

# Save the Children International

Trustees' report  
and financial statements  
for 2011





# Contents

- 2** Who we are and what we do
  - 3** What we achieved in 2011
  - 4** Our plans for 2012
  - 5** Financial performance
  - 6** Governance and management
  - 9** Administrative details
  - 10** Independent auditors' report
  - 11** Financial statements
-

# Who we are and what we do

We are the world's leading independent organisation for children.

## **Our vision**

A world in which every child attains the right to survival, protection, development and participation.

## **Our mission**

To inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives.

## **Our values**

- Accountability
- Ambition
- Collaboration
- Creativity
- Integrity

SAVE THE CHILDREN IS COMPRISED of 30 members (25 full members and five associate members)\* as well as Save the Children International. All the members of Save the Children, with combined revenues of over a billion dollars, have agreed to a shared strategy, including vision, mission, values and theory of change. While each member will continue to direct and support its own programmes, internationally these will be delivered through a merged operation with c14,000 staff, managed through seven regional hubs and reporting to a relatively small, central office.

Each member also plays a strong role advocating for change and building relationships with its own supporters. All members have joined Save the Children's global campaign to stop children dying from preventable causes before their fifth birthday, and contribute to Save the Children becoming *the* emergency response agency for children. In addition, members lead global initiatives on education, protection, child rights governance and HIV/AIDS.

We aim to complete the transition of international programmes to Save the Children International by the end of 2012, becoming more efficient, more aligned, a better partner, a stronger advocate, a magnet for world-class people and relevant for the 21st century. As of the date of this report, we are on track to substantially complete the transition by the end of 2012 but acknowledge that where constraints are beyond our control, a small number of countries may take a little longer.

At the end of the day, it's about achieving our mission – to inspire breakthroughs in the way the world treats children, and to achieve immediate and lasting change in their lives.

\* 29 members as at 31 December 2011 (25 full members and 4 associate members). South Africa became an associate member in May 2012. An associate member is entitled to use the Save the Children brand but, until progression to full membership, does not have rights under the Bylaws, including no voting rights.

# What we achieved in 2011

2011 WAS THE SECOND YEAR of our new strategy and our three-year transition period. At the end of this transition we aim to be:

- delivering our international programmes through a strong integrated global team
- on the way to achieving a breakthrough in newborn and child survival
- becoming more effective and relevant for the 21st century
- growing and poised for future growth.

In 2011 we took major steps towards achieving these goals:

**International programs** – we have seen 9 country offices successfully transition into our new model during 2011, delivering our international programmes through Save the Children International, with a further 11 going live since 1 January 2012. We have set up our Asia regional office in Singapore, and our new centre in London, and filled a large number of top regional and country posts with talent and increasing diversity. Based on transition experience to date, we now have a robust global plan in place, and registration is underway in the majority of countries. Our internal communications network included active engagement of all members and our global pulse checks helped us strengthen what is evidently a high level of staff engagement. Member service is working to meet members' needs in all locations and our grants and financial management systems are up-and-running.

Over the year our programmes have increased in funding and ambition, ensuring greater impact for children – an additional \$36 million multi-year grant has been secured in Afghanistan to help hardest to reach children, in Nepal we are working to reduce national malnutrition rates from over 50% to below 35%, and in Cambodia we were one of the top emergency responders to the floods, reaching 20% of the affected population.

**Humanitarian** – under the leadership of Save the Children International's Humanitarian Director, Save the Children responded to an unprecedented 53 emergencies and humanitarian crises in 39 countries in 2011, including operations in Pakistan, Afghanistan and the Philippines. We have played an instrumental role in coordinating our largest ever response to the food crisis in East Africa with an appeal target of \$200 million, with over \$120 million already secured by the collective membership. And we have also been scaling up to meet the growing food security needs in West Africa. In addition we have recruited and developed a strong Save the Children International coordination team to be based in London, Geneva and the Save the Children International regional offices.

The Save the Children International Humanitarian Strategy for 2012–2015 was approved by all members and the Save the Children International board, with an ambitious target to be the leading humanitarian response agency for children and a top 3 agency in any emergency.

**EVERY ONE – our global campaign to stop children dying** – our EVERY ONE campaign to save children's lives has continued to strengthen. Our achievements have included: taking the Health Workers Count coalition to the UN Development Summit and leveraging commitments through the UN strategy on women's and children's health to tackle the health worker crisis; campaigning successfully for the passage of a health bill through the Nigerian parliament; and influencing an increase in the budget for health in India's five year plan. In Sierra Leone, our health budget tracking report persuaded the President to reverse his planned cuts to the health budget. In Afghanistan, our 'Thank You Community Health Workers' campaign spurred the government to work with donors to identify its health worker gaps.

**Reach** – in 2011 we touched the lives of more than 55 million children in the 9 countries in which Save the Children International worked (and 125 million children across Save the Children globally).

# Our plans for 2012

2012 PROMISES TO BE A pivotal year for us – the final year of our three-year transition. We plan to focus on the following elements:

## International programs

Our plan is to go live with substantially all country programmes in all regions. We therefore expect over 40 countries to transition to Save the Children International, with regional offices established in Istanbul, Panama, Senegal, Nairobi and South Africa. We will apply resources flexibly to achieve this, acknowledging that where constraints are beyond our control, a small number of countries may take a little longer.

## Humanitarian

With the Save the Children International humanitarian team rapidly developing we are aiming for all country programmes to be fully trained in our 'dual mandate' and have comprehensive contingency and preparedness plans in place which will allow us to begin realising our ambitions in regard to the scale and scope of response operations.

So far in 2012 response operations are already underway in the Middle East (in response to the Syrian Crisis and in Yemen), Pakistan and East and West Africa. In addition, numerous members have ambitious plans for developing our humanitarian response capacity and we are looking to increase the number of trained responders on our humanitarian response roster from 220 to 500 by 2015.

We will also further develop and coordinate our humanitarian communications, fundraising and advocacy working groups, enabling us to become not only a leading operational agency, but also the leading humanitarian communicators and advocates for and about children affected by disasters and humanitarian crises.

## EVERY ONE

Our global campaign has two strategic priorities in 2012: we will follow through on the progress we've made this year on health workers and on vaccines, and we will build our work on hunger and malnutrition.

We plan to:

- invest in all four pillars of our campaign (programmes, fundraising, advocacy and popular mobilisation), with the main aim of ensuring a health worker within reach of every mother and child, as well as following through our focus on vaccines and new work on nutrition
- come together to build global crunch moments
- in each of our priority countries, invest to build the necessary political commitment to shift the trajectory on Millennium Development Goal 4
- secure and develop innovative partnerships for the campaign
- demonstrate our global leadership on child survival in all major emergencies.

## 21st century organisation – making the networked model work

There is more we must do to fully deliver our networked leadership model, with members leading for the whole where it makes sense (for example global corporate partnerships).

We plan to:

- with the support of a venture partner, develop a Save the Children-wide approach for creating and sharing knowledge about what works for children, for staff to contribute to and learn from. This must support our Theory of Change and will include behavioural incentives, plus enabling IT
- start development of a Save the Children International and member-wide talent management system
- take forward a programme of actions to foster diversity.

## Growth – supporting members to grow and develop

We need to review and refresh how we can best support members to grow and develop.

We plan to:

- agree ambitious revenue targets that each member signs up to, which align with fundraising strategies for each global initiative
- maintain cross-member investment in our member development programme, while taking a broad and fresh look at what we need to do to grow and strengthen key members in strategic countries
- secure a number of global corporate partnerships to benefit multiple members.

With support from Save the Children International, Save the Children South Africa became our newest associate member on 3 May 2012.

# Financial performance

2011 WAS ANOTHER TRANSITION YEAR for Save the Children International and our income once more grew significantly. Our financial performance will look very different again in 2012, after which (by 2014) we will start to have like-for-like comparators.

In 2011 our organisation continued its transformation – we finalised a range of contractual agreements with members, and commenced transitioning country offices from members into Save the Children International. Note 15 gives details of the countries and assets transitioned during the year.

As part of the transition process the charity revised its functional and presentational currency to US dollars to reflect the operational reality and the comparative figures for the year ended 31 December 2010 have been restated in accordance with this change as detailed in note 1b.

Our total income was \$100.8 million, compared to \$19.1 million in 2010, and our expenditure was \$89.7 million compared to \$14.9 million in 2010. This increase was essentially due to members funding the country and regional offices as the countries and regions went live. Analysis of income is given in note 2 to the accounts and an analysis of expenditure by programmatic theme and geographic location is given in note 4. Net incoming resources for the year of \$11.1 million reflect members' contributions to the charity's international programming reserves (\$4.7 million) together with grant income received from members in advance (see note 14).

