

A smiling woman wearing an orange headwrap and a matching orange dress with a buttoned front is leading a group of goats on a dirt path. The goats are of various colors, including white and brown. In the background, there are trees and a traditional thatched-roof hut. The scene is brightly lit, suggesting a sunny day.

**act:onaid**

**ANNUAL REPORT 2008** FINANCIAL REPORT AND ACCOUNTS

# ActionAid International Financial Report 2008

This report supplements the published Annual Report of ActionAid International, which can be found at [www.actionaid.org](http://www.actionaid.org). It contains the full audited financial statements, together with a more detailed commentary on financial performance. It also gives information on the governance structure of the organisation and the responsibilities of its trustees, whose brief biographies are also included.

**Cover image:** Leya Chede 47, a beneficiary of an ActionAid project photographed at her turkey rearing house. Leya rears goats and turkeys that she bought from selling groundnuts and maize after joining ActionAid community based farming group.

James Akena/ActionAid

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## Governance, internal control and audit

This report and the attached financial statements bring together the activities and financial position of all the entities that comprise ActionAid International. For the period ended 31 December 2008, which the narrative reports and financial statements encompass, ActionAid International comprised Stichting ActionAid International, its affiliates and country programmes as described in the financial and accounting policies on pages 10 - 14.

Subsequent to the year end, the structure has been changed to better fit the needs of ActionAid International's members; this restructuring is described below. As the change from Stichting ActionAid International to the new Association is one of legal status only, that body is referred to as "AAI" throughout. The phrase "ActionAid International" is used to describe AAI and its members.

ActionAid International changed its legal and governance structure in early 2009. The affiliate organisations that were previously represented on the board of AAI, constituted as a foundation in the Netherlands, have, together with the associate organisations that were previously observers on the AAI board, formed themselves into a federation and have become members of an Association. The Association, registered in the Netherlands, has inherited the net assets and undertaking of the previous foundation. The purpose of this restructuring, which was envisaged at the time ActionAid International was first established, is to create a two tier governance structure (Members' Assembly and Independent Board). The AAI members are represented at an Assembly which meets annually. It reserves certain powers and functions to itself and elects a board of trustees to which it entrusts the remainder of the governance responsibilities. This structure will enable the federation to grow while maintaining a relatively small board for effective oversight of management. Further details of the structure and the powers of its component parts are set out in the constitution of the Association. Its objects are to eradicate poverty and injustice throughout the world, to educate and engage the public concerning the causes, effects and means of eradication of such poverty and injustice, and to strengthen the capacity and action of poor and excluded people's organisations and movements to assert their rights and overcome the causes and symptoms of poverty and injustice.

Lists of the current members of AAI and of the trustees are provided on page 29 - 31. The board will follow the practice of the previous board of the foundation, by meeting formally at least three times a year. Between meetings there will be regular contact between the Chair and the other trustees. The board continues to delegate the day-to-day operation of the International Secretariat to the principal officers who comprise an executive board of full-time senior management. There are provisions in the constitution for the trustees themselves to elect up to one third of the board to ensure that it maintains the necessary balance of gender, expertise, regional representation or other diversity.

Trustees hold office for three years and are eligible to serve a maximum of two consecutive terms.

The board is in the process of establishing committees of trustees to which it will delegate certain functions. In the meantime the committees established under the previous board of the foundation continue to function. There are four such committees:

- The Finance and Audit Committee encourages and safeguards the highest standards of integrity, financial reporting and internal control, and oversees the financial management of ActionAid International and its risk assessment and management process.
- The Governance and Board Development Committee inducts new trustees, reviews proposals for new members of AAI and reviews ActionAid International's governance standards.

- The Investment Committee reviews and makes recommendations to the board on AAI's investment policy, including ethical investment priorities. It reports to the board on the performance of the investment portfolio.
- The Organisational Development Committee reviews the remuneration principles applying to staff of the International Secretariat, recommends the remuneration of the Chief Executive and other principal officers, considers emerging organisational development issues and scrutinises staff and management practices.

Organisations that become members of AAI are required to have constitutions that prescribe governance processes in line with the standards set by AAI. They are also governed by regulations established under the constitution which require, inter alia, compliance with a range of policies and procedures that establish a series of operating standards across ActionAid International. A separate agreement between AAI and ActionAid in the UK provides for the International Secretariat to manage country programmes that have not yet become members of AAI.

The trustees have overall responsibility for the system of internal control in the International Secretariat and country programmes, and through the internal audit function monitor the control environments of AAI's members. The system provides reasonable assurance that ActionAid International operates efficiently and effectively, safeguards its assets, maintains proper records and complies with relevant laws and regulations.

The trustees oversee a comprehensive accountability system. This includes rolling three-year plans, approved annually by members' boards and on an aggregated basis by the trustees of AAI. Trustees compare actual results with plans and forecasts and non-financial performance data. Other controls include delegation of authority and segregation of duties. The AAI internal audit function regularly reviews internal controls across ActionAid International and submits reports to the Finance and Audit Committee.

The trustees have identified and reviewed the major strategic, business and operational risks which ActionAid International faces and confirm that appropriate systems are in place to manage and mitigate those risks.

The trustees have accepted responsibility for the preparation of these aggregated non-statutory financial statements for the year ended 31 December 2008 which are intended to give a true and fair view of the state of affairs of ActionAid International and of its surplus for that period. They are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, adjusted to include the creation of a property, plant and equipment replacement reserve, with additional voluntary disclosures appropriate to an INGO.

In preparing these aggregated non-statutory financial statements, the trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis as they believe that ActionAid International will continue to operate.

The trustees are responsible for keeping proper accounting records for AAI and for monitoring the standard of record keeping of members and country programmes, so that they can disclose, with reasonable accuracy at any time, the financial position of ActionAid International and to enable them to ensure that the financial statements comply with IFRSs and AAI's accounting policies. The trustees have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of AAI and to prevent and detect fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the financial and other information included on the organisation's website.

## Review of financial performance

### **Introduction**

ActionAid International's total income in 2008 was €182.9 million, a reduction of 2% on the €185.9 million raised in 2007. Income raised for emergencies was €12.6 million, compared with 2007's €20.3 million, meaning that the underlying income for longer term development and policy advocacy and campaigning work rose by 3%.

### **Currency exchange rates**

As foreshadowed in last year's report, a major feature of our financial performance last year was movements in currency exchange rates, particularly the rise in the value of the Euro against Sterling. ActionAid international generates over half of its income in Sterling and operates in that currency, but reports publicly in Euros. The Euro rose from 73.7p at the beginning of the year to 97.4p at the end, an increase of 32%. This resulted in our Sterling assets, when expressed in Euros, being worth €14.5 million less than they were worth at the beginning of the year. This unrealised loss in value is shown in the Statement of movement in funds, below the Income statement. Since the year-end the Euro has weakened slightly and now buys about 86p.

The average rate for the year, at which our income and expenditure is translated, rose from 68.4p in 2007 to 79.4p last year, an increase of 16%. Income and expenditure incurred in Sterling therefore translates into that much fewer Euros than in 2007.

Following the international banking and credit crisis that broke in October 2008 Sterling, and to a lesser extent the Euro, fell sharply against the US dollar and against the majority of the currencies in which our programmes operate. The adverse impact of this on our programmes was cushioned both by the better than planned fundraising performance of our affiliates in Europe and the US and by the relative strength of the Euro, with the result that the majority of our programmes ended the year with committed giving income that was higher than planned. In 2009, however, programme budgets have had to be sharply reduced in local currency in response to the weakness in our fundraising currencies, in some cases by over 20%.

### **Income**

The largest category of our income is committed giving income from our 370,000 supporters in the UK, Italy, Greece, Ireland and Sweden. This income fell by 1% to €102.9 million, 56% of total income. Excluding UK income, which grew by 5% in Sterling terms but was hit by the currency factor described above, other committed giving income rose by 8%, driven by particularly strong performances in our smaller markets of Greece, Ireland and Sweden. It also benefited from the beginnings of income generation from new supporters in India and Brazil. Our sister organisation in Spain, Ayuda en Accion, generated some €8.4 million of additional committed giving income from its 47,000 supporters of our programmes in Africa and Asia.

