

trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the groups' and the charity's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the trustees' annual report is consistent with the financial statements.

Buzzacott LLP

Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
12 New Fetter Lane
London
EC4A 1AG

14 September 2010

Consolidated statement of financial activities

Total 2009

Income and expenditure		Restricted funds	Unrestricted funds	Total 2009	Total 2008
	Notes	£'000	£'000	£'000	£'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2a	24,396	25,105	49,501	52,757
Activities for generating funds		1	77	78	132
Investment income	2c	2	29	31	264
Incoming resources from charitable activities:					
Grants	2b	13,542	741	14,283	14,302
Trading income from charitable activities	2b	-	114	114	156
Other incoming resources	2d	(132)	824	692	166
Total incoming resources		37,809	26,890	64,699	67,777
Resources expended					
Cost of generating funds:					
Costs of generating voluntary income		85	9,459	9,544	11,026
Fundraising trading: costs of goods sold and other costs		3	120	123	110
Charitable activities	6	35,106	16,153	51,259	56,269
Governance costs	5	24	146	170	113
Total resources expended		35,218	25,878	61,096	67,518
Net incoming resources before transfers		2,591	1,012	3,603	259
Gross transfers between funds	15	155	(155)	-	-
Net income		2,746	857	3,603	259
Total funds brought forward at 1 January		1,909	4,746	6,655	6,396
Total funds carried forward at 31 December		4,655	5,603	10,258	6,655

The notes on pages 47 - 65 form part of these financial statements. There are no recognised gains and losses other than those shown above. All incoming resources and resources expended derive from continuing activities.

Balance sheets

Total 2009

	Notes	Charity		Group	
		2009	2008	2009	2008
		£'000	£'000	£'000	£'000
Tangible fixed assets	11	110	112	110	112
Current assets					
Debtors	12	5,257	4,049	5,260	4,049
Short-term bank deposits		4,050	4,280	4,050	4,280
Cash at bank		5,765	2,831	5,765	2,831
		15,072	11,160	15,075	11,160
Liabilities					
Creditors: amounts falling due within one year	13	4,924	4,617	4,927	4,617
Net current assets		10,148	6,543	10,148	6,543
Net assets		10,258	6,655	10,258	6,655
Funds					
Restricted funds	14, 15	4,655	1,909	4,655	1,909
Unrestricted funds					
Designated funds	14	110	112	110	112
General funds	14	5,493	4,634	5,493	4,634
Total funds		10,258	6,655	10,258	6,655

Andrew Purkis
(Chair)

7 September 2010

Richard Lewis
(Honorary Treasurer)

7 September 2010

Consolidated cashflow statement

for the year ended 31 December 2009

Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities	2009	2008
	£'000	£'000
Net incoming resources before other recognised gains and losses	3,603	259
Depreciation	49	42
(Increase) in debtors	(1,211)	(111)
Increase/(decrease) in creditors	310	(2,337)
Interest received	(31)	(264)
Net cash inflow/(outflow) from operating activities	<u>2,720</u>	<u>(2,411)</u>

Cash flow statement

Net cash inflow/(outflow) from operating activities	2,720	(2,411)
Interest received	31	264
Disposal of fixed assets	-	8
Purchase of tangible fixed assets	(47)	(94)
Cash inflow/(outflow) before management of liquid resources	<u>2,704</u>	<u>(2,233)</u>
Management of liquid resources		
Decrease in short-term bank deposits	230	1,340
Increase/(Decrease) in cash in the period	<u>2,934</u>	<u>(893)</u>

Analysis of cash

	As at 31 December 2008 £'000	Cashflow £'000	As at 31 December 2009 £'000
Cash at bank	2,831	2,934	5,765
Short-term bank deposits	4,280	(230)	4,050
Total cash and liquid resources	<u>7,111</u>	<u>2,704</u>	<u>9,815</u>

Notes forming part of the financial statements

for the year ended 31 December 2009

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 (March 2005) 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 2009

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.