The balance sheet for the charity shows net assets of \$16.9 million, compared with \$5.9 million in the previous year, representing the increased operational working capital and reserves necessary to deliver the programmes that have transferred to Save the Children International during 2011.

## Reserves

We hold reserves to meet the following purposes:

- the operating expenses of the charity in the event of a downturn in income and/or unforeseen increases in costs
- the costs of unforeseen liabilities for employment or other legal claims not covered by insurance
- the costs of closure or wind-down of the core operations of the charity. Costs associated with the closure/wind-down of the charity's international programming work are covered separately by member indemnities up to a maximum of \$20 million.

Total reserves at 31st December 2011 were \$16.9 million (2010: \$5.9 million). We hold restricted reserves of \$9.3 million (2010: \$4.4 million) and unrestricted reserves of \$7.6 million (2010: \$1.4 million). Restricted reserves are those funds that have been received for particular purposes and projects, and are shown in detail in note 14 to the financial statements. They include \$2.3 million of fixed assets relating to our global finance system and \$1.6 million of amounts which will reduce members' 2012 contributions (as a result of a 2011 surplus), as well as funding received from certain members and not yet expensed (\$5.4 million).

During 2011 Save the Children International has been transitioning international programming work from members to itself, which meant a phased transfer of international programming risk from April 2011. We assessed that specific risk in 2010 as part of the transition planning, and continue to work towards our target reserves level (excluding fixed asset reserves as well as international programming wind-down costs) for international programming of \$15 million by the end of 2012, to coincide with when the majority of international programming risk will have transferred to Save the Children International. Our target level has been arrived at by an assessment of various risks connected with international programming operations, excluding potential closure/wind-down costs which are separately covered by member indemnities up to a maximum of \$20 million. As at 31 December 2011 members had contributed \$4.7 million to the charity's international programming reserve and had agreed the target reserves level of \$15 million for the end of 2012. Funds will pass from members to Save the Children International in line with the transfer of international programme delivery.

In addition, the board has historically earmarked part of the charity's unrestricted reserves to be used for a closure reserve. This represents funds to cover the costs of closure/wind-down of the non-programming part of the charity. The board considers a target level of \$1.5 million, to cover salary costs, rent and other lease and office costs, appropriate for these purposes at the date of signing of this report. An amount of \$0.2 million has been transferred from general funds in 2011 giving a closing fund of \$0.9 million. The shortfall will be addressed by consulting with members and building up sufficient reserves over time.

## Grant making policy

Save the Children International works in partnership with many organisations. This may involve our staff being involved in joint operations, supporting and monitoring work, or funding local partners to deliver services, including immediate emergency relief. The grants we make to partner organisations help local organisations provide sustainable benefits for poor communities, and so further our own objectives. We carefully consider the experience, reach and governance of potential partners, as well as the value they will add to our work with vulnerable children. We monitor how all grants are spent.

## Going concern

We have set out above a review of financial performance and the charity's reserves position and we have a reasonable expectation that we have the resources to continue in operational existence for the foreseeable future.

We believe there are no material uncertainties that call into doubt the charity's ability to continue. The accounts have therefore been prepared on the basis that the charity is a going concern.

# Governance and management

SAVE THE CHILDREN INTERNATIONAL IS a charitable company limited by guarantee not having share capital, governed by its Articles of Incorporation as last amended on 12 March 2012. It is registered with the Charity Commission and must comply with the Companies Act 2006 and Charities Act 2011. The charity's sole member is Save the Children Association, a Swiss Association formed pursuant to articles 60–79 of the Swiss Civil Code. The charity has two wholly owned subsidiaries. The Save the Children Alliance Trading Limited has previously been used to supply services to the charity and to conduct certain fundraising activities; it has been dormant since March 2007. Save the Children Asia Regional Office Limited is a Singapore incorporated public company limited by guarantee and registered as an International Charitable Organisation under the Singapore Charities Act.

## Board of trustees

The charity's board of trustees mirrors the board of Save the Children Association. During 2011, the Save the Children International board consisted of:

- nine individuals who are the nominees of each member organisation which contributed at least eight percent of the combined total income of all members of Save the Children Association
- three individuals who are elected by member organisations which contributed less than eight percent of the combined total income of all members of Save the Children Association
- two independent trustees, one of whom is appointed by the nominated trustees and the other of whom is elected by the member organisations which elect the three individual trustees to the board.

We have in place an induction programme for each new trustee which covers aspects of the role and the organisation and includes the information required to fulfil the role and legal duties. Trustees also participate in ongoing activities to develop and evaluate the board's ways of working and performance, and have participated in a board review in 2011, working with an external partner, Egon Zehnder International.

The board of the charity manages the business of the charity and exercises all the powers of the charity. The board seeks to ensure that all activities are within UK law and agreed charitable objects. Its work includes oversight of, and agreeing financial plan for, international programmes.

## Auditors

KPMG LLP was appointed, and Kingston Smith resigned, on 16 May 2011. KPMG LLP will be deemed appointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

## Trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware
- the trustees have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Committees

At least two members of each committee must be members of the Save the Children International board of trustees. Currently all committee members are trustees of Save the Children International.

The **Audit and Finance Committee** is appointed by the board of trustees and has three members including a chair (who must not be the same person as the chair of the board). The committee meets at least four times a year to consider reports from the management team and external auditors. The committee advises the board on financial control and organisational effectiveness.

The **Governance Committee** is appointed by the board of trustees and has five members, including a chair, who meet at least twice a year. The committee advises the board on Save the Children International's governance framework, its constitution and governance systems and processes as well as board processes and effectiveness.

The **Member Engagement Committee** is appointed by the board of trustees and has four members, including a chair, who meet at least twice a year. The committee advises the board on consulting, engaging and communicating with members via members' boards in relation to issues considered and decisions taken by the Save the Children International board of trustees.

The **Compensation and Organisation Committee** is appointed by the board of trustees and has five members, including a chair, who meet at least twice a year. The committee advises the board on the compensation of the Chief Executive Officer and senior management of Save the Children International, and its organisational design.

The **Programs Oversight Committee**, established in 2011, is appointed by the board of trustees and has four members, including a chair, who meet at least twice a year. The committee advises the board on the performance and quality of programming.

## Organisational structure

The trustees delegate the day-to-day running of the charity to the Chief Executive Officer (CEO) and the senior leadership team who are responsible for particular areas of the charity as listed on page 9. The CEO reports to the chair of the board.

## Risk management and internal control

### Identification of key risks, and their management

Save the Children International exists to help the most vulnerable children in the world, operating in some of the world's most fragile and high-risk countries. To safeguard our staff, and to meet our obligations to those who fund us, we must be fully aware of – and effectively manage – the risks we face wherever we work.

Save the Children International has taken steps to ensure that, at all levels of the organisation, staff members have access to the tools and information they need to help them effectively identify and therefore manage the risks they face. Necessarily, as the organisation has become internationally operational, the roll-out of these tools has commenced in the centre but in 2012 we are also introducing appropriate risk management processes to regional and programme staff, to assist them in helping children wherever we operate.

Save the Children International considers all types of risk at both strategic and operational levels, including but not limited to: internal risks (e.g. financial, operational, reputational, governance, compliance) and external risks (e.g. political, environmental, social, technical, legal, economic).

Key risks are those that are highly likely to occur and would have a severe impact on our work, our reputation or our ability to achieve our ambitions. These risks are reported to trustees through the risk management process. This allows the board to challenge any assumptions the charity has made about risks and understand the context in which decisions are taken. This helps them ensure the most serious risks are being managed effectively.

The trustees recognise that if Save the Children International is to achieve its objectives, it is necessary to accept some risks that are outside the charity's control and which cannot be fully mitigated. The senior leadership team are charged with actively monitoring such risks, but the trustees recognise that any system of risk management cannot completely eliminate risk. It therefore provides reasonable, but not absolute, assurance that the organisation is protected.

The most significant risks in 2011 included: those that impacted the smooth transition of overseas programmes from member management to Save the Children International; the safety and security of our staff, particularly those operating in unstable environments; and child safeguarding. These risks will remain equally relevant throughout 2012 and ongoing (apart from transitional risks).

## Global assurance

The Save the Children International global assurance function has been established in order to provide an independent and objective opinion to the senior management, trustees and members on the adequacy and effectiveness of Save the Children International's risk management, governance and control systems. In practice, this means auditing a range of activities and processes, across all departments and overseas programmes and structures, as well as providing support and consultancy services to management.

As a result of these audits management develops and agrees action plans to address any control weaknesses, and progress against these plans is summarised and both reported to the Audit & Finance Committee as well as followed up on an ongoing basis.