Other donations, representing 21% of total income, fell by 18% to €38.2 million. This fall is almost entirely attributable to the anticipated reduction in income from the UK Disasters Emergency Committee, as its funding of our multi-country response to the Asian tsunami of December 2004 came to an end. Donations from trusts and foundations in the UK and US grew strongly in local currency and we also received significant grants from official sources in Spain through Ayuda en Accion.

Income from official donors recovered well from 2007's disappointing result, rising 19% to €35.1 million, but at 19% of total income this still falls well short of our longer-term aspirations. The main source of the growth was grants from the European Union for work in Nigeria, Sierra Leone and Pakistan, and

from its Humanitarian Office for emergency-related work in Bangladesh, Afghanistan and India. Income from the UK Government stayed level in Euro terms at €13.4 million, but this disguises an underlying increase in Sterling for work in Nigeria and Ghana and for a multi-country project on disaster risk reduction. Income from UN agencies also grew, particularly for work in Kenya, Zimbabwe, Sierra Leone, Ethiopia and DRC.

We also earned income on our invested funds and have sundry sources of other income. Investment income fell by 18% to €2.2 million owing to the weakness of Sterling and the sharp fall in interest rates towards the end of the year. The growth in other income to €4.5 million was driven largely by the exchange gains realised in Sterling on income received in Euro.

The proportion of our total income represented by unrestricted funds increased to some 30%, largely due to a programme in Italy under which child sponsors are asked to allow us to treat a higher proportion of their donations as unrestricted. The increased flexibility provided in this way allows us to re-allocate some of those unrestricted funds to areas of greater need.

### ***Expenditure***

As foreseen in last year's report we have this year changed the treatment of support costs for 2008 and 2007 by identifying how much of them is attributable to each of our fundraising, programme and governance activities and by including that share in each of those three expenditure headings in the Aggregated Income Statement. Further detail on the composition and split of support costs is then given in the Notes.

On this revised basis fundraising costs rose by 3% to €37.3 million, representing 21% of the voluntary and official income that our fundraising activities generated. The comparable percentage for 2007 was 20%. Excluding emergency income, the percentages were virtually unchanged year on year. Fundraising expenditure in 2008 included small amounts granted to our new associates in the Netherlands and Australia to support the development of their public fundraising activities.

Programme expenditure, inclusive of its share of support costs, fell by €8.1 million, or 6%, to €136.5 million. €6.8 million of this decrease is the result of lower levels of expenditure on emergency activities. In Sterling terms programme expenditure rose by 10%, which is a fairer measure of performance of our country programmes, given that they plan and report in that currency. However, within that our support costs increased faster than underlying programme spend, by 16% (no change in Euro terms), compared with 8% (a 7% fall in Euro terms), which was disappointing. The main drivers of support cost growth were staff and fuel costs. The relatively high increase in staff costs contributed to the fact that a higher proportion of our programme spend was on work directly implemented by ActionAid staff as opposed to being carried out through partner organisations (61% in 2008, compared with 55% in 2007). Programme expenditure exclusive of support costs was 62% of total spend, some way short of our internal target of two thirds.

On a geographical basis, 83% of our programme expenditure was in our country programmes (2007; 82%). 10% was carried out through the International Secretariat, including our regional offices and thematic teams based in the regions, Johannesburg, Brussels and London, and the remainder by the affiliates in the North, primarily ActionAid in the UK.

At the end of the year the total funds of ActionAid International had fallen by €9.5 million to €55.1 million, of which €37.3 million was restricted funds and €17.8 million unrestricted funds. Within this total, balances of cash and short-term deposits fell by €4.7 million to €54.1 million.

**Issues of concern**

Although our financial controls are good, we become aware through audit and whistle-blowing processes of losses suffered by our programmes and members from time to time from fraud or other financial irregularities. We estimate that the total amount reported lost in this way in 2008, net of recoveries, was some €222,000, which is considerably higher than the €58,000 reported for 2007. This is because the 2008 figure includes €171,000 of liabilities taken on by ActionAid Uganda following the discovery that its staff welfare scheme had been severely mismanaged.

Nine members of staff were dismissed last year and three partner relationships terminated or suspended for fraud and related activities.

There was also a breakdown of financial controls in ActionAid Malawi, where significant amounts of over-expenditure on programme activities resulted in the use of the whole of its reserves. We are putting in place stricter measures to ensure that the possibility of programmes breaching our financial management procedures is kept to the absolute minimum.

**Outlook**

Fundraising results so far this year have been satisfactory and in line with plan. Plans were prepared, however, before the severity of the economic recession, exacerbated by the banking crisis, became clear, and so in anticipation of weaker results we have taken pre-emptive action to reduce expenditure budgets in the UK and Italy and the International Secretariat. The reductions in country programme budgets referred to above also anticipate some shortfalls in income from the North. It is comforting, however, to note that for most of our country programmes Sterling and the Euro have strengthened slightly against their currencies since the beginning of the year.

**Reserves policy and performance**

ActionAid International's reserves represent funds which are invested in fixed and working capital, or are expected to be spent in the short-term or held in reserve to protect the long-term future of its operations.

Restricted fund reserves are maintained on a project by project basis or in accordance with the agreed restrictions on their use. For convenience, reserves and the movements on them are shown on a country by country basis in the notes to the financial statements.

AAI's policy in relation to ActionAid International's restricted fund reserves is that each member and country programme that benefits from committed giving income should aim to maintain total reserves of not less than one sixth of its total planned expenditure for the following year. Any plans showing reserves of more than one third of the following year's spend should only be approved in exceptional circumstances. Restricted reserves for these purposes are balances of funds from individual supporters, typically committed givers, excluding funds invested in property, plant and equipment. AAI's unrestricted funds cover the financial risks of country programmes whose committed giving income is less than 20% of their total income.

We are broadly satisfied that member and country programme reserves of restricted funds are in line with this policy and that, where they are not, plans are in place for them to be brought into line within three years.

AAI's unrestricted fund reserves, excluding funds invested in plant, property and equipment should cover at least 10% of member and country programme shortfalls below the minimum required under the restricted fund policy. They should also cover 10% of the following year's spend of those country programmes with low levels of committed giving income, as well as certain defined risks to AAI's future

income and expenditure. AAI expects that those of its members that raise unrestricted income will aim to keep in reserve at least one quarter of their planned expenditure of unrestricted funds for the following year.

The unrestricted liquid funds and treasury reserves of €17.3 million at the end of 2008 represented a margin of some €4.5million over the minimum required, which is satisfactory.

### **Investment policy and performance**

The trustees' policy in relation to AAI's long term investments is that they should achieve a higher income than is achieved on ActionAid International's liquid resources while over time benefiting from the capital growth available from equities. In 2008, the total return (income and capital growth) achieved on the equity portfolio was 4.2% higher than the FTSE All-Share Index benchmark (-29.9%), and on the bond portfolio was 11.4% behind the FTA Government All Stocks Index benchmark of 12.8%. Total income on these investments represented 4.7% of the sterling value of the portfolio at the beginning of the year, or 4.9% of the amount originally invested. This latter figure compares with the average income on AAI's sterling bank deposits of 4.7%. The capital value of the portfolio measured in sterling fell by 21.3% during the year.

All investments were made in line with AAI's ethical investment policy.

## Auditor's Report

### Report of the independent auditors Buzzacott LLP to the Members of Stichting ActionAid International (The Association)

We have audited the aggregated non-statutory financial statements of ActionAid International (which comprise the former foundation, Stichting ActionAid International (AAI), ActionAid, ActionAid Hellas, ActionAid USA, ActionAid Brazil, ActionAid International Italia, ActionAid Ireland, ActionAid Ghana, ActionAid Sweden and the Country Programmes managed by AAI) for the year ended 31 December 2008. These aggregated non-statutory financial statements, which comprise the aggregated income statement and statement of movement in funds, aggregated balance sheet, aggregated cash flow statement, the accounting policies and related notes 1 – 17, have been prepared under the accounting policies set out therein for international publication purposes.

This report has been prepared for the Association's Members, as a body, solely in connection with their wish to publish aggregated non-statutory financial statements and in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Members those matters that we are required to state to them in this report, and for no other purpose. We acknowledge that the Members wish to make this report (with the aggregated non-statutory financial statements to which it relates) available for public inspection, to enable readers to verify that an auditor's report has been commissioned by the Members and issued in connection with the associated aggregated non-statutory financial statements.