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 2009

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

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 2009

2. Incoming resources

	Restricted	Unrestricted	Total 2009	Total 2008
(a) Voluntary income	£'000	£'000	£'000	£'000
Committed giving	20,867	17,220	38,087	38,334
Appeals and individual donors	2,086	2,521	4,607	5,376
Disasters Emergency Committee appeals - see below	1,437	88	1,525	3,642
UK government - Partnership Programme Arrangement (see note 16)	-	4,110	4,110	3,990
Legacies	6	1,166	1,172	1,415
Total	24,396	25,105	49,501	52,757

	Restricted	Unrestricted	Total 2009	Total 2008
Disasters Emergency Committee Appeals income	£'000	£'000	£'000	£'000
Tsunami	70	5	75	2,634
Myanmar cyclone appeal	538	34	572	560
Bangladesh cyclone	-	-	-	416
Asian earthquake appeal	22	2	24	58
Niger crisis appeal	-	-	-	(26)
Congo (DR) Crisis appeal	453	32	485	-
Gaza appeal	294	11	305	-
Vietnam Cyclone Ketsana appeal	60	4	64	-
Total Disasters Emergency Committee	1,437	88	1,525	3,642

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
2009			
Incoming resources from generated funds:			
Voluntary income	1,941	47,560	49,501
Activities for generating funds	-	78	78
Investment income	-	31	31
Incoming resources from charitable activities:			
Grants	4,364	9,919	14,283
Trading income from charitable activities	-	114	114
Other incoming resources	-	692	692
2009 Total	6,305	58,394	64,699
2008 Total	7,483	60,294	67,777

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 2009

2 (b) Incoming resources from charitable activities	Restricted	Unrestricted	Total 2009	Total 2008
(i) Grants from governments and other public authorities:	£'000	£'000	£'000	£'000
UK government (see note 16)	727	33	760	2,419
European Union	9,367	486	9,853	7,844
Government of Jersey	65	-	65	211
Government of Guernsey	36	-	36	132
Other grants all individually under £100,000	-	-	-	30
Total grants from governments and other public authorities	10,195	519	10,714	10,636
(ii) Grants from companies, trusts and NGOs:				
Big Lottery Fund	1,017	5	1,022	838
Comic Relief	1,032	-	1,032	1,122
The Haremead Trust	130	-	130	-
The Waterloo Foundation	121	2	123	-
Mourant	136	4	140	-
ActionAid International	112	43	155	388
Other grants all individually under £100,000	799	168	967	1,318
Total grants from companies, trusts and NGOs	3,347	222	3,569	3,666
Total grants	13,542	741	14,283	14,302
(iii) Trading income from charitable activities				
Sale of educational materials and fees for school talks	-	114	114	156
Total income from primary purpose trading	-	114	114	156
Total income from charitable activities	13,542	855	14,397	14,458

Notes forming part of the financial statements

for the year ended 31 December 2009

2. Incoming resources (continued)

(c) Investment income

Interest on deposits

Restricted	Unrestricted	Total 2009	Total 2008
£'000	£'000	£'000	£'000
2	29	31	264

(d) Other incoming resources

Exchange (losses)/gains
Other income

Total

Restricted	Unrestricted	Total 2009	Total 2008
£'000	£'000	£'000	£'000
(132)	(9)	(141)	150
-	833	833	16
(132)	824	692	166

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

Other income in the year included two significant one-off receipts. The first was a VAT reclaim of £0.29m for the years 1977 to 1997. The other was a payout of £0.54m by RMCA, a reinsurance scheme which was wound up in 2004. The unclaimed amounts in the scheme were split between ActionAid and Médecins Sans Frontières.

3. Support costs

Support costs comprise the following items:

Communications
UK Director costs
Finance
Human resources
Information technology
Office administration
Organisational effectiveness director central costs
Property costs

Restricted	Unrestricted	Total 2009	Total 2008
£'000	£'000	£'000	£'000
-	233	233	228
-	105	105	118
-	597	597	609
-	384	384	311
-	567	567	607
-	236	236	433
-	167	167	147
-	496	496	413
-	2,785	2,785	2,866

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

Costs of generating funds
Charitable activities

Restricted	Unrestricted	Total 2009	Total 2008
£'000	£'000	£'000	£'000
-	1,588	1,588	1,288
-	1,197	1,197	1,578
-	2,785	2,785	2,866