## Child safeguarding

The charity complies with the requirements of Save the Children's child protection protocol, which sets out procedures and standards for ensuring that the children we work with are kept safe. These requirements include criminal records bureau checks for all staff that have frequent contact with children and young people, and staff training on child protection measures.

## Intellectual property

Save the Children's portfolio of intellectual property is owned by Save the Children Association and staff at the charity support the programme of brand management and protection, including registration and renewal of trademarks, dealing with brand infringements and helping formulate guidelines for use of the brand across Save the Children and with partner organisations. Baker & McKenzie provides Save the Children with pro bono legal services to support the brand protection programme (in addition to the pro bono services they provide in other areas).

## Public benefit

The trustees ensure that the activities of the charity are consistent with its charitable objects and aims. In agreeing our annual plans, the trustees take into account public benefit as set out in the Charity Commission's general guidance on public benefit in relation to the prevention and relief of poverty, the advancement of education and health and the relief of those in need. The trustees believe there is clear public benefit derived from the activities of the charity.

## Pro bono support and volunteer involvement

This year the charity has continued to benefit from ongoing strategic partnerships with:

- the Boston Consulting Group which has provided important support to implement our strategy
- Freshfields Bruckhaus Deringer LLP for the provision of legal services in implementing our governance structure and international programming strategy

- Baker & McKenzie for the provision of legal services in implementing our international programming strategy and supporting us in the areas of brand protection and employment law
- Werksmans for the provision of legal services in establishing our new member organisation in South Africa
- Towers Watson International for the provision of professional services in relation to developing our approach to reward and remuneration
- Egon Zehnder International for provision of our board review and governance and recruitment support across the membership
- Standard Chartered Bank for provision of support in the area of leadership development and support to HR to drive our shared culture through our Vision, Mission and Values.

We are also grateful to the number of volunteers, interns and secondees who worked on a broad range of projects and activities during 2011.

We would like to again thank our partners, volunteers, interns and secondees for their invaluable contribution to realising our ambition for children.

## Communicating with staff

Our decision-making processes include employee consultation through the line management structure, and we communicate through team briefings and regular updates from the Chief Executive Officer and senior management. We engage our staff through regular 'pulse surveys', gathering their views and taking actions as appropriate, and our briefings include those feeding back from our board and senior leadership team meetings.

## Diversity and equality

Save the Children International is fully committed to providing diversity and equality to all in employment, irrespective of their gender, race, ethnic origin, disability, age, nationality, national origin, sexuality, religion or belief, marital status and social class. We oppose all forms of unlawful and unfair discrimination. All employees and volunteers, whether part time, full time or temporary, will be treated fairly and equally. Selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability. All employees will be helped and encouraged to develop their full potential and the talents and resources of the workforce will be fully utilised to maximise the efficiency of the organisation.

# Administrative details

## Trustees as at date of approval of the report

Charles Perrin (Chair)  
Inger Ashing  
Nina Bhatia  
William Haber  
Mimi Jakobsen  
Irene Khan  
Borger Lenth  
Mark Malloch-Brown  
Bradley C Palmer  
Alan Parker  
Joy Phumaphi (resigned 14.03.12)  
Harpal Singh  
Helene Sullivan  
Claudio Tesauro

## Board Committees

### Audit and Finance Committee

Borger Lenth (Chair)  
Irene Khan (from 14.12.11 until 29.04.12)  
Joy Phumaphi (from 16.05.11 until 14.03.12)  
Harpal Singh (from 16.05.11)  
Helene Sullivan  
Claudio Tesauro (until 09.03.11)

### Governance Committee

Bradley C Palmer (Chair)  
Inger Ashing  
Borger Lenth (from 16.05.11)  
Mark Malloch-Brown (until 16.05.11)  
Alan Parker (from 16.05.11)  
Claudio Tesauro

### Member Engagement Committee

Claudio Tesauro (Chair)  
Inger Ashing (until 14.12.11)  
Mimi Jakobsen  
Bradley C Palmer (from 16.05.11)  
Harpal Singh

### Compensation and Organisation Committee

Nina Bhatia (Chair)  
William Haber  
Mimi Jakobsen  
Alan Parker  
Helene Sullivan (from 16.05.11)

### Program Oversight Committee (established 16.05.11)

Mark Malloch-Brown (Chair)  
Inger Ashing  
Mimi Jakobsen  
Irene Khan  
Joy Phumaphi (until 14.03.12)

## Senior Leadership Team

Chief Executive Officer	Jasmine Whitbread
Chief Financial Officer	Caroline Stockmann
Chief People Officer	Madalyn Brooks (from 01.03.11)
Deputy Chief Executive Officer	Janti Soeripto (from 07.11.11)
Global Campaign Director	Patrick Watt (from 25.10.11)
	Adrian Lovett (until 29.07.11)
International Programs Director	Rudy von Bernuth (from 01.05.11)
	Mark Edington (until 30.04.11)

## Registered office

St Vincent House  
30 Orange Street  
London WC2H 7HH

## Company Secretary

Elizabeth Stephen

## Registered number

3732267

## Registered charity number

1076822

## Bankers

Barclays Bank Plc  
Hammersmith Branch  
PO Box 14576  
London W6 9GQ

Standard Chartered Bank  
1 Basinghall Avenue  
London EC2V 5DD

CAF Bank Limited  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent ME19 4JQ

## Auditors

KPMG LLP  
15 Canada Square  
Canary Wharf  
London E14 5GL

Signed on behalf of the board of trustees by:



---

Charles Perrin, 19 May 2012  
Chair, Save the Children International

# Independent auditors' report

WE HAVE AUDITED THE FINANCIAL statements of Save the Children International for the year ended 31 December 2011 set out on pages 11 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at: [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

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

For and on behalf of KPMG LLP, Statutory Auditor,  
Chartered Accountants:



---

M G Fallon (Senior Statutory Auditor), 19 May 2012  
5 Canada Square, Canary Wharf, London E14 5GL

## Consolidated statement of financial activities for the year ended 31 December 2011 (including an income and expenditure account)

	notes	Unrestricted USD 000s	Restricted USD 000s	<b>2011 Total USD 000s</b>	2010 Total restated USD 000s
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Grants and donations		11,073	75,101	<b>86,174</b>	12,058
Gifts in kind	2 (b)	7,037	7,508	<b>14,545</b>	7,056
<b>Total voluntary income</b>	2 (a)	<b>18,110</b>	<b>82,609</b>	<b>100,719</b>	19,114
Investment income	2 (c)	2	13	<b>15</b>	4
Other incoming resources	2 (d)	24	-	<b>24</b>	-
<b>Total incoming resources</b>		<b>18,136</b>	<b>82,622</b>	<b>100,758</b>	19,118
Charitable activities					
International programs					
Development		2,120	59,619	<b>61,739</b>	-
Humanitarian		383	10,817	<b>11,200</b>	446
Campaigning and advocacy		4,151	1,163	<b>5,314</b>	3,392
Growth and development of Save the Children		889	1,759	<b>2,648</b>	4,826
<b>Total charitable activities</b>	4 (a)	<b>7,543</b>	<b>73,358</b>	<b>80,901</b>	8,664
Governance costs	4 (c)	1,222	903	<b>2,125</b>	412
<b>Total resources expended before exceptional items</b>		<b>8,765</b>	<b>74,261</b>	<b>83,026</b>	9,076
Exceptional transition costs	4 (d)	3,170	3,476	<b>6,646</b>	5,806
<b>Total resources expended</b>	4 (a)	<b>11,935</b>	<b>77,737</b>	<b>89,672</b>	14,882
<b>Net incoming resources resources for the year</b>		<b>6,201</b>	<b>4,885</b>	<b>11,086</b>	4,236
Exchange differences on the translation of comparatives		-	-	-	(53)
<b>Net movement in funds</b>		<b>6,201</b>	<b>4,885</b>	<b>11,086</b>	4,183
Fund balances brought forward		1,435	4,425	<b>5,860</b>	1,677
<b>Fund balances carried forward</b>	14	<b>7,636</b>	<b>9,310</b>	<b>16,946</b>	5,860

All gains and losses recognised in the period are included above. There is no difference between the net incoming resources before other recognised gains and losses above and the historical cost equivalent. All activities are continuing. The charity uses the exemption conferred by section 408 of the Companies Act 2006 in not preparing a separate income and expenditure account for the charity as a separate entity. The group structure is explained in note 3 and net income for the charity alone for the year ended 31 December 2011 was USD 14,179,000 (2010 USD 4,417,000). The notes on pages 14 to 27 form part of these financial statements.