This report was designed to meet the agreed requirements of the Association's Members, as a body, determined by the needs of the Association at the time. This report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Association's Members, as a body, or the Association, for any purpose or in any context. Any party, other than the Association's Members, as a body, or the Association, who obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's Members, as a body, for our work, for this report or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As described on page 2 and 3, the Trustees of AAI have accepted responsibility for the preparation of these aggregated non-statutory financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility is to audit the aggregated non-statutory financial statements in accordance with the terms of our engagement letter dated 11 February 2008 and International Standards on Auditing (UK and Ireland).

Under the terms of our engagement we are required to report to you our opinion as to whether the aggregated non-statutory financial statements give a true and fair view. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the other information accompanying the aggregated non-statutory financial statements and consider whether it is consistent with them. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the non-statutory financial statements.

### **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 aggregated non-statutory financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the aggregated non-statutory financial statements, and of whether the accounting policies are appropriate to ActionAid International'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 aggregated non-statutory 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 aggregated non-statutory financial statements.

### **Opinion**

In our opinion the aggregated non-statutory financial statements give a true and fair view, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, of the state of ActionAid International's affairs as at 31 December 2008 and of its result for the year then ended.

Buzzacott LLP  
Chartered Accountants

## Financial and accounting policies

### Basis of preparation

The financial statements have been prepared following International Financial Reporting Standards as adopted by the European Union (Adopted IFRS) as the trustees have decided that these standards are the most appropriate to ActionAid International's stakeholders. The financial statements have been prepared under the historical cost accounting rules, as modified for the revaluation of investments. Certain additional disclosures, including the analysis of income, expenditure and closing reserves by fund category, and the separation of liquid reserves and funds invested in property, plant and equipment, have been made in line with internationally accepted accounting practices for not-for-profit organisations. The accounting policies adopted are consistent with those of the previous financial year.

At the date of issue of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective. All companies are given time to implement new IFRS and we are currently taking all necessary steps to implement the following standards in good time. The trustees anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of ActionAid International.

#### **Endorsed**

IFRIC 12 Service Concession Arrangements  
Improvements to IFRSs (issued May 2008)  
Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate  
Amendment to IAS 23 Borrowing Costs  
Amendment to IFRS 2 Share based payment: vesting conditions and cancellations  
Amendment to IAS 1 Presentation of Financial Statement: A revised presentation  
Amendment to IAS 32 and IAS 1 Puttable financial instruments and obligations existing on liquidation  
IFRS 8 Operating Segments  
IFRIC 13 Customer Loyalty Programmes

#### **Yet to be endorsed**

Amendment to IFRS7 Improving Disclosures about Financial Instruments  
Amendment to IFRIC9 and IAS39 embedded derivatives  
Improvements to IFRSs (issued 16 April 2009)  
Revised IFRS 1 First Time Adoption of IFRS  
Revised IFRS 3 Business Combinations  
IFRIC 15 Agreements for the Construction of Real Estate  
IFRIC 16 Hedges of a Net Investment in a Foreign Operation  
IFRIC 17 Distributions of Non-Cash Assets to Owners  
IFRIC 18 Transfers of Assets from Customers  
Amendment to IAS 27 Consolidated and separate financial statements  
Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items  
Amendment to IAS 39 Reclassification of Financial Assets: Effective Date and Transition

## **Basis of aggregation**

The aggregated financial statements of ActionAid International comprise AAI, its affiliates and country programmes as established under the legal structure pertaining in 2008 and as described in the Governance, internal control and audit section. The financial statements have been prepared from financial information supplied to AAI by each constituent entity in a common agreed format. Balances due at the year end date and transactions arising during the year between the constituent entities are eliminated as part of the aggregation process.

## **Fund accounting**

All funds raised by ActionAid International are used in the furtherance of its objects, including the net profits from trading activities.

Restricted funds are a significant proportion of the funds and 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.

The remainder of the funds raised, including any element of a restricted donation agreed by the donor to be available for use on administrative or other matters, is unrestricted and may be used for any of ActionAid International's general purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for specific future periods. AAI also identifies separately those funds invested in property, plant and equipment, representing the book value of the property, plant and equipment that have been purchased for use by ActionAid International out of restricted and unrestricted funds. Presentation of these funds separately enables AAI to better assess the liquid resources available to support future expenditure.

## **Committed giving**

ActionAid International's income consists principally of donations from supporters of a fixed amount usually paid monthly. The majority of supporters are linked directly to a particular country programme, or specifically to a child in that country. Supporters receive periodic communication detailing how their donations have been used in accordance with their wishes. Affiliates of AAI aim to make their income more flexible by encouraging supporters to transfer from child sponsorship to less restricted forms of giving over time.

The accounting for child sponsorship and other committed giving income is in each case in accordance with the information provided to supporters. The majority of the income is allocated according to the primary focus or purpose of the donation. A percentage, usually 20%, is treated as unrestricted funds, as is tax recovered from local revenue authorities. There are also arrangements for a small proportion of these donations to be used for broader charitable work and to support the generation of income within the country programmes.

## **Accounting for income**

Income is shown gross, before any deduction of associated costs.

Income is accounted for when receivable. It is deemed to be receivable either when actually received, when there is a contract for its receipt and the relevant entity considers that any outstanding conditions under the contract have been met, or when the entity has become entitled to a future payment and its amount can be ascertained with reasonable certainty. Funds received in one accounting period that are specifically restricted to work to be carried out in subsequent accounting periods are not accounted for as income but are carried forward in payables.

Donations in kind are credited to income at an estimate of the gross value of the gift, which will usually be a market price valuation.

Interest earned from the temporary investment of funds restricted to emergency work is credited to emergency funds. Interest and investment income earned on committed giving monies held in reserves are credited to unrestricted funds in accordance with the information provided to supporters. Interest earned on other restricted fund balances is also credited to unrestricted funds to recognise the fact that in many cases the costs of a project are incurred before the relevant restricted income is received.

## Expenditure

Expenditure is accounted for on an accruals basis and all costs include irrecoverable taxes.

**Fundraising:** The costs of generating funds represent expenditure incurred on raising funds from committed giving supporters, other members of the public, companies, trusts, official bodies and other donors. They include the costs of maintaining child sponsorship and other supporter links and of reporting to supporters and other donors on the projects to which they contribute. They also include investment management costs.

**Programme activities:** The long-term development and emergency relief and rehabilitation work in country programmes, and the policy influencing and campaigning work carried out there and internationally are managed either by ActionAid International's own staff in the country concerned or in collaboration with independent organisations, usually locally registered, which are partly or wholly funded by ActionAid International. Grants made to such other organisations are separately identified in the income statement.

**Governance:** The costs included in this category include the costs of board meetings and other governance processes for each entity, and the costs of internal and external audit.

Fundraising, programme and governance costs are shown in the income statement inclusive of their share of support costs. Support costs represent expenditure incurred on management and the provision of the facilities and services that enable the fundraising and programme activities and governance processes to be carried out efficiently and effectively.

## Property, plant and equipment and depreciation

Property, plant and equipment costing more than the equivalent of £5,000, are capitalised at cost. Depreciation is calculated on a straight line basis and taken to the income statement over the life of the asset. Depreciation is calculated for the following categories of property, plant and equipment as follows:

	In Europe/US	Outside Europe/US
Freehold buildings	25 years	10 years
Office equipment - computers	3 years	3 years
Office equipment - other	5 years	3 years

Depreciation on motor vehicles held in Europe is calculated at 25% on the reducing balance method. Depreciation on motor vehicles held outside Europe is calculated at 33.3% on the straight line method. No depreciation is charged on freehold land.

Within ActionAid International's restricted and unrestricted funds, separate reserves are identified which represent the net book value of its property, plant and equipment. This enables AAI to better assess the liquid resources available to support future expenditure.

## Investments

Investments are classified according to the purpose for which they were acquired. ActionAid International designated its investments as “fair value through profit and loss” on IFRS adoption and will continue to do so. Under this method of accounting, investments are recorded at fair value in the balance sheet and all changes in value are recognised in the income statement. This designation has been made in accordance with paragraph 9 (b) (ii) of IAS 39 on the basis that the investments are held with a view to generating a total return over an extended period and that management measures this total return based upon total changes in fair value, in line with AAI’s established investment policies. As proceeds from disposals are generally reinvested, the distinction between changes in value crystallised by sale and those arising through adjustment to fair value is not considered meaningful. As all equities and bonds are main index stocks and traded on active, regulated exchanges, fair values are determined directly by reference to published current bid prices.