Notes forming part of the financial statements

for the year ended 31 December 2009

4. Costs of generating funds

	Restricted	Unrestricted	Total 2009	Total 2008
	£'000	£'000	£'000	£'000
Costs of generating voluntary income				
Committed giving	-	5,882	5,882	7,289
Other voluntary income	85	1,989	2,074	2,449
	85	7,871	7,956	9,738
Support costs allocated	-	1,588	1,588	1,288
Total costs of generating voluntary income	85	9,459	9,544	11,026
Trading	3	120	123	110
Total costs of generating funds	88	9,579	9,667	11,136

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 2009	Total 2008
	%	%
Committed giving	15%	19%
Other voluntary income	18%	17%
Overall voluntary income	16%	18%

5. Governance costs

	Restricted	Unrestricted	Total 2009	Total 2008
	£'000	£'000	£'000	£'000
Auditors' remuneration - statutory audit	-	47	47	44
Auditors' remuneration - non statutory audit	9	1	10	6
Audit fees to firms other than the statutory auditor	15	-	15	11
Apportionment of staff costs	-	34	34	24
Board meeting expenses	-	64	64	28
Total governance costs	24	146	170	113

The auditors were paid £nil (2008: £nil) for other services.

Notes forming part of the financial statements

for the year ended 31 December 2009

6. Charitable activities by theme

	Direct programme	Charitable grants	Total direct charitable	Support costs allocated	Total 2009	Total 2008
	£'000	£'000	£'000	£'000	£'000	£'000
Women's rights	420	4,621	5,041	53	5,094	5,615
The right to education	1,081	4,499	5,580	208	5,788	9,385
The right to a life of dignity in the face of HIV and AIDS	608	3,289	3,897	52	3,949	5,801
The right to food	2,634	5,529	8,163	182	8,345	11,059
The right to human security during conflicts and emergencies	4,020	6,702	10,722	26	10,748	13,756
The right to just and democratic governance.	704	8,480	9,184	234	9,418	5,249
Cross-cutting initiatives	843	2,814	3,657	442	4,099	2,776
Other	35	3,783	3,818	-	3,818	2,628
Total charitable activities	10,345	39,717	50,062	1,197	51,259	56,269

7a. Grants to ActionAid International and ActionAid country programmes

	Total 2009	Total 2008
Restricted funds:	£'000	£'000
Africa		
Burundi	516	330
Democratic Republic of Congo	566	135
Ethiopia	771	976
Ghana	892	893
Kenya	2,246	2,189
Lesotho	167	163
Liberia	143	175
Malawi	860	816
Mozambique	479	502
Niger	-	(27)
Nigeria	650	1,608
Rwanda	203	191
Senegal	92	107
Sierra Leone	896	1,090
Somaliland	159	498
South Africa	227	172
Tanzania	301	337
The Gambia	1,108	1,068
Uganda	1,845	1,649
Zambia	69	9
Zimbabwe	53	113
	12,243	12,994

Notes forming part of the financial statements

for the year ended 31 December 2009

7a. Grants to ActionAid International and ActionAid country programmes (continued)

	Total 2009	Total 2008
	£'000	£'000
Restricted funds (continued):		
Asia		
Afghanistan	269	224
Bangladesh	775	1,160
Cambodia	617	442
China	306	613
India	3,686	3,903
Myanmar	639	747
Nepal	784	819
Pakistan	792	899
Sri Lanka	143	2,142
Thailand	-	35
Vietnam	611	561
	8,622	11,545
Latin America and the Caribbean		
Brazil	430	481
Ecuador	179	163
Guatemala	566	611
Haiti and Dominican Republic	583	552
Nicaragua	118	119
Peru	191	191
	2,067	2,117
ActionAid International - projects involving more than one country	5,154	4,653
Total restricted funds	28,086	31,309
Unrestricted funds:		
ActionAid International (cash grants)	10,600	9,598
ActionAid International (grants in kind representing support costs incurred on behalf of ActionAid International)	812	765
Total unrestricted funds	11,412	10,363
Total grants to ActionAid International and ActionAid country programmes	39,498	41,672
7b. Grants to other bodies		
Restricted grants (all individually under £100,000)	121	719
Unrestricted grants (all individually under £100,000)	98	101
Total grants to other bodies	219	820
Total grants	39,717	42,492