## Consolidated and charity balance sheet as at 31 December 2011

	notes	2011 Group USD 000s	2011 Charity USD 000s	2010 Group USD 000s	2010 Charity USD 000s
Tangible fixed assets					
Furniture and equipment		2,581	2,509	2,952	2,863
Motor vehicles		533	533	-	-
Property		525	525	-	-
	6	<b>3,639</b>	<b>3,567</b>	2,952	2,863
Current assets					
Debtors	7	17,846	17,789	4,648	4,840
Cash at bank and in hand	8	23,937	23,837	2,549	2,421
		<b>41,783</b>	<b>41,626</b>	7,197	7,261
Current liabilities					
Creditors: amounts falling due within one year	9	(27,053)	(26,872)	(4,289)	(4,264)
		<b>(27,053)</b>	<b>(26,872)</b>	(4,289)	(4,264)
Net current assets					
		<b>14,730</b>	<b>14,754</b>	2,908	2,997
Provisions for liabilities and charges					
	10	(1,423)	(1,375)	-	-
<b>Net assets</b>					
		<b>16,946</b>	<b>16,946</b>	5,860	5,860
Charitable funds					
Unrestricted funds					
General funds		713	713	810	810
Designated funds		6,923	6,923	625	625
Total unrestricted funds	14	<b>7,636</b>	<b>7,636</b>	1,435	1,435
Restricted funds					
	14	<b>9,310</b>	<b>9,310</b>	4,425	4,425
<b>Total charitable funds</b>					
		<b>16,946</b>	<b>16,946</b>	5,860	5,860

The notes on pages 14 to 27 form part of these financial statements.

Approved by the board of trustees and signed on its behalf by:



Charles Perrin, 19 May 2012  
Chair, Save the Children International



Borger Lenth, 19 May 2012  
Trustee, Save the Children International

## Consolidated cash flow statement for the year ended 31 December 2011

	<b>2011</b>	2010
	<b>USD 000s</b>	USD 000s
Cash inflow from operating activities		
Net incoming resources	<b>11,086</b>	4,236
Tangible fixed assets donated by members on transition	<b>(683)</b>	-
Interest received	<b>(15)</b>	(4)
Increase in debtors	<b>(13,198)</b>	(4,323)
Increase in creditors	<b>22,764</b>	3,814
Increase in provisions	<b>1,423</b>	-
Depreciation	<b>794</b>	23
	<b>22,171</b>	3,746
Cash outflows from investing		
Payments to acquire tangible fixed assets	<b>(798)</b>	(2,995)
Returns on investment and servicing of finance		
Interest received	<b>15</b>	4
<b>Net cash inflow for the year ended 31 December</b>	<b>21,388</b>	755
Analysis of cash at bank and in hand		
Balance at start of period	<b>2,549</b>	1,794
Net cash inflow for the period	<b>21,388</b>	755
<b>Balance at end of period</b>	<b>23,937</b>	2,549

# Notes to the accounts for the year ended 31 December 2011

## I Accounting policies

### a Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with the Statement of Recommended Practice (SORP) "Accounting and reporting for Charities" published in March 2005, and applicable UK law and accounting standards. All income and expenditure relates to continuing operations. The financial statements comply with the requirements of the charity's Memorandum and Articles of Association. The financial statements have been prepared on a going concern basis.

In 2011 the charity finalised a range of contractual agreements with the 29 Save the Children members which provide, among other matters, for the programming activity of Save the Children members outside their home territories to be delivered by Save the Children International. The charity commenced transitioning country offices from members into Save the Children International in January 2011. Note 15 to the accounts provides more information on the transition.

### b Change in functional and presentational currency

As part of the transition process the charity revised its functional and presentational currency to US dollars and the comparative figures for the year ended 31 December 2010 have been restated in accordance with this change. The comparative balance sheet figures have been translated into US dollars at the date prevailing at the balance sheet date. The Statement of Financial Activities (SOFA) comparatives have been translated at an average rate for 2010. The resulting difference on exchange is reported as a movement in funds.

### c Restatement of expenditure

Due to the substantial change in the activities of the charity following the transition process, the analysis of expenditure and the apportionment of support costs have been revised to reflect this change and to reflect the exceptional nature of the costs associated with the transition.

	2010 previously reported USD 000s	Re-analysis of expenditure USD 000s	Apportionment of support costs USD 000s	2010 reported on SOFA USD 000s
Charitable activities	14,720	(6,001)	(55)	8,664
Governance	162	195	55	412
Exceptional transition costs	-	5,806	-	5,806
<b>Total resources expended</b>	<b>14,882</b>	<b>-</b>	<b>-</b>	<b>14,882</b>

The additional governance costs shown as a re-analysis of expenditure represents directly incurred and pro bono legal advice.

### d Basis of consolidation

The group accounts incorporate those of The Save the Children Alliance Trading Limited and Save the Children Asia Regional Office Limited, wholly owned subsidiaries of the charity. The results of each subsidiary are consolidated on a line by line basis.

### e Company status

The charity is a company limited by guarantee, not having share capital. The members of the charitable company are the trustees named on page 9. The contractual agreements with members provide for those for whom Save the Children International delivers programming activity to provide a share of an indemnity capped at USD 20 million in the event that the charity ceases to operate its international programming activities.

### f Income recognition

Income is recognised in the period in which Save the Children International is legally entitled to the income, is reasonably certain of receipt and the amount can be measured with sufficient reliability.

International programming grant income from Save the Children members is recognised when the charity can demonstrate entitlement to the income. This is usually the earlier of cash receipt or submission of an expenditure claim based on programme activity. International programming grant income is credited to restricted income within the SOFA, with unspent balances being carried forward to the following year within the relevant fund.

Grant income to fund international programming operational activity not directly attributable to projects, investment activity and the financial management system is recognised when entitlement falls due following the agreed schedule in accordance with the Member Contribution Agreement. Income is credited to restricted income within the SOFA, with unspent balances being carried forward to the following year within the relevant fund.

Grant income from Save the Children Association and from members to establish Save the Children International reserves is recognised when entitlement falls due following the agreed schedule in accordance with the Member Contribution Agreement. Income is credited to unrestricted income within the SOFA with unspent balances carried forward to the following year.

All other income is recognised as it becomes receivable.

#### g *Gifts in kind*

Gifts in kind donated for distribution by country programmes (such as food clothing and medical supplies) are included at valuation and recognised as income when they are distributed to the projects. These gifts in kind are valued by Save the Children International staff with regard to market prices when distributed.

Gifts in kind for pro bono services are valued either at market value or, where this is not available, an appropriate estimate of the value to the charity is made.

Tangible fixed assets donated by members for ongoing use within country offices have been recognised at an estimated market value upon receipt. Such assets have been capitalised or expensed in line with the charity's fixed asset policy.

Services donated by members are valued at cost.

In preparing these accounts no value has been attributed to the work performed by volunteers in accordance with the SORP, although their work is considered vital to the activities of the charity.

#### h *Resources expended*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Expenditure is charged inclusive of any irrecoverable taxation.

A sizable proportion of the programme work of Save the Children International is undertaken by making grants to operational partners who perform the work on the ground and report back to Save the Children International on the work they have done.

Save the Children International recognises the expenditure on these grants when payment is due to the partner organisation in accordance with the terms of the agreement. (The related income on grants which will be used to cover these payments is recognised at the same time in accordance with the charity's standard income recognition policy). Standard partner agreements are typically for a year's duration but can span several years. The agreements contain certain conditions, the fulfilment of which is under the control of the charity. Save the Children International assesses partner performance prior to agreements being signed and rigorously monitors their performance for the duration of the agreement.

Governance costs represent those costs associated with the strategic, as opposed to day-to-day, management of the charity's activities. They include legal advice for trustees, the costs of trustees' meetings, audit fees and an estimate of staff time related to governance, e.g. for the board, Audit and Finance Committee, other board committees, strategic working groups and the preparation of financial statements.

The costs associated with the restructuring of Save the Children International are treated as exceptional costs due to their material non-recurring nature and include the costs of change management, pro-bono professional services and costs of implementing new policies and systems. Change management represents costs of preparing country offices for transition to Save the Children International, including organisational design, due diligence and project management. Pro-bono professional services primarily represents legal fees to support contract finalisation and strategic consultancy.

Support costs which include the central and regional office functions such as general management, payroll administration, budgeting and accounting, human resources and information technology are allocated across the categories of charitable activities and governance costs. The basis for the cost allocation is explained in note 4(b) to the accounts.