## Cash and cash equivalents

Cash and cash equivalents as stated in the cash flow statement include ActionAid International’s cash balances and short term deposits. Short term bank deposits are funds not instantly accessible at the balance sheet date, where the deposits mature within three months of the balance sheet date.

## Pensions

ActionAid International operates a variety of pension schemes, the costs of which are charged in the income statement. None of these schemes is a defined benefit scheme.

## Foreign currencies

Items included in the accounting records of the entities comprising ActionAid International are measured using ‘the functional currency’, which is the currency of the primary economic environment in which each aggregated entity operates. The aggregated financial statements of ActionAid International are presented in Euros. This is ‘the presentation currency’. Foreign currency transactions are translated into the functional currency using the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the income statement.

On aggregation, income and expenditure denominated in currencies other than Euros are translated into Euros at an average rate for the year; assets and liabilities are translated using the rate of exchange ruling at the balance sheet date. Gains and losses on translation from functional to presentation currency are not recognised in the income statement; instead they are taken directly to reserves and tracked as a separate component within funds.

## Critical accounting estimates and judgements

Preparation of financial statements inherently involves a degree of estimation and the exercise of judgement. Estimates and judgements made are based upon past experience, expectations of future events and are believed reasonable under the circumstances. The nature of ActionAid International’s activities is such that there are no significant matters of estimation or judgement which are thought likely to give rise to actual results materially different from those included in the financial statements.

The following accounting treatment is subject to a significant degree of judgement:

***Allocation of programme expenditure to thematic areas of strategy***

Many of ActionAid International's activities cannot be clearly identified with a single thematic area. In deciding how best to present cost information regarding expenditure by theme, management evaluates which theme expenditure principally relates to, or whether it should be categorised under 'cross-cutting policy and campaigns' or 'other' themes. Rather than seek to apportion expenditure over themes in a way which would inevitably be highly subjective the whole costs of an activity identified in this way are allocated to the principal theme identified.

## Aggregated income statement and statement of movement in funds

Year ended 31 December 2008

	Notes	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
<b>Income</b>					
Voluntary income					
Committed giving	1	65,515	37,379	<b>102,894</b>	103,736
Other donations	1	30,219	7,951	<b>38,170</b>	46,404
		95,734	45,330	<b>141,064</b>	150,140
Official income	1	29,283	5,812	<b>35,095</b>	29,440
		125,017	51,142	<b>176,159</b>	179,580
Investment income	1	111	2,103	<b>2,214</b>	2,700
		125,128	53,245	<b>178,373</b>	182,280
Other income	1	3,454	1,057	<b>4,511</b>	3,666
<b>Total income</b>		<b>128,582</b>	<b>54,302</b>	<b>182,884</b>	<b>185,946</b>
<b>Expenditure</b>					
Fundraising costs	2	(6,099)	(31,164)	<b>(37,263)</b>	(36,009)
Programme expenditure	3,4	(119,162)	(17,342)	<b>(136,504)</b>	(144,570)
Governance costs	6	(1,064)	(1,471)	<b>(2,535)</b>	(2,712)
<b>Total expenditure</b>		<b>(126,325)</b>	<b>(49,977)</b>	<b>(176,302)</b>	<b>(183,291)</b>
<b>Net surplus before transfers and investment gains</b>		<b>2,257</b>	<b>4,325</b>	<b>6,582</b>	<b>2,655</b>
Gross transfers between funds		(620)	620	-	-
Losses on investments	11	(1,565)	-	<b>(1,565)</b>	(317)
<b>Net surplus</b>		<b>72</b>	<b>4,945</b>	<b>5,017</b>	<b>2,338</b>
<b>Statement of movement in funds</b>					
Net surplus		72	4,945	<b>5,017</b>	2,338
Unrealised foreign exchange losses on translation		(11,051)	(3,474)	<b>(14,525)</b>	(5,565)
<b>Net movement in funds</b>		<b>(10,979)</b>	<b>1,471</b>	<b>(9,508)</b>	<b>(3,227)</b>
Total funds brought forward at 1 January 2008	14/15	48,270	16,349	<b>64,619</b>	67,846
<b>Total funds carried forward at 31 December 2008</b>		<b>37,291</b>	<b>17,820</b>	<b>55,111</b>	<b>64,619</b>

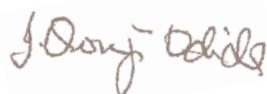
Notes 1 to 17 form part of these accounts. There are no recognised gains and losses other than those shown above. All incoming resources and resources expended derive from continuing operations.

## Aggregated balance sheet as at 31 December 2008

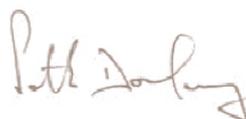
	Notes	2008 €'000	2007 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,620	1,598
Investments	11	5,257	8,921
		<b>6,877</b>	10,519
<b>Current assets</b>			
Receivables	12	9,056	9,470
<i>Cash and cash equivalents</i>			
Short term bank deposits		28,765	31,881
Cash at bank		25,335	26,937
		<b>63,156</b>	68,288
<b>Current liabilities</b>			
Payables	13	(14,922)	(14,188)
Net current assets		<b>48,234</b>	54,100
Total net assets		<b>55,111</b>	64,619
<b>Funds</b>			
	14		
<b>Restricted funds</b>			
Liquid funds and treasury reserves		36,181	47,186
Property, plant and equipment reserve		1,110	1,084
		<b>37,291</b>	48,270
<b>Unrestricted funds</b>			
Liquid funds and treasury reserves		17,310	15,835
Property, plant and equipment reserve		510	514
		<b>17,820</b>	16,349
Total funds		<b>55,111</b>	64,619

Approved by the Board of Trustees on 26 June 2009

and signed on its behalf by:



Irene Ovonji-Odida  
Chair of the Board of Trustees  
ActionAid International



Patrick Dowling  
Treasurer of the Board of Trustees  
ActionAid International

## Aggregated cash flow statement

Year ended 31 December 2008

	2008 €'000	2007 €'000	
<b>Cash flow from operating activities</b>			
Net surplus before transfers and investment losses	6,582	2,655	
Investment income net of investment fees	(2,170)	(2,636)	
Profit on disposal of property, plant and equipment	(356)	(86)	
Depreciation	1,173	3,031	
Decrease in receivables	414	3,283	
Increase in payables	734	808	
<b>Net cash inflow from operating activities</b>	<b>6,377</b>	<b>7,055</b>	
<b>Cash from investing activities</b>			
Investment income	2,170	2,643	
Purchase of property, plant and equipment	(1,686)	(2,620)	
Purchase of investments	(1,368)	(5,342)	
Proceeds from the sale of investments	1,876	5,263	
	<b>(1,178)</b>	<b>(2,699)</b>	
Impact of exchange rates on cash and cash equivalents	(12,087)	(3,630)	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,718)</b>	<b>3,369</b>	
	Cash	Short term bank	Total
	€'000	deposits	€'000
		€'000	€'000
Cash and cash equivalents at 1 January 2008	26,937	31,881	58,818
Net decrease in cash and cash equivalents	(1,602)	(3,116)	(4,718)
<b>Cash and cash equivalents at 31 December 2008</b>	<b>25,335</b>	<b>28,765</b>	<b>54,100</b>

## Notes to the accounts 31 December 2008

**1. Income**

	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
<b>1a. Committed giving</b>				
UK	26,851	21,438	<b>48,289</b>	53,326
Italy	28,980	12,511	<b>41,491</b>	40,296
Greece	7,132	1,950	<b>9,082</b>	7,950
Ireland	1,591	690	<b>2,281</b>	1,517
Sweden	840	790	<b>1,630</b>	634
Brazil	87	-	<b>87</b>	13
India	34	-	<b>34</b>	-
	<b>65,515</b>	<b>37,379</b>	<b>102,894</b>	103,736

	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
<b>1b. Other donations</b>				
Individual donations	4,166	5,002	<b>9,168</b>	9,243
Legacies	31	1,751	<b>1,782</b>	1,508
UK Disasters Emergency Committee	4,270	169	<b>4,439</b>	14,719
Donations from companies, trusts and NGOs	10,909	951	<b>11,860</b>	11,972
Contribution from Ayuda en Acción	10,843	78	<b>10,921</b>	8,962
	<b>30,219</b>	<b>7,951</b>	<b>38,170</b>	46,404