Notes forming part of the financial statements

for the year ended 31 December 2009

8. Particulars of employees

	Total 2009	Total 2008
The average number of employees during the year was:	Number	Number
Campaigns and policy	46	41
Fundraising	61	66
Support staff including communications	59	55
Total	166	162

	Total 2009	Total 2008
Total remuneration of employees (full-time and part-time) was:	£'000	£'000
Gross wages and salaries	5,465	4,829
Social security costs	505	467
Pension contributions	399	360
Total	6,369	5,656

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

	2009	2008
	Number	Number
£60,001 - £70,000	4	-
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
	6	1

ActionAid's executive director was the highest paid employee in the year and received the following remuneration in 2009: £82,425 salary (2008: £79,265). In addition £8,243 (2008: £7,926) 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 six (2008: one) employees. During the year this amounted to £37,961 (2008: £7,926).

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 incur significant costs on overseas trips but travel costs 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 2009 Richard Miller, the UK Director incurred costs of £6,851 (2008: £8,923) in connection with his duties as a member of the ActionAid International Directors team, as the director with responsibility for Human Security and review visits to Country Programmes.

Notes forming part of the financial statements

for the year ended 31 December 2009

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 2009 or 2008. Directly incurred expenses are reimbursed, if claimed, and in 2009, nine trustees claimed a total of £8,135 (2008: £6,914 was paid to seven trustees) for travel, subsistence and accommodation relating to their role as trustees. 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).

Adriano Campolina Soares 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	2009	2008
	£'000	£'000
Net incoming resources are stated after the following charges:		
Operating lease rentals - property	547	340
	547	340

11. Tangible fixed assets	Office equipment £'000	Total £'000
Group and Charity		
Cost		
At 1 January 2009	202	202
Additions	47	47
At 31 December 2009	249	249
Depreciation		
At 1 January 2009	90	90
Charge for year	49	49
At 31 December 2009	139	139
Net book value		
At 31 December 2009	110	110
At 31 December 2008	112	112

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

Notes forming part of the financial statements

for the year ended 31 December 2009

12. Debtors	Charity		Group	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Trade debtors	-	-	69	26
Accrued income	2,837	2,165	2,837	2,165
Other debtors	131	138	131	138
Prepayments	193	205	193	205
Amounts due from ActionAid India	-	3	-	3
Amounts due from ActionAid Ireland	-	2	-	2
Amounts due from ActionAid Italy	-	6	-	6
Amounts due from ActionAid Enterprises Ltd	66	26	-	-
Tax recoverable	2,015	1,483	2,015	1,483
Amounts due from employees	15	21	15	21
Total debtors	5,257	4,049	5,260	4,049

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

13. Creditors	Charity		Group	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Interest-free loans	83	82	83	82
Trade creditors	1	525	1	525
Accruals	602	489	605	489
Other creditors	211	238	211	238
Amounts due to ActionAid International	2,707	1,877	2,707	1,877
Amounts due to employees	2	7	2	7
Taxation and social security	158	144	158	144
Deferred income	1,160	1,255	1,160	1,255
Total creditors	4,924	4,617	4,927	4,617

Notes forming part of the financial statements

for the year ended 31 December 2009

14. Analysis of fund balances

	Restricted £'000	Unrestricted		Total 2009 £'000
		Designated £'000	General £'000	
Group and Charity				
At 1 January 2009	1,909	112	4,634	6,655
Net movement in funds in period	2,746	(2)	859	3,603
At 31 December 2009	<u>4,655</u>	<u>110</u>	<u>5,493</u>	<u>10,258</u>
Represented by:				
Tangible fixed assets	-	110	-	110
Current assets	5,321	-	9,754	15,075
Current liabilities	(666)	-	(4,261)	(4,927)
	<u>4,655</u>	<u>110</u>	<u>5,493</u>	<u>10,258</u>

Designated funds represent unrestricted fixed assets at net book value.