#### i *Taxation*

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly the charity is exempt from taxation in respect of income and capital grants received within categories covered by Chapter 3 part II of the Corporation Tax Act 2010 or Section 256 of the Taxable of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The charity and its subsidiary, The Save the Children Alliance Trading Limited, have a group registration for VAT. Country offices are subject to local tax legislation

j *Foreign currencies*

Transactions denominated in foreign currencies are translated at the rate of exchange at the time of the transaction. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Foreign currency gains and losses are included in the SOFA against the expenditure for the period in which they are incurred.

k *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. Annual depreciation rates are:

Furniture, equipment and fixtures	- 20% on cost
Computer equipment	- 25% on cost
Motor vehicles	- 25% on cost
Leasehold property	- 20% on cost

The charity does not capitalise assets purchased as part of grant expenditure, nor individual expenditure items below USD 5,000.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

l *Leased assets and obligations*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the income and expenditure account using the straight line method.

Where assets are financed by operating lease agreements, the lease rentals are charged to the income and expenditure account over the life of the lease on a straight line basis.

m *Pensions*

The pension costs charged in the financial statements represent the contributions payable by the charity to the defined contribution scheme during the year in accordance with FRS17.

n *Provisions*

Provisions for future liabilities are recognised when the charity has a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made. Provisions for dilapidations are made where the liabilities can be measured with some certainty.

o *Fund accounting*

General funds are unrestricted funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is explained in the notes to the financial statements.

Restricted funds are funds that are to be used in accordance with the specific restrictions imposed by donors. The costs of administering such funds are charged against the specific fund in line with the donor agreements. The aim and use of each restricted fund is set out in note I4.

Investment income and gains are allocated to the appropriate fund.

p *Investments*

Investments in subsidiaries are stated at cost.

## 2 Incoming resources

	2011	2011	2011	2011	2010
a <i>Voluntary income</i>	Grants and donations USD 000s	Gifts in kind donated services USD 000s	Gifts in kind donated goods USD 000s	<b>Total USD 000s</b>	Total restated USD 000s
Amounts received directly from Save the Children member organisations					
Australia	5,321	44	222	<b>5,587</b>	139
Canada	43	72	-	<b>115</b>	97
Denmark	2,548	204	10	<b>2,762</b>	155
Finland	889	-	-	<b>889</b>	31
Germany	-	-	-	<b>-</b>	13
India	-	-	-	<b>-</b>	8
Italy	1,333	-	-	<b>1,333</b>	249
Japan	2,484	-	-	<b>2,484</b>	49
Korea	1,432	-	-	<b>1,432</b>	44
Mexico	-	-	-	<b>-</b>	40
Netherlands	4,923	-	-	<b>4,923</b>	97
New Zealand	266	-	-	<b>266</b>	35
Norway	11,493	-	561	<b>12,054</b>	707
Spain	-	3	-	<b>3</b>	88
Sweden	2,642	144	-	<b>2,786</b>	579
Switzerland	1	-	-	<b>1</b>	15
United Kingdom	12,314	553	653	<b>13,520</b>	2,568
United States	34,097	1,834	3,417	<b>39,348</b>	3,304
<b>Total amounts received directly from members</b>	<b>79,786</b>	<b>2,854</b>	<b>4,863</b>	<b>87,503</b>	<b>8,218</b>
Other amounts					
Save the Children Association	6,380	-	-	<b>6,380</b>	3,630
Professional services directly provided to Save the Children International	-	6,804	-	<b>6,804</b>	7,056
Other gifts in kind	-	-	24	<b>24</b>	-
Other grants and donations	8	-	-	<b>8</b>	210
<b>Total other amounts</b>	<b>6,388</b>	<b>6,804</b>	<b>24</b>	<b>13,216</b>	<b>10,896</b>
<b>Total voluntary income</b>	<b>86,174</b>	<b>9,658</b>	<b>4,887</b>	<b>100,719</b>	<b>19,114</b>

Grants and donations includes USD 15,213,518 originating from United States government sources.

b <i>Gifts in kind</i>	2011 USD 000s	2010 restated USD 000s
Donated services		
Professional services	<b>6,804</b>	7,056
Services donated by members	<b>2,854</b>	-
<b>Total donated services</b>	<b>9,658</b>	<b>7,056</b>
Donated goods		
Food aid	<b>2,570</b>	-
Pharmaceutical supplies	<b>388</b>	-
Other supplies	<b>7</b>	-
Tangible fixed assets donated by members on transition	<b>683</b>	-
Non-capital assets donated by members on transition	<b>1,239</b>	-
<b>Total donated goods</b>	<b>4,887</b>	<b>-</b>
<b>Total gifts in kind</b>	<b>14,545</b>	<b>7,056</b>

At 31 December 2011 there was USD 5,357,000 of gifts in kind, mainly consisting of food aid, which had not been recognised as incoming resources as the goods had not yet been distributed (2010: USD nil).

c <i>Investment income</i>	2011 USD 000s	2010 restated USD 000s
<b>Interest on bank deposits</b>	<b>15</b>	<b>4</b>

<b>Sale of non-capital assets</b>	<b>24</b>	-
-----------------------------------	-----------	---

### 3 Subsidiary companies

The Save the Children Alliance Trading Limited is a wholly owned subsidiary of the charity and incorporated in England and Wales (company number 3744223) as a company limited by shares. It was made a dormant company in 2007; its principal activities were the provision of consultancy services to Save the Children International and commercial use of the Save the Children name and logo. The charity holds the entire issued share capital. The cost of this investment is £1.

Save the Children Asia Regional Office Limited is a Singapore incorporated public company limited by guarantee with registered Company No: 201024335C and registered as a charity under the Singapore Charities Act. For the year ended 31 December 2011, it had income of USD 3,331,524 (2010: USD 473,489) and expenditure of USD 3,283,189 (2010: USD 329,597). It had assets of USD 421,258 and liabilities of USD 223,041 (2010: Assets of USD 177,980 and liabilities of USD 114,418).

### 4 Resources expended

a Analysis of resources expended	Staff costs USD 000s	Grants and payments to partners USD 000s	Gifts in kind USD 000s	Other direct costs USD 000s	Apportionment of support costs USD 000s	2011	2010
						<b>Total USD 000s</b>	Total restated USD 000s
Charitable activities							
Education	5,664	12,109	937	5,917	3,094	<b>27,721</b>	-
Livelihoods	4,665	2,421	467	5,443	1,628	<b>14,624</b>	-
Health	1,917	1,567	230	2,660	789	<b>7,163</b>	-
Child protection	956	1,824	130	615	447	<b>3,972</b>	-
Nutrition	781	758	937	579	409	<b>3,464</b>	-
HIV / AIDS	529	2,133	124	244	413	<b>3,443</b>	-
Child rights governance	301	287	47	564	153	<b>1,352</b>	-
Total development programmes	14,813	21,099	2,872	16,022	6,933	<b>61,739</b>	-
Humanitarian	2,082	1,535	2,670	3,629	1,284	<b>11,200</b>	446
Campaigning and advocacy	1,229	-	817	991	2,277	<b>5,314</b>	3,392
Growth and development of Save the Children	473	-	659	258	1,258	<b>2,648</b>	4,826
Support costs (b)	4,970	-	2,988	4,727	(12,685)	-	-
Total charitable activities	23,567	22,634	10,006	25,627	(933)	<b>80,901</b>	8,664
Governance costs (c)	714	-	133	345	933	<b>2,125</b>	412
Total resources expended before exceptional items	24,281	22,634	10,139	25,972	-	<b>83,026</b>	9,076
Exceptional transition costs (d)	907	-	3,606	2,133	-	<b>6,646</b>	5,806
<b>Total resources expended</b>	<b>25,188</b>	<b>22,634</b>	<b>13,745</b>	<b>28,105</b>	<b>-</b>	<b>89,672</b>	<b>14,882</b>
2010 resources expended	2,646	-	7,056	5,180	-	<b>14,882</b>	

A list of grants made to partner organisations with whom Save the Children International has worked during 2011 is available at [www.savethechildren.net](http://www.savethechildren.net)

b *Support costs and the basis of their allocation*

		<b>2011</b>	2010 restated
		<b>USD 000s</b>	USD 000s
Support category	basis of allocation		
Leadership	estimated time	<b>1,511</b>	955
Financial management	pro-rata by thematic programme expenditure	<b>2,494</b>	456
Information systems	pro-rata by thematic programme expenditure	<b>1,793</b>	127
Human resources	headcount	<b>1,577</b>	356
Facilities and administration	headcount	<b>2,393</b>	391
<b>Total management and administration expenditure</b>		<b>9,768</b>	2,285
Members' donated services	according to support category	<b>908</b>	-
Pro-bono professional services	according to support category	<b>2,080</b>	3,395
(Gains)/losses on foreign exchange	pro-rata by thematic programme expenditure	<b>(71)</b>	9
<b>Total support costs</b>		<b>12,685</b>	5,689

c *Governance costs*

		<b>2011</b>	2010 restated
		<b>USD 000s</b>	USD 000s
Board/trustee expenses		<b>19</b>	30
Audit fee		<b>171</b>	45
Legal and compliance		<b>630</b>	-
Global assurance		<b>239</b>	-
Pro-bono professional services		<b>133</b>	154
Apportionment of support costs		<b>933</b>	183
<b>Total governance costs</b>		<b>2,125</b>	412

d *Exceptional transition costs*

Exceptional costs represent those associated with the transition of international programming activity from members to Save the Children International, which is expected to be substantially complete by the end of 2012.