	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
<b>1c. Official income</b>				
Government of United Kingdom	8,117	5,327	<b>13,444</b>	13,694
European Union	9,964	367	<b>10,331</b>	7,506
United Nations - World Food Programme	3,750	-	<b>3,750</b>	3,222
United Nations - Other	2,231	-	<b>2,231</b>	1,031
Government of Ireland	1,513	91	<b>1,604</b>	1,588
Government of Denmark	1,095	13	<b>1,108</b>	303
Government of Afghanistan	460	-	<b>460</b>	270
Government of Jersey	266	-	<b>266</b>	313
Government of Guernsey	166	-	<b>166</b>	117
Government of the USA	161	-	<b>161</b>	96
Government of Canada	135	-	<b>135</b>	366
Government of the Netherlands	79	-	<b>79</b>	15
Government of Isle of Man	60	-	<b>60</b>	79
Government of Greece	48	-	<b>48</b>	53
Other contributions from official bodies	1,238	14	<b>1,252</b>	787
	<b>29,283</b>	<b>5,812</b>	<b>35,095</b>	29,440

Included in the above are contributions from official bodies received as goods in kind. These are credited to income at an estimate of the gross value of the gift to ActionAid International, which will usually be a market price valuation, and amounted to €3.242 million (2007: €2.686 million).

## Notes to the accounts 31 December 2008

1d . Investment income	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
Investment income	-	462	462	766
Bank interest	111	1,641	1,752	1,934
	111	2,103	2,214	2,700

1e. Other income	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
Realised foreign exchange gains	2,378	436	2,814	1,453
Profit on sale of fixed assets	355	1	356	86
Sale of educational materials	-	146	146	235
Other	721	474	1,195	1,892
	3,454	1,057	4,511	3,666

## 2. Fundraising costs

	Restricted €'000	Unrestricted €'000	2008 Total €'000	Fundraising cost ratio %	2007 Total €'000	Fundraising cost ratio %
Committed giving costs	4,569	15,188	19,757	19%	21,029	20%
Cost of other donations	1,143	8,064	9,207	24%	6,848	15%
Cost of raising contributions from official bodies	248	202	450	1%	844	3%
Cost of raising voluntary and official income	5,960	23,454	29,414	17%	28,721	16%
Costs of fundraising trading	-	276	276		510	
Investment management costs	44	-	44		64	
	6,004	23,730	29,734		29,295	
Support costs allocated to fundraising (note 5)	95	7,434	7,529		6,714	
<b>Total fundraising costs</b>	6,099	31,164	37,263		36,009	

## 3. Programme expenditure by theme

	Grants €'000	Direct programme €'000	2008 Total €'000	2007 Total €'000
Women's rights	5,967	7,515	13,482	13,041
Education	6,844	8,966	15,810	15,756
HIV/AIDS	3,902	8,184	12,086	12,992
Food rights	8,937	11,944	20,881	23,503
Human security	8,581	15,412	23,993	25,276
Governance	4,683	7,377	12,060	13,251
Cross cutting policy and campaigns	893	3,847	4,740	5,786
Other	3,357	3,178	6,535	8,054
	43,164	66,423	109,587	117,659
Support costs allocated to programme (note 5)			26,917	26,911
<b>Total programme expenditure</b>			136,504	144,570

## Notes to the accounts 31 December 2008

**4. Total expenditure by country**

	Grants €'000	Direct programme €'000	2008 Total	2007 Total €'000
<b>East and Southern Africa</b>				
Ethiopia	1,144	2,905	4,049	6,247
Kenya	683	7,344	8,027	8,006
Lesotho	15	145	160	217
Malawi	1,224	3,303	4,527	4,367
Mozambique	455	2,028	2,483	2,965
Somaliland	867	156	1,023	1,596
South Africa	305	338	643	515
Tanzania	710	1,456	2,166	2,975
Uganda	568	1,954	2,522	2,703
Zambia	185	176	361	510
Zimbabwe	229	1,714	1,943	1,091
	6,385	21,519	27,904	31,192
<b>Central and West Africa</b>				
Burundi	326	334	660	844
Cameroon	116	49	165	167
Democratic Republic of Congo	213	710	923	605
The Gambia	1,056	545	1,601	1,046
Ghana	1,470	2,605	4,075	4,612
Liberia	440	292	732	463
Nigeria	2,091	3,685	5,776	5,376
Rwanda	288	767	1,055	670
Senegal	326	355	681	727
Sierra Leone	242	2,659	2,901	2,563
	6,568	12,001	18,569	17,073
<b>Asia</b>				
Afghanistan	142	2,080	2,222	1,382
Bangladesh	3,439	2,828	6,267	5,602
Cambodia	1,024	412	1,436	1,234
China	69	1,423	1,492	938
India	5,793	3,895	9,688	16,706
Myanmar	1,667	203	1,870	-
Nepal	1,997	1,984	3,981	4,313
Pakistan	1,998	1,437	3,435	3,997
Sri Lanka	1,980	722	2,702	4,454
Thailand	320	252	572	1,303
Vietnam	3,032	1,111	4,143	2,292
	21,461	16,347	37,808	42,221
<b>Latin America and the Caribbean</b>				
Brazil	2,202	563	2,765	2,895
Guatemala	1,819	164	1,983	1,888
Haiti and the Dominican Republic	644	1,054	1,698	1,478
Venezuela	64	49	113	171
	4,729	1,830	6,559	6,432
<b>Funding affiliates and AAI Secretariat</b>				
Greece	-	223	223	178
Ireland	-	121	121	114
Italy	82	1,064	1,146	1,130
Sweden	110	465	575	289
UK	690	4,357	5,047	5,137
USA	-	579	579	670
AAI Secretariat	3,140	7,916	11,056	13,223
	4,022	14,725	18,747	20,741
<b>Total</b>	43,165	66,422	109,587	117,659
Support costs allocated to programme (note 5)			26,917	26,911
<b>Total programme expenditure</b>			136,504	144,570

## Notes to the accounts 31 December 2008

**5 . Support costs**

Some of the work carried out by the support functions contributes directly to fundraising and programme activities and governance processes. The costs of that work are apportioned to those three expenditure headings as shown below. These apportionments will include management estimates made on a consistent basis from year to year.

	Department cost €'000	Apportioned to project €'000	Apportioned to fundraising €'000	Apportioned to governance €'000	Net support costs €'000
Local management	6,369	(916)	(343)	(155)	4,955
Communications	4,574	(665)	(680)	-	3,229
Finance	7,439	(239)	(581)	(62)	6,557
Human resources	3,490	(93)	(20)	(1)	3,376
Impact assessment support	1,234	(108)	(14)	-	1,112
Information technology	3,738	(113)	(34)	-	3,591
Office administration	9,249	(912)	(280)	(5)	8,052
Organisational development	749	(45)	(59)	(6)	639
Property	3,737	(231)	(55)	(1)	3,450
	<b>40,579</b>	<b>(3,322)</b>	<b>(2,066)</b>	<b>(230)</b>	<b>34,961</b>

The net support costs are funded and allocated as follows. All support costs incurred in Country Programmes are allocated to programme expenditure. Support costs incurred in the AAI Secretariat and the funding affiliates have been allocated on the basis of headcount in the fundraising, programme and governance functions.