Notes forming part of the financial statements

for the year ended 31 December 2009

15. Movement in funds	Balance as at 1 January 2009	Income	Expenditure	Transfers in/(out)	Balance as at 31 December 2009
Group and charity	£'000	£'000	£'000	£'000	£'000
Africa	821	13,129	(13,443)	263	770
Asia	667	14,729	(12,943)	231	2,684
Latin America and the Caribbean	122	2,199	(2,367)	46	-
International projects and other funds	299	7,752	(6,465)	(385)	1,201
Total restricted funds	1,909	37,809	(35,218)	155	4,655
Unrestricted funds (including designated balances)	4,746	26,890	(25,878)	(155)	5,603
Total unrestricted funds	4,746	26,890	(25,878)	(155)	5,603
Total funds	6,655	64,699	(61,096)	-	10,258

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 2009

15. Movement in funds (continued)

	Balance as at 31 December 2009 £'000	Balance as at 31 December 2008 £'000
The balances on restricted funds at the year end are made up:		
EU and ECHO funded projects	4,160	1,532
Other projects managed by ActionAid	173	73
Exchange gains	322	304
Total restricted funds	4,655	1,909

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 £0.19m (2008: £0.66m). 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.

One fund balance 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 £126,000 on the Drought prone support project. A request for funds is awaiting completion of the final audit and so the funds will not be received until May 2010.

Notes forming part of the financial statements

for the year ended 31 December 2009

16. Grants received	2009	2008
Grants received in 2009 from the UK Department for International Development:	£'000	£'000
Partnership Programme Arrangement (PPA)	4,110	3,990
Total voluntary income	4,110	3,990
Commonwealth Education Fund (CEF)	-	1,332
Promoting Sexual and Reproductive Health for HIV/AIDS Reduction (PSRHHR)	-	857
The Impact of Agro-Import Surges on Developing Countries	-	30
Disaster Risk Reduction through Schools	155	-
Partnership Programme Agreement (PPA) - Latin America	575	200
Total incoming resources from charitable activities	730	2,419
Total grants received from UK Department for International Development	4,840	6,409

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 2009 from Department for Environment Food and Rural Affairs:	£'000	£'000
Greener Living Fund	30	-
Total grants received in 2009 from UK government	4,870	6,409

Grants received in 2009 from Comic Relief were as follows:

	£
Transforming Girls Education (Multi-country)	887,538
HIV AIDS (Kenya)	144,172
	1,031,710

Grants received in 2009 from the Big Lottery Fund were as follows:

Rural Water provision (Somaliland)	35,473
Resettlement of women (Liberia)	141,693
Rights for life - Tsunami (Multi-country)	164,118
Violence against Girls in schools (Multi country)	680,723
	1,022,007

Notes forming part of the financial statements

for the year ended 31 December 2009

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.

	2009	2008
	£'000	£'000
Grants to ActionAid International	39,498	41,672
	<u>39,498</u>	<u>41,672</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 on page 32 of the report of the board of trustees, ActionAid International is entitled to appoint one trustee to ActionAid's board. The designated trustee is 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. His remuneration from ActionAid International for his role in that employment capacity is in line with other roles of comparable responsibilities in ActionAid International and, more generally, with market rate. He receives no remuneration for his work as a trustee of ActionAid.

Notes forming part of the financial statements

for the year ended 31 December 2009

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 (2008: £1).

The assets and results of ActionAid Enterprises Limited were:

	2009	2008
	£'000	£'000
Trade debtors	69	26
Other debtors	-	14
Cash at bank	-	-
Amounts owed to parent undertaking	(66)	(40)
Other creditors	(3)	-
Net assets	-	-
Retained funds	-	-
Income	74	147
Expenditure	(61)	(107)
Net profit	13	40
Gift Aided to ActionAid	13	40

Notes forming part of the financial statements

for the year ended 31 December 2009

19. Obligations under operating leases	2009	2008
	£'000	£'000
The group had annual commitments at the year end under operating leases expiring as follows:		
Within one year	420	-
In two to five years	-	504
After 5 years	62	-
	482	504

20 Contingent assets

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 2011.

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 £27.1m (2008: £23.2m)

21. Contingent liabilities

Due to the structure of ActionAid and ActionAid International, as explained in note 20, 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 a liability cannot be reasonably estimated.