	Staff costs	Gifts in kind	Other	<b>2011</b>	2010
	USD 000s	USD 000s	direct costs	<b>Total</b>	Total restated
			USD 000s	<b>USD 000s</b>	USD 000s
Change management	584	2,154	483	<b>3,221</b>	5,405
System implementation	323	213	1,650	<b>2,186</b>	401
Non-capital assets donated by members on transition	-	1,239	-	<b>1,239</b>	-
<b>Total exceptional transition costs</b>	<b>907</b>	<b>3,606</b>	<b>2,133</b>	<b>6,646</b>	<b>5,806</b>

Change management represents costs of preparing country offices for transition to Save the Children International, including organisational design, due diligence and project management.

System implementation costs represent the non-capital costs of implementing the new Agresso financial management system together with training and transition support for country and regional office staff.

Assets donated by members on transition of country offices are as detailed in note 15.

e *Geographical analysis of expenditure*

	Date of transition	<b>2011</b>	2010
		<b>USD 000s</b>	USD 000s
Afghanistan	I April 2011	<b>25,730</b>	-
Bangladesh	I October 2011	<b>11,452</b>	-
Bhutan	I January 2011	<b>586</b>	-
Cambodia	I November 2011	<b>2,235</b>	-
Democratic People's Republic of Korea	I August 2011	<b>1,967</b>	-
Kyrgyzstan	I April 2011	<b>2,351</b>	-
Laos	I September 2011	<b>2,278</b>	-
Nepal	I January 2011	<b>13,690</b>	-
Tajikistan	I April 2011	<b>1,150</b>	-
Asia regional office	I November 2010	<b>3,319</b>	206
Middle East and Eurasia regional office	I October 2011	<b>142</b>	-
Exceptional transition costs		<b>6,646</b>	5,806
Save the Children International centre		<b>18,126</b>	8,870
		<b>89,672</b>	14,882

f Net incoming resources for the year are stated after charging:

	<b>2011</b>	2010 restated
	<b>USD 000s</b>	USD 000s
Auditors' remuneration:		
Audit	<b>171</b>	22
Other services	<b>170</b>	-
Lease rental payments	<b>2,560</b>	162
Depreciation	<b>794</b>	23

g Trustees' remuneration

None of the trustees received any remuneration from the charity during 2011 (2010: nil). None of the trustees received any other benefits in kind during 2011 (2010: nil).

Out-of-pocket expenses, including travel and subsistence were reimbursed to trustees as follows: 5 trustees totalling USD 10,402 (2010: 6 trustees totalling USD 11,556).

Save the Children International's parent undertaking (Save the Children Association) paid CHF 9,030 (USD 10,261) to purchase trustee indemnity insurance to the value of CHF 5 million (USD 5.68 million) which covers the trustees or other officers of the charity. The charity paid a further CHF 2,000 (USD 2,273) to purchase additional indemnity insurance to the value of CHF 1 million (USD 1.14 million). These insurances provide cover:

- to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents
- to indemnify the trustees or other officers against the consequences of any neglect or default on their part.

## 5 Staff costs

	<b>2011</b>	2010 restated
	<b>USD 000s</b>	USD 000s
a Staff costs		
Wages and salaries	<b>21,491</b>	2,322
Social security costs and payroll taxes	<b>984</b>	246
Pension contributions	<b>276</b>	78
Terminal grants and long term savings plans	<b>475</b>	-
Benefits in kind	<b>1,067</b>	-
Other staff costs	<b>895</b>	-
Total direct staff costs	<b>25,188</b>	2,646
Donated staff costs from members	<b>2,560</b>	1,537
Total staff costs	<b>27,748</b>	4,183

Save the Children International contributes to a defined contribution scheme for staff at the centre, an occupational money purchase scheme (OMPS). Employers' contributions of USD 276,000 are charged to the consolidated statement of financial activities. Employer pension contributions made for employees whose emoluments are in excess of USD 90,000 were USD 136,000 (2010: USD 30,000).

Save the Children International contributes to a long term savings plan for programme staff on international contracts. Employers' contributions charged to the consolidated statement of financial activities were USD 126,000 (2010: nil).

Donated staff costs from members represents secondees from members provided for no consideration. The value of these secondees is included within gifts in kind in note 4 (a)

b In addition to the direct staff costs reported in note 4, the charity incurred the following costs:

	<b>2011</b>	2010 restated
	<b>USD 000s</b>	USD 000s
Temporary and casual labour	<b>1,067</b>	90
Secondment costs from Boston Consulting Group	<b>159</b>	162
	<b>1,226</b>	252

c The average number of Save the Children International employees calculated on a full-time equivalent basis was:

	Country offices	Regional offices	Centre	<b>2011 Total</b>	2010 Total
Charitable activities	1,856	19	72	<b>1,947</b>	28
Governance					
– of the charity	-	-	18	<b>18</b>	1
– of the association	-	-	1	<b>1</b>	1
	1,856	19	91	<b>1,966</b>	30

d The table below shows the number of staff (including secondees from members) with emoluments falling in the following ranges. Emoluments include salary, taxable benefits in kind and other payments to employees but not employer pension contributions.

The highest paid employee received emoluments amounting to USD 393,012 in 2011. (USD 241,136 for the year ended 31 December 2010). For key members of staff working in our international programmes, emoluments may include accommodation and other benefits, which allow us to be appropriately competitive in recruiting and retaining staff.

	2011	2010
USD 0 – USD 15,000	<b>2081</b>	11
USD 15,001 – USD 30,000	<b>116</b>	11
USD 30,001 – USD 45,000	<b>35</b>	8
USD 45,001 – USD 60,000	<b>26</b>	5
USD 60,001 – USD 75,000	<b>22</b>	7
USD 75,001 – USD 90,000	<b>13</b>	6
USD 90,001 – USD 105,000	<b>14</b>	2
USD 105,001 – USD 120,000	<b>11</b>	-
USD 120,001 – USD 135,000	<b>3</b>	-
USD 135,001 – USD 150,000	<b>6</b>	-
USD 165,001 – USD 180,000	<b>3</b>	-
USD 180,001 – USD 195,000	<b>2</b>	-
USD 240,001 – USD 255,000	<b>-</b>	1
USD 255,001 – USD 270,000	<b>1</b>	-
USD 315,001 – USD 330,000	<b>1</b>	-
USD 390,001 – USD 405,000	<b>1</b>	-

## 6 Fixed assets

Group	Furniture, fittings, equipment USD 000s	Motor vehicles USD 000s	Leasehold property USD 000s	Total USD 000s
Cost				
Brought forward at 1 January 2011	3,002	-	-	3,002
Additions	237	-	561	798
Assets donated by members on transition	13	670	-	683
Carried forward at 31 December 2011	3,252	670	561	4,483
Depreciation				
Brought forward at 1 January 2011	50	-	-	50
Charge for the year	621	137	36	794
Carried forward at 31 December 2011	671	137	36	844
Net book value				
<b>31 December 2011</b>	<b>2,581</b>	<b>533</b>	<b>525</b>	<b>3,639</b>
1 January 2011	2,952	-	-	2,952

Charity	Furniture, fittings, equipment USD 000s	Motor vehicles USD 000s	Leasehold property USD 000s	Total USD 000s
Cost				
Brought forward at 1 January 2011	2,911	-	-	2,911
Additions	225	-	561	786
Assets donated by members on transition	13	670	-	683
Carried forward at 31 December 2011	3,149	670	561	4,380
Depreciation				
Brought forward at 1 January 2011	48	-	-	48
Charge for the year	592	137	36	765
Carried forward at 31 December 2011	640	137	36	813
Net book value				
<b>31 December 2011</b>	<b>2,509</b>	<b>533</b>	<b>525</b>	<b>3,567</b>
1 January 2011	2,863	-	-	2,863

All fixed assets are held for direct charitable purposes.