	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
Local management	2,581	2,374	<b>4,955</b>	5,816
Communications	561	2,668	<b>3,229</b>	2,221
Finance	3,109	3,448	<b>6,557</b>	6,256
Human resources	1,514	1,862	<b>3,376</b>	3,355
Impact assessment support	267	845	<b>1,112</b>	1,101
Information technology	913	2,678	<b>3,591</b>	3,421
Office administration	5,166	2,886	<b>8,052</b>	8,423
Organisational development	416	223	<b>639</b>	582
Property	2,272	1,178	<b>3,450</b>	3,025
	<b>16,799</b>	<b>18,162</b>	<b>34,961</b>	<b>34,200</b>
Allocated to fundraising	95	7,434	<b>7,529</b>	6,714
Allocated to programme	16,676	10,241	<b>26,917</b>	26,911
Allocated to governance	28	487	<b>515</b>	575
	<b>16,799</b>	<b>18,162</b>	<b>34,961</b>	<b>34,200</b>

**6. Governance costs**

	Restricted €'000	Unrestricted €'000	2008 Total €'000	2007 Total €'000
Internal audit	462	325	<b>787</b>	798
External audit	288	159	<b>447</b>	643
Legal	98	35	<b>133</b>	139
Costs of governing bodies	188	465	<b>653</b>	557
	<b>1,036</b>	<b>984</b>	<b>2,020</b>	<b>2,137</b>
Support costs allocated to governance (note 5)	28	487	<b>515</b>	575
<b>Total governance costs</b>	<b>1,064</b>	<b>1,471</b>	<b>2,535</b>	<b>2,712</b>

External auditors' remuneration included in governance costs was:

	2008 Total €'000	2007 Total €'000
Audit of aggregated accounts - Buzzacott LLP	<b>89</b>	76
Other audit work - Buzzacott LLP	<b>49</b>	73
Other audit work - Other auditors	<b>309</b>	494
	<b>447</b>	<b>643</b>

## Notes to the accounts 31 December 2008

**7. Employees**

	<b>2008 Total</b>	2007 Total
	<b>Number</b>	Number
<b>The average number of employees throughout the year was:</b>		
Programme	<b>1,228</b>	1,289
Support	<b>1,029</b>	1,051
Fundraising	<b>343</b>	309
Governance	<b>33</b>	32
	<b>2,633</b>	2,681

	<b>2008 Total</b>	2007 Total
	<b>€'000</b>	€'000
<b>Total remuneration of employees was:</b>		
Gross salaries, wages and other benefits	<b>33,943</b>	35,031
Payroll taxes	<b>4,473</b>	4,162
Pension contributions	<b>2,854</b>	2,750
	<b>41,270</b>	41,943

	<b>2008 Total</b>	2007 Total
	<b>€'000</b>	€'000
<b>The emoluments of the International Directors, the senior executive management team, comprise the following:</b>		
Salaries	<b>1,025</b>	1,038
Pension contributions	<b>100</b>	77
Other benefits (housing, school fees, relocation payments)	<b>101</b>	178
Tax paid on behalf of employees	<b>31</b>	64
Accumulated one-off entitlements on the ending of fixed term contracts	<b>8</b>	7
	<b>1,265</b>	1,364

The Chief Executive of the AAI Secretariat received the following remuneration in 2008: salary €123,428, (2007: €137,748) pension contributions €12,342 (2007: €13,755) and housing and other allowances €12,725 (2007: €32,313)

**8. Trustees' expenses**

No remuneration or other payments have been made to the Trustees of AAI for their services as Board members or for other services provided to the organisation in 2008 (2007: €nil). Directly incurred expenses are reimbursed, if claimed, and in 2008, Trustees claimed a total of €30,984 for travel and accommodation relating to board meetings (2007: €24,959).

## Notes to the accounts 31 December 2008

## 9. Property, plant and equipment

	Freehold property €'000	Office equipment €'000	Motor vehicles €'000	2008 Total €'000	2007 Total €'000
<b>Cost</b>					
At 1 January 2008	850	4,724	6,966	12,540	13,583
Foreign exchange differences	(136)	(780)	(1,746)	(2,662)	(992)
Additions	91	484	1,111	1,686	2,620
Disposals	(179)	(486)	(641)	(1,306)	(2,671)
At 31 December 2008	626	3,942	5,690	10,258	12,540
<b>Depreciation</b>					
At 1 January 2008	552	4,230	6,160	10,942	10,611
Foreign exchange differences	(97)	(681)	(1,500)	(2,278)	(850)
Charge for year	20	380	773	1,173	3,031
Disposals	(165)	(432)	(602)	(1,199)	(1,850)
At 31 December 2008	310	3,497	4,831	8,638	10,942
<b>Net book value</b>					
At 31 December 2008	316	445	859	1,620	1,598
At 31 December 2007	298	494	806	1,598	

## Notes to the accounts 31 December 2008

### 10. Financial assets and liabilities

ActionAid International's main financial instruments comprise investments, cash at bank and short term receivables and payables. ActionAid International does not engage in speculative arrangements or trade in financial instruments. The trustees of AAI have a duty to maximise the benefit to poor people delivered through the resources it raises and to manage any risks to these resources that may arise from movements in market prices for financial instruments, changes in currency or interest rates. Funds are raised from individual supporters and other donors in a variety of currencies, principally Euros, British Pounds and US Dollars, and ultimately expended in those currencies and in the currencies in use in the countries in which ActionAid International operates.

#### Capital management

ActionAid International has €53.5m of liquid funds, of which €5.3m has been invested on a long term basis. Investments in equities and bonds are all in mainstream products on active, regulated exchanges. The remaining cash is held on deposit with mainstream banks or in short-term financial instruments to be available within periods of between one day and three months.

#### Management of financial risk

ActionAid International is exposed to risks, both through the assets chosen for investment and through operations in various countries with different currencies. These risks, and the methods of managing them, are described below:

##### *Investment risk*

The investment objectives of the long term investments set out above are contained in AAI's investment policy. The objective is to achieve a higher rate of income (in the form of distributions and interest) than achieved on liquid assets whilst benefiting from capital growth. Risks arising from individual stock selection are managed through holding a portfolio of equities. The return on bonds is fixed in cash terms for the period that the bonds are held, but the fair value varies with changes in prevailing interest rates as well as market preferences between asset classes. The risks to bonds and equities are managed through the employment of professional fund managers mandated to manage the portfolio on an active basis. Short term bank deposits are at prevailing rates of interest and have maturities of less than three months. The exposure to interest rate risks from these deposits is not considered material.

##### *Exchange rate risk*

The majority of ActionAid International's reserves are held as cash or short term deposits, as set out in the balance sheet. Cash balances are held in a number of currencies, predominantly British Pounds, Euros and US Dollars. Exposure to exchange rate risk is managed through the reserves policy, not through the use of hedging instruments. Currencies are held broadly in proportion to the currencies of ActionAid International's income. Exposure to the impact of exchange rate movements in the local currencies of the developing countries where we work is reduced by retaining balances in relatively stable currencies until needed for expenditure in country. Receivables and payables set out in notes 12 and 13 are denominated in a number of currencies. Exchange risk relating to these balances is managed in the manner described above in relation to cash and deposits.

##### *Liquidity and credit risk*

Some of the funds received from donors are subject to both liquidity and credit risk. ActionAid International manages these risks on a individual contract basis, using prudent income recognition and in advance funding where possible to mitigate the exposure to such risks.

### 11. Investments

	Equities €'000	Bonds €'000	Cash €'000	2008 Total €'000	2007 Total €'000
Market value at 1 January 2008	5,489	2,902	530	<b>8,921</b>	10,052
Foreign exchange differences	(987)	(656)	96	<b>(1,547)</b>	(836)
Additions	559	197	612	<b>1,368</b>	5,342
Disposals	(969)	(310)	(597)	<b>(1,876)</b>	(5,263)
Investment management costs	-	-	(44)	<b>(44)</b>	(57)
Net investment (loss)/gain	(1,466)	(107)	8	<b>(1,565)</b>	(317)
Market value at 31 December 2008	2,626	2,026	605	<b>5,257</b>	8,921
Historic cost at 31 December 2008	3,490	2,229	605	<b>6,324</b>	8,409

## Notes to the accounts 31 December 2008

**12. Receivables**

	2008 Total €'000	2007 Total €'000
Amounts due from official bodies	2,372	2,954
Other receivables and prepayments	4,476	3,780
Tax recoverable	1,546	2,047
Amounts due from employees	662	689
	<b>9,056</b>	<b>9,470</b>

Amounts due from employees represents floats, allowances and loans to employees. The availability of such facilities forms part of the normal terms and conditions of employment of staff.

**13. Payables**

	2008 Total €'000	2007 Total €'000
<b>Amounts falling due within one year:</b>		
Trade payables and accruals	8,868	9,860
Amounts due to employees	2,987	2,561
Taxation and social security	1,607	1,335
Deferred income	1,460	323
Interest free loans from supporters	-	109
	<b>14,922</b>	<b>14,188</b>

Amounts due to employees include accruals of gratuities that become payable when staff leave.