## 7 Debtors

	<b>2011 Group USD 000s</b>	<b>2011 Charity USD 000s</b>	2010 Group USD 000s	2010 Charity USD 000s
Amounts due from Save the Children Association	-	-	959	959
Amounts due from Save the Children members	<b>15,376</b>	<b>15,341</b>	2,388	2,388
Amounts due from subsidiary undertaking	-	<b>202</b>	-	244
Other debtors	<b>131</b>	<b>124</b>	127	113
Prepayments and accrued income	<b>2,339</b>	<b>2,122</b>	1,174	1,136
	<b>17,846</b>	<b>17,789</b>	4,648	4,840

## 8 Cash at bank and in hand

	<b>2011 Group USD 000s</b>	<b>2011 Charity USD 000s</b>	2010 Group USD 000s	2010 Charity USD 000s
Cash held at centre	<b>11,311</b>	<b>11,311</b>	2,421	2,421
Cash held in overseas offices	<b>9,194</b>	<b>9,094</b>	128	-
Cash relating to member organisations	<b>3,432</b>	<b>3,432</b>	-	-
	<b>23,937</b>	<b>23,837</b>	2,549	2,421

The cash relating to member organisations represents an account in the name of Save the Children USA to which Save the Children International has unrestricted access to fund working capital requirements.

## 9 Creditors due within one year

	<b>2011 Group USD 000s</b>	<b>2011 Charity USD 000s</b>	2010 Group USD 000s	2010 Charity USD 000s
Amounts payable to Save the Children Association	<b>613</b>	<b>613</b>	-	-
Amounts payable to Save the Children members	<b>21,967</b>	<b>21,967</b>	1,080	1,080
Trade creditors	<b>1,692</b>	<b>1,692</b>	1,648	1,648
Other short term liabilities	<b>231</b>	<b>232</b>	-	-
Accruals and deferred income	<b>2,550</b>	<b>2,368</b>	1,561	1,536
	<b>27,053</b>	<b>26,872</b>	4,289	4,264

Amounts payable to Save the Children members includes amounts advanced to Save the Children International to fund working capital.

## 10 Provisions

	Opening provision USD 000s	Provisions transferred from members USD 000s	Arising in the year USD 000s	Utilised in the year USD 000s	Provisions released USD 000s	<b>Closing balance USD 000s</b>
Group						
Terminal grant provisions	-	523	349	(80)	-	<b>792</b>
Property dilapidations	-	-	18	-	-	<b>18</b>
Operating lease provision	-	-	436	-	-	<b>436</b>
Provision for tax liability	-	-	223	(46)	-	<b>177</b>
	-	523	1,026	(126)	-	<b>1,423</b>
Charity						
Terminal grant provisions	-	523	349	(80)	-	<b>792</b>
Property dilapidations	-	-	18	-	-	<b>18</b>
Operating lease provision	-	-	436	-	-	<b>436</b>
Provision for tax liability	-	-	129	-	-	<b>129</b>
	-	523	932	(80)	-	<b>1,375</b>

Terminal grant provisions are contractual amounts due to employees in country offices when leaving employment with Save the Children International.

Provisions transferred from members represent accrued terminal grant liabilities to staff in Bangladesh as at the date of transition to Save the Children International. See note 15.

Property dilapidations represent the estimated costs of payments required to make good the condition of properties on the termination of leases.

The operating lease provision represents the value of lease inducements (rent free period) received by Save the Children International. It will be utilised over the term of the lease.

The tax provision represents estimates of amounts due to HMRC in relation to a self-notification relating to reverse charge VAT and to the Singapore authorities for employee tax. These will be utilised in 2012.

## 11 Analysis of net assets between funds

	2011 Unrestricted USD 000s	2011 Restricted USD 000s	2011 Total USD 000s
Group			
Fixed assets	1,341	2,298	<b>3,639</b>
Current assets	34,771	7,012	<b>41,783</b>
Current liabilities	(27,053)	-	<b>(27,053)</b>
Provisions	(1,423)	-	<b>(1,423)</b>
	<b>7,636</b>	<b>9,310</b>	<b>16,946</b>
Charity			
Fixed assets	1,269	2,298	<b>3,567</b>
Current assets	34,614	7,012	<b>41,626</b>
Current liabilities	(26,872)	-	<b>(26,872)</b>
Provisions	(1,375)	-	<b>(1,375)</b>
	<b>7,636</b>	<b>9,310</b>	<b>16,946</b>

## 12 Commitments under operating leases

The amounts payable by the group within the next 12 months on non-cancellable operating leases expiring:

	2011 Land and buildings USD 000s	2011 Other leases USD 000s	2010 Land and buildings USD 000s	2010 Other leases USD 000s
within one year	<b>405</b>	<b>364</b>	-	-
between two and five years	<b>1,230</b>	-	12	3
after five years	<b>107</b>	-	-	-
	<b>1,742</b>	<b>364</b>	12	3

## 13 Financial commitments

- a At 31 December 2011, Save the Children International has committed the following amounts in grants to partners subject to satisfactory performance. These amounts will form part of the grants allocated in future years. These amounts are fully funded by Save the Children members.

	2011 USD 000s	2010 USD 000s
within one year	<b>49,032</b>	-
between two and five years	<b>21,355</b>	-
	<b>70,387</b>	-

- b Save the Children International has entered into a number of long-term contracts for the supply of services all of which are cancellable.

#### 14 Consolidated statement of funds

	Balance as at 1 January 2011 USD 000s	Income USD 000s	Expenditure USD 000s	Transfers USD 000s	Balance as at 31 December 2011 USD 000s
<b>Unrestricted funds</b>					
General funds	810	11,500	(10,556)	(1,041)	<b>713</b>
Fixed asset fund	-	1,922	(1,379)	798	<b>1,341</b>
Fixed asset replacement fund	-	28	-	-	<b>28</b>
International programming reserve	-	4,686	-	-	<b>4,686</b>
Closure reserve	625	-	-	243	<b>868</b>
<b>Total unrestricted funds</b>	<b>1,435</b>	<b>18,136</b>	<b>(11,935)</b>	<b>-</b>	<b>7,636</b>
<b>Restricted funds</b>					
International programme grants	-	62,566	(60,360)	-	<b>2,206</b>
International programme operational fund	964	12,928	(10,932)	-	<b>2,960</b>
International programme investment fund	88	4,052	(3,046)	-	<b>1,094</b>
Financial management system fund	3,107	1,392	(1,771)	-	<b>2,728</b>
Silver fund	83	-	(83)	-	<b>-</b>
Perrin fund	101	-	(50)	-	<b>51</b>
Additional humanitarian funds from Save the Children members	-	72	(58)	-	<b>14</b>
Education global initiative fund	47	-	(47)	-	<b>-</b>
Market development fund	35	1,612	(1,390)	-	<b>257</b>
<b>Total restricted funds</b>	<b>4,425</b>	<b>82,622</b>	<b>(77,737)</b>	<b>-</b>	<b>9,310</b>
<b>Total funds</b>	<b>5,860</b>	<b>100,758</b>	<b>(89,672)</b>	<b>-</b>	<b>16,946</b>

Total funds carried forward comprise:	Unrestricted funds USD 000s	Restricted funds USD 000s	2011 Total USD 000s
Funds held in reserve	5,582	-	<b>5,582</b>
Funds for 2012 expenditure	-	5,438	<b>5,438</b>
Funds to be deducted from financial claims to members in 2012	713	1,574	<b>2,287</b>
Net book value of fixed assets	1,341	2,298	<b>3,639</b>
<b>Total funds</b>	<b>7,636</b>	<b>9,310</b>	<b>16,946</b>

*General funds* represent the amounts that trustees are free to use in accordance with Save the Children's charitable objectives.

The *fixed asset fund* represents the net book value of tangible fixed assets that were originally funded out of unrestricted funds. Fixed assets acquired in the year out of unrestricted funds are shown as a transfer from the general fund.

The *fixed asset replacement fund* represents the proceeds from the sale of fixed assets, in accordance with the member agreements.

*International programming reserve* represents contributions from members to enable Save the Children International to meet its requirements to hold free reserves in accordance with the reserves policy agreed by the trustees. We anticipate reaching our target level of USD 15 million by the end of 2012. In addition potential closure/wind-down costs associated with international programming activities are separately covered by member indemnities up to a maximum of USD 20 million.

The *closure reserve* represents the funds set aside to provide for the costs in the event of the closure of the non-programming functions of the charity. The reserve has been increased by a transfer from general funds.

*International programme grants* represent funds received from members for development and humanitarian projects.

The *international programme operational fund* represents contributions received from members for the running costs of Save the Children International's international programme work, not directly attributable to projects.

The *international programme investment fund* represents contributions received from members for costs related to one-off investments associated with the set up of Save the Children International's international programming work.

The *financial management system fund* represents contributions from Save the Children UK and Save the Children USA to the design and implementation of the financial management systems of Save the Children International.

The *Silver fund* represents a donation from the Silver fund (Mr William Haber) which was used for the set-up costs relating to the outsourcing of the payroll and the set-up costs of a long term saving plan for programme staff on international contracts.

The *Perrin fund* represents a donation from Charles and Sheila Perrin which was used in 2011 on specific projects supporting Save the Children International.

The *additional humanitarian funds from Save the Children members* represent monies received under historic pre-transition agreements for our work in supporting members to meet the most urgent needs of children before, during and after humanitarian crises.

The *education global initiative fund* represents funds received from Save the Children members to fund our global initiative on education for children. The management of this fund was transferred to Save the Children Norway during 2011.

The *market development fund* represents funds received for our stronger members team in their work to support the continued growth and development of members.

#### Charity statement of funds

A separate statement of funds is not presented as the funds of the charity are substantially the same as those of the group. The only funds which have different values are the general fund and fixed asset fund as follows:

	Balance as at 1 January 2011 USD 000s	Income USD 000s	Expenditure USD 000s	Transfers USD 000s	Balance as at 31 December 2011 USD 000s
General funds	810	11,500	(10,585)	(940)	785
Fixed asset fund	-	1,922	(1,350)	697	1,269

## 15 Transition to Save the Children International

In 2011 the charity finalised a range of contractual agreements with 29 Save the Children members which provide, among other matters, for the programming activity of Save the Children members outside their home territories to be delivered by Save the Children International. At the 31 December 2011 nine countries had transitioned to Save the Children International and the following assets were transferred from members.

	Date of transition	Tangible fixed assets donated by members on transition † USD 000s	Non-capital assets donated by members on transition ‡ USD 000s	<b>2011 Total USD 000s</b>
Afghanistan	1 April 2011	165	126	<b>291</b>
Bangladesh	1 October 2011	189	569	<b>758</b>
Bhutan	1 January 2011	-	-	<b>-</b>
Cambodia	1 November 2011	19	144	<b>163</b>
Democratic People's Republic of Korea	1 August 2011	-	41	<b>41</b>
Kyrgyzstan	1 April 2011	-	-	<b>-</b>
Laos	1 September 2011	48	73	<b>121</b>
Nepal	1 January 2011	262	222	<b>484</b>
Tajikistan	1 April 2011	-	64	<b>64</b>
		<b>683</b>	<b>1,239</b>	<b>1,922</b>

† Tangible fixed assets donated by members are capitalised where the estimated market value of the asset is greater than USD 5,000 in line with the Save the Children International fixed asset policy.

‡ Non-capital assets donated by members represents assets which are valued at less than USD 5,000. These have been recognised as a gift in kind with associated income and expenditure recorded in 2011.

Market value of the assets above has been estimated based on implied net book value at date of transition using the useful economic lives as set out in note 1 (k). The resulting income has been included in gift in kind income (see note 2b).

In addition, a provision of USD 523,000 relating to terminal grant commitments transferred with staff in Bangladesh. This amount reflects the liability to staff as at the date of transition to Save the Children International. As the full liability relates to the period pre transition, it is fully underwritten by the transferring member with USD 523,000 included in amounts due from members giving no overall impact on net assets of Save the Children International.

## 16 Related party transactions

In accordance with the provisions of Financial Reporting Standard 8, Related Party Disclosures, the related party transactions entered into by Save the Children International are detailed below. All transactions were in the normal course of business.

### a *Save the Children Association*

Save the Children International has been controlled throughout the period by its ultimate parent undertaking Save the Children Association, a Swiss association formed pursuant to Articles 60–79 of the Swiss Civil Code.

During 2011 Save the Children Association comprised 25 members and 4 associate members. Members and associate members are each separate and independent legal entities incorporated under laws of their home country and are bound together as members through: Save the Children Association Bylaws, a Trademark Licence Agreement between Save the Children Association and each member, and an All Member Agreement, entered into in the first quarter of 2010 to implement an international programming strategy.

The boards of the Save the Children Association and Save the Children International have identical membership and both are managed on a day-to-day basis by the same leadership team employed by Save the Children International. During the period, the following transactions took place between Save the Children International and Save the Children Association: Grants of USD 6,380,000 (2010: USD 3,630,000) were received by Save the Children International from the Save the Children Association.

Current account balances with Save the Children Association are interest-free. At the year end, the group balances with Save the Children Association were:

	2011 Amounts receivable USD 000s	2011 Amounts payable USD 000s	<b>2011 Net balance USD 000s</b>	2010 Net balance USD 000s
Save the Children Association	-	(613)	<b>(613)</b>	959

### b *Save the Children members*

During the period the following types of transactions took place between Save the Children International and members (primarily the 14 internationally programming members):

- i Grant income of USD 79,786,000 was received from the members for international programming activities.
- ii Donated services of USD 2,854,000 were received from members.
- iii Donated goods of USD 4,886,000 were received from members.
- iv Members made contributions to Save the Children International of USD 4,686,000 for international programming reserves.
- v Contributions to the charity's working capital of USD 6,929,524 were made by, and are repayable to, members.
- vi Cash was held in an account in the name of Save the Children USA to which Save the Children International has unrestricted access to fund working capital requirements.
- vii Contributions to prefund two months' worth of country office expenditure upon transition to Save the Children International.
- viii Upon transition the accumulated liability for terminal grant payments for staff in the Bangladesh country office transferred to Save the Children International. This amount is fully underwritten by Save the Children USA.
- ix Donations were received by Save the Children International on behalf of Save the Children members. The sums received are remitted to the relevant member. No profit or loss has arisen on these transaction.

In addition the contractual agreements provide for those members whom Save the Children International delivers international programmes to provide a share of an indemnity capped at USD 20 million in the event that the charity's international programming activity ceases to operate.

Current account balances with members were interest-free. At the year end, the group's balances with members were:

	2011 Amounts receivable USD 000s	2011 Amounts payable USD 000s	2011 <b>Net balance</b> <b>USD 000s</b>	2010 Net balance USD 000s
Save the Children member organisation				
Australia	1,998	(2,221)	<b>(223)</b>	-
Canada	-	(102)	<b>(102)</b>	31
Denmark	332	(591)	<b>(259)</b>	-
Finland	180	(228)	<b>(48)</b>	-
India	-	-	<b>-</b>	2
Italy	366	(167)	<b>199</b>	113
Japan	826	(182)	<b>644</b>	-
Korea	472	(425)	<b>47</b>	-
Mexico	28	-	<b>28</b>	28
Netherlands	957	(914)	<b>43</b>	35
New Zealand	-	(30)	<b>(30)</b>	18
Norway	2,527	(2,047)	<b>480</b>	(10)
Spain	-	(47)	<b>(47)</b>	35
Sweden	941	(758)	<b>183</b>	283
Switzerland	-	(12)	<b>(12)</b>	(10)
United Kingdom	1,892	(2,519)	<b>(627)</b>	(15)
United States	4,857	(11,724)	<b>(6,867)</b>	798
	15,376	(21,967)	<b>(6,591)</b>	1,308

## 17 Post balance sheet events

Save the Children International has taken on the responsibility for programme delivery in the following countries since 31 December 2011 as follows:

Iraq	1 January 2012
Philippines	1 January 2012
Vietnam	1 January 2012
Armenia	1 March 2012
Georgia	1 March 2012
Jordan	1 March 2012
Albania	1 April 2012
Kosovo	1 April 2012
North West Balkans	1 April 2012
Yemen	1 April 2012
Occupied Palestinian Territory	1 May 2012

Save the Children South Africa became an associate member of Save the Children Association in May 2012.

## 18 Contingent liabilities

Save the Children International is involved in various legal proceedings and claims arising in the normal course of business. Management does not expect the ultimate resolution of these actions to have a material adverse effect on Save the Children International's financial position, changes in net assets, or cash flow.

Save the Children International receives funding from members, for various activities, which are subject to audit. Although such audits may result in disallowance of certain expenditures, which would be absorbed by Save the Children International, in management's opinion, the ultimate outcome of such audits would not have a significant effect on the financial position, changes in net assets, or cash flows of Save the Children International.

Notes

---

“We set out to save the lives of children, but if we remain true to this ideal [of international co-operation]... we may make a worthy contribution to the task of saving the soul of the world”

**Eglantyne Jebb**

Save the Children founder

Company Registration No. 3732267 (England and Wales)  
Charity Registration No. 1076822

**Save the Children International**

Save the Children International  
St Vincent House  
30 Orange Street  
London  
WC2H 7HH  
UK

Tel: +44 (0)20 3272 0300  
Fax: +44 (0)20 8237 8000

[info@savethechildren.org](mailto:info@savethechildren.org)  
[www.savethechildren.net](http://www.savethechildren.net)

[www.savethechildren.net](http://www.savethechildren.net)



**Save the Children**