**14. Analysis of fund balances**

	Restricted		Unrestricted		2008 Total €'000	2007 Total €'000
	Liquid funds and treasury reserves €'000	Property, plant and equipment reserve €'000	Liquid funds and treasury reserves €'000	Property, plant and equipment reserve €'000		
At 1 January 2008	47,186	1,084	15,835	514	<b>64,619</b>	67,846
Net movement in funds	(11,005)	26	1,475	(4)	<b>(9,508)</b>	(3,227)
At 31 December 2008	36,181	1,110	17,310	510	<b>55,111</b>	64,619
<b>Represented by:</b>						
Property, plant and equipment	-	1,110	-	510	<b>1,620</b>	1,598
Investments	5,254	-	3	-	<b>5,257</b>	8,921
Current assets	38,124	-	25,032	-	<b>63,156</b>	68,288
Current liabilities	(7,197)	-	(7,725)	-	<b>(14,922)</b>	(14,188)
	36,181	1,110	17,310	510	<b>55,111</b>	64,619
Accumulated exchange differences taken directly to funds and included above.					<b>(16,906)</b>	(2,381)

## Notes to the accounts 31 December 2008

## 15. Movement in funds

	At 1 January 2008 €'000	Income €'000	Programme expenditure €'000	Support costs €'000	Fundraising costs €'000	Governance costs €'000	Transfers €'000	Losses on investments & foreign exchange €'000	At 31 December 2008 €'000
<b>East and Southern Africa</b>									
Ethiopia	2,825	5,371	(4,049)	(508)	(219)	(21)	(936)	(619)	1,844
Kenya	179	10,106	(8,027)	(957)	(378)	(113)	(852)	(2)	(44)
Lesotho	229	467	(160)	(180)	(76)	(1)	207	(103)	383
Malawi	1,622	4,546	(4,527)	(1,005)	(266)	(60)	(227)	(111)	(28)
Mozambique	1,322	4,813	(2,483)	(1,746)	(276)	(58)	49	(376)	1,245
Somaliland	554	627	(1,023)	(191)	(20)	-	428	(102)	273
South Africa	280	543	(642)	(84)	(259)	(20)	513	(79)	252
Tanzania	1,971	2,693	(2,167)	(680)	(157)	(19)	436	(499)	1,578
Uganda	258	4,110	(2,522)	(1,111)	(198)	(55)	225	(145)	562
Zambia	332	715	(362)	(481)	(218)	(34)	92	(27)	17
Zimbabwe	339	1,835	(1,944)	(150)	(79)	(4)	382	(89)	290
	9,911	35,826	(27,906)	(7,093)	(2,146)	(385)	317	(2,152)	6,372
<b>Central and West Africa</b>									
Burundi	11	647	(660)	(214)	(67)	(13)	469	(32)	141
Cameroon	95	117	(165)	(156)	(21)	-	178	(15)	33
Democratic Republic of Congo	509	384	(923)	(283)	(10)	(4)	416	(47)	42
The Gambia	37	2,533	(1,601)	(554)	(120)	(24)	(198)	(15)	58
Ghana	2,650	5,614	(4,075)	(862)	(392)	(110)	(256)	(628)	1,941
Liberia	252	524	(732)	(202)	(13)	-	312	(39)	102
Nigeria	919	7,761	(5,776)	(718)	(236)	(98)	83	(411)	1,524
Rwanda	873	1,153	(1,056)	(166)	(49)	(28)	57	(196)	588
Senegal	229	844	(681)	(334)	(98)	-	324	(66)	218
Sierra Leone	1,090	3,797	(2,901)	(540)	(186)	(48)	106	(308)	1,010
	6,665	23,374	(18,570)	(4,029)	(1,192)	(325)	1,491	(1,757)	5,657
<b>Asia</b>									
Afghanistan	404	2,356	(2,222)	(263)	(113)	(23)	307	(106)	340
Bangladesh	2,551	6,605	(6,267)	(641)	(179)	(35)	(600)	(414)	1,020
Cambodia	756	1,937	(1,436)	(149)	(92)	-	94	(248)	862
China	1,027	2,058	(1,493)	(227)	(62)	-	(5)	(299)	999
India	7,410	13,491	(9,688)	(1,103)	(557)	(97)	(875)	(2,018)	6,563
Myanmar	-	1,979	(1,869)	(110)	-	-	-	-	-
Nepal	1,667	4,424	(3,981)	(271)	(147)	(24)	(242)	(361)	1,065
Pakistan	2,402	4,599	(3,435)	(306)	(191)	(18)	(733)	(569)	1,749
Sri Lanka	(313)	2,789	(2,702)	(339)	(45)	(111)	271	101	(349)
Thailand	122	47	(572)	(146)	-	-	698	(35)	114
Vietnam	2,136	4,215	(4,143)	(392)	(233)	(13)	(370)	(346)	854
	18,162	44,500	(37,808)	(3,947)	(1,619)	(321)	(1,455)	(4,295)	13,217
<b>Latin America and the Caribbean</b>									
Brazil	463	4,209	(2,765)	(884)	(632)	(20)	717	(229)	859
Guatemala	1,147	2,231	(1,983)	(180)	(83)	(15)	159	(303)	973
Haiti and the Dominican Republic	326	1,806	(1,698)	(246)	(173)	(4)	427	(99)	339
Venezuela	41	-	(113)	(78)	(30)	-	252	(17)	55
	1,977	8,246	(6,559)	(1,388)	(918)	(39)	1,555	(648)	2,226
<b>Total Country Programme funds</b>									
	36,715	111,946	(90,843)	(16,457)	(5,875)	(1,070)	1,908	(8,852)	27,472
Northern Affiliates and AAI Secretariat									
	27,904	70,938	(18,744)	(18,504)	(23,859)	(950)	(1,908)	(7,238)	27,639
Allocation of Support Costs (note 5)									
	-	-	(26,917)	34,961	(7,529)	(515)	-	-	-
<b>Total</b>	<b>64,619</b>	<b>182,884</b>	<b>(136,504)</b>	<b>-</b>	<b>(37,263)</b>	<b>(2,535)</b>	<b>-</b>	<b>(16,090)</b>	<b>55,111</b>

Country Programme funds represent funds raised for or allocated to individual Country Programmes and/or projects within those countries. Transfers represent the allocation to and from Country Programmes of funds where restrictions allow trustees discretion on their allocation and also funds raised by one part of ActionAid International for activity in another part. The loss on investments and foreign exchange of €16,090 includes an unrealised foreign exchange loss of €14,525 which occurs when our Sterling reserves are translated into Euros.

## Notes to the accounts 31 December 2008

**16. Grants received**

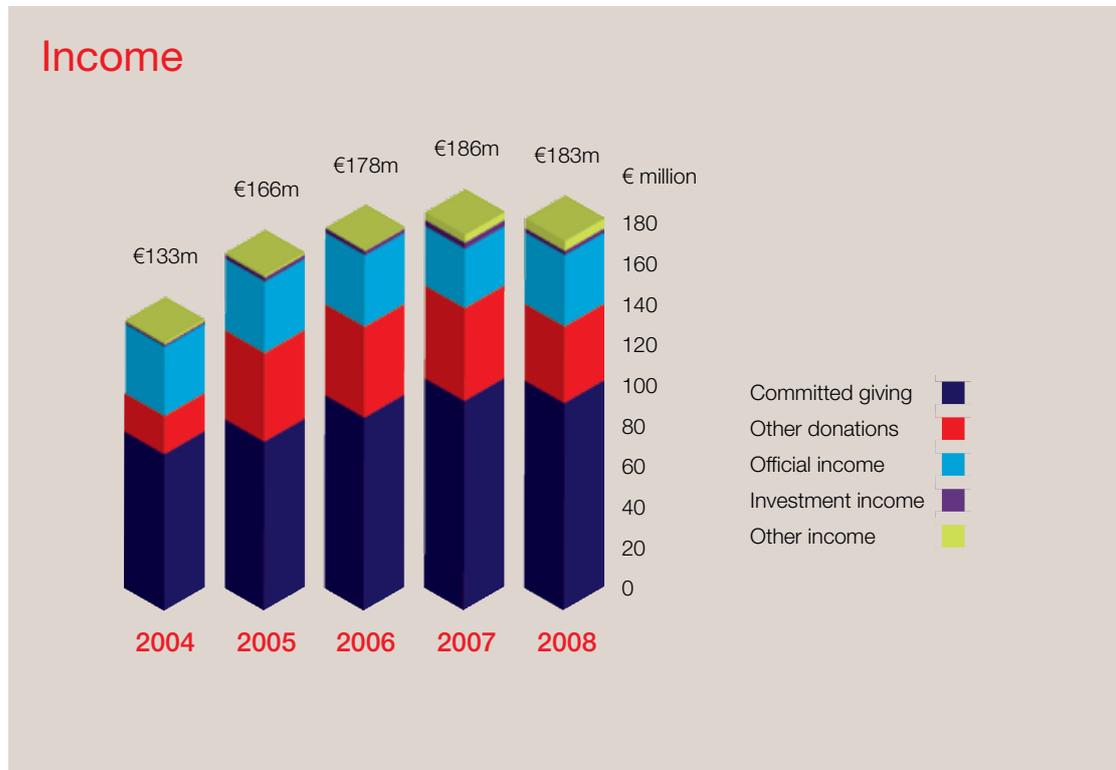
	2008 Total €'000	2007 Total €'000
<b>UK Department for International Development</b>		
Partnership Programme Agreements	5,278	5,702
The Commonwealth Education Fund	1,483	1,945
Disaster Risk Reduction through Schools Project	1,150	814
Impact of Agro-Import Surges in Developing Countries	38	123
Other projects	5,341	5,110
	<b>13,290</b>	<b>13,694</b>
<b>Comic Relief</b>		
International (AAI, UK, Tanzania, Nigeria)	1,270	766
Kenya	144	44
Ghana	-	151
	<b>1,414</b>	<b>961</b>
<b>The Big Lottery Fund</b>		
International (AAI, Ghana, Kenya, Mozambique)	466	15
Somaliland	205	246
India	191	-
Liberia	189	136
Brazil	4	187
	<b>1,055</b>	<b>584</b>

The Commonwealth Education Fund was a joint initiative between three partners, AAI, Oxfam and The Save the Children Fund UK (SCFUK). AAI consolidates the CEF secretariat and the income remitted to its country programmes. Oxfam and SCFUK consolidate only income remitted to their country programmes. Total CEF expenditure through all three partners in 2008 was €1.808 million.

**17. Related party transactions**

The Trustees are not aware of any related party transactions which require disclosure under IAS 24 other than disclosures relating to transactions with trustees and senior management, which are set out in notes 7 and 8 to the financial statements.

## ActionAid International 5 year history



## Trustees' biographies

**Irene Ovonji-Odida**, Ugandan, (Chair) is a human rights lawyer and activist with 21 years' experience in development work with marginalised groups in society such as women, pastoralists and people living with HIV and Aids. She has worked in the public sector in law reform and on public sector ethics for eight years and has been an elected a legislator in the East Africa regional parliament for five years. Irene has been involved with ActionAid in Uganda since 2003, becoming national board Chair in 2005. She is the convenor of the International Governance & Board Development Committee and was elected as International Board Chair in June 2009.



**Alexandra Mitsotaki**, Greek, studied Political Sciences at the Institute of Political Sciences in Paris, and went on to study Development Law before working for the Organisation for Economic Co-operation and Development (OECD). She is a founder of ActionAid Hellas, established in 1998, and joined the Board of ActionAid International in 2003.

**Cândido Grzybowski**, Brazilian, is General Director of the Brazilian Institute of Social and Economical Analysis (IBASE), an internationally active non-governmental organisation in Brazil. He was involved in the creation of the Inter-American Agriculture and Democracy Network (RIAD) and the World Social Forum (WSF) in 2000, and civil society organisations' response to the General Agreement on Tariffs and Trade (GATT) and the World Trade Organisation (WTO). He joined the ActionAid UK Board in 2001 and moved to the Board of ActionAid International in 2003.



**Karen Brown**, British, is an independent adviser on media, education and communications. Formerly working with Royal Botanical Gardens, Kew, director Television Corporation plc, Deputy Director of Programmes at Channel 4 and Managing Director of 4 Learning. Karen was until recently a member of the UK's General Teaching Council and non-executive director of The Television Corporation plc. She is an associate partner of Digital Public and Fellow of the Royal Television Society. She currently also works with Kew Garden in London on a part-time basis. She joined the ActionAid UK Board in 2003, became its Chair in 2004 and joined the Board of ActionAid International in the same year.

**Matteo Passini**, Italian, is Chief Executive Officer of BIT spa which specialises in local financing of cooperative credit and food farming banks. He is also a lecturer in Ethical Finance at the University of Bologna. Matteo obtained an economics degree from University Ca' Foscari, Venice and went on to work for the Banca Commerciale Italiana. He then moved to Banca Etica taking up successive posts in the organisation as General Director, Banca Popolare Etica - Padova, Director - Milan, CEO and then Manager of Alliances & Strategic Partnerships. Since 2000 he has been a Board member of AICCON. Matteo was elected as Chair of the ActionAid Italy Board in January 2007, and joined the Board of ActionAid International in January of the same year.





**Dr. Rajesh Tandon**, Indian, is an internationally acclaimed leader and practitioner of participatory research and development. He founded the Society for Participatory Research in Asia (PRIA), a voluntary organisation providing support to grass roots initiatives in South Asia and continues to be its Chief Functionary since 1982. His contributions to the enhancement of perspectives and capacities of many voluntary activists and organisations revolve around issues of participatory research, advocating for people centred development, policy reform and networking in India, South-Asia and beyond. He has advocated for a self-reliant, autonomous and competent voluntary sector in India and abroad. He joined the board of ActionAid International in September 2008 as an Independent Trustee.

**Nyaradzayi Gumbonzvanda**, Zimbabwean, is the General Secretary of the World YWCA, which unites 25 million women and girls in 125 countries. She has over ten years of experience with the United Nations, where she served as Regional Director for the United Nations Development Fund for Women (UNIFEM) in Eastern Africa. She has also served as a human rights officer with UNICEF as well as national child rights advisor in Liberia and Zimbabwe. Mrs. Gumbonzvanda is active within the women's rights movement and is a member of organizations such as WILDAF, Zimbabwe Women Lawyers Association, the World Conference on Religion and Peace and the International Women Leaders on Global Security. She joined the board of ActionAid International in September 2008 as an Independent Trustee.



**Sriprapha Petchamesree**, Thai, has been a lecturer on the Human Rights Studies Programme at Mahidol University, Thailand since 1996, teaching Human Rights in Asia and Human Rights in International Relations. She is also a visiting lecturer at the Southeast Asian Studies Programme at Thammasat University. Sriprapha has also worked with the Department of Technical and Economic Cooperation at the Ministry of Foreign Affairs in Bangkok and with UNICEF in development and humanitarian areas. She has been a member and advisor on public hearings relating to Thailand's draft National Human Rights Commission (NHRC) Bill, and sits on various of the commission's committees. She joined the Board of ActionAid International in 2005 as an independent trustee.

**Patrick Dowling**, Irish, (Interim Treasurer) has had a career mainly in banking and finance and been Finance Director of a number of public limited companies. Patrick was formerly Chair of the ActionAid Ireland Board from October 2002 and first joined the International Board in 2003. In December 2006, he resigned as Chair of the Board of ActionAid Ireland, but continued in his capacity as Treasurer on the ActionAid International Board until April 2007. Patrick rejoined the International Board as Interim Treasurer in August 2008.



## Affiliates and Associates

### Affiliates (11)

- UK
- Greece
- Ireland
- Brazil
- Italy
- USA
- Ghana (June 2008 approved)
- Sweden (December 2008 approved)
- Uganda (March 2009 approved)
- Australia (March 2009 approved)
- Kenya (June 2009 approved)

### Associates (8)

- India
- Malawi
- Guatemala
- Nigeria
- Sierra Leone
- The Netherlands (NiZA)
- Denmark (MS)
- France (PSO)



# actionaid

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## [www.actionaid.org](http://www.actionaid.org)

**ActionAid is an international anti-poverty agency** working in over 40 countries, taking sides with poor people to end poverty and injustice together.

ActionAid International is incorporated in The Hague, The Netherlands. Registration number 27264198

ActionAid International is incorporated in South Africa under section 21A of the Companies Act 1973.

Registration number 2004/007117/10

