

# Financial Statements and Annual Report 2016

**Our impact figures**

The impact figures shown in this document have been calculated using Impact 2, our innovative socio-demographic mathematical model that allows us to estimate the impact of our work, and the wider social and economic benefits of offering access to contraception and safe abortion. You can find out more about Impact 2 on our website:  
<https://www.mariestopes.org/what-we-do/our-approach/our-technical-expertise/impact-2/>

32.7 million CYPs\*

10.3 million client visits

4.8 million unsafe abortions averted

7.6 million unintended pregnancies averted

25

million women using contraception provided by Marie Stopes International

21,600 maternal deaths averted

3,700 social franchisees

37 countries where we provide services

620 centres

12,000 team members

30,000 outreach locations

£290m income

**The couple year of protection (CYP): our key service delivery metric**

Couple years of protection (CYPs) is a measure that estimates the protection from pregnancy provided by contraceptive methods during a one year period. Different methods of contraception have different CYP values. It depends on how long they can be used for, the likelihood of wastage, and how effectively they prevent pregnancy. For instance 120 condoms are needed to provide 1 CYP, while a five year IUD provides 3.3 CYPs. For a more detailed explanation of CYPs please visit: <https://mariestopes.org/media/2188/msi-cyp-infographic.pdf>

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# Reference and administrative details

**Registered name and charity number**

Marie Stopes International, 265543 (registered in England and Wales)

**Company number**

1102208 (registered in England and Wales)

**Registered office**

1 Conway Street, Fitzroy Square, London W1T 6LP

**Board of Trustees**

The Trustees of Marie Stopes International are the charity's Trustees under charity law and the Directors of the charitable company.

**Chairman**

Timothy M Rutter FRCS

**Trustees**

Dr Mohsina Bilgrami (MSI staff representative)  
Frank Braeken (appointed 21 November 2016)  
Philip D Harvey  
Claire Emma Morris  
Dr Kristin Anne Rutter  
Jess Search (appointed 29 July 2016)

Faustina Fynn Nyame resigned as a Trustee on 1 September 2016  
Baroness Shreela Flather resigned as a Trustee on 6 March 2017

**Chief Executive Officer**

Simon Cooke

**Independent Auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place, London WC2N 6RH

**Principal bankers**

Standard Chartered Bank Plc  
1 Aldermanbury Square  
London EC2V 7SB

Barclays Bank Plc  
1 Churchill Place  
London E14 5HP

# Chief Executive's statement

Every day our 12,000 team members around the world focus on one aim: delivering contraception and safe abortion services to women who need them. I'm intensely proud of their passion, drive and commitment, and it is paying off: 2016 was the most successful year in our history for helping women to have children by choice, not chance. We delivered 32.7 million couple years of protection<sup>1</sup> (CYPs), which is our core KPI, and by the end of the year there were more than 25 million women around the world using a method of contraception provided by Marie Stopes International. It's a remarkable achievement and it means that there are currently 25 million women around the world able to take control of their future, to finish an education, to plan a career or look after the family they already have because of the services we have provided.

As well as the impact on the lives of individual women, we know that the wider effect of increasing access to contraception and safe abortion is profound. In 2016, we estimate that the services we provided averted 7.6 million unintended pregnancies, 4.8 million unsafe abortions and 21,600 maternal deaths, and saved the countries where we operate £311 million in direct healthcare costs. This was our strongest ever annual performance and comes in the first year of our *Scaling-Up Excellence* strategic plan, which covers the period 2016 to 2020.

In *Scaling-Up Excellence: Universal access one woman at a time* we have set ambitious goals and challenged ourselves to go further to reach more women with our services than ever before. It recognises the success of recent years but pushes us to refine our models and take them to scale without ever compromising our commitment to quality or our clients. With 214 million women still unable to use contraception and demand only set to increase as unprecedented numbers of young people become sexually active, we know that the timing is critical and we must push ourselves further than ever before.

A central plank of the strategy is ensuring that all of our delivery channels are operating effectively and efficiently, offering high quality, client-centred services, and working towards sustainability of access. In 2016 we made significant progress towards that aim with the launch of 'Success Models' for our three largest channels: centres, outreach and social franchising. The Success Models set the expectations for how each channel should run and bring together all the relevant medical, operational, financial and technical strands that go into delivering effective services. They were developed by harnessing both the wealth of on-the-ground experience in our country programmes and the technical expertise of our support teams. The initial rollout of the first three Success Models took place in 2016 and we will now work to continually improve and evolve them and rollout further Success Models for other channels and services.

As part of our ongoing focus on clinical quality we commissioned independent assessments of the clinical quality in three of our largest programmes (Nigeria, Pakistan and Uganda) by the highly regarded Stanford Program for International Reproductive Education and Services (SPIRES). I am pleased to say that their assessments found "the services provided are of high quality and are consistent with the standards of both the World Health Organization (WHO) and other International Non-Governmental Organizations (NGOs)". We will continue this process of external assurance of our clinical quality with further assessments in 2017.

Significant effort from our Medical Development Team in 2016 went into the successful rollout of 'supportive supervision' in 26 of our country programmes. Supportive supervision is an important approach that enables the organisation to 'care for carers'. It helps create a supportive environment for providers and promotes cross-learning among clinical staff by ensuring every provider is partnered with a peer who can offer guidance and assistance. Despite the overall successes of the Global Partnership we did face a number of challenges during the year. The most significant of these was in the UK, our oldest and most high profile division. In August we voluntarily suspended a number of services, following concerns that were raised by the Care Quality Commission (CQC). We recognise that we did not always meet the high standards that we set ourselves and that our clients and the CQC rightly expect of us.

<sup>1</sup> Couple years of protection (CYPs) is a measure that estimates the protection from pregnancy provided by contraceptive methods during a one year period.

Different methods of contraception have different CYP values. It depends on how long they can be used for, the likelihood of wastage, and how effectively they prevent pregnancy. For instance 120 condoms are needed to provide 1 CYP, while a five year IUD provides 3.3 CYPs.



*“ We are doing everything that we can to ensure more women and girls have access to the contraception and safe abortion services that will allow them to take control of their future.”*

Since then we have worked closely with the CQC and other stakeholders to address the issues that they raised. While we resumed all services in October we know that it is a journey of improvement that will continue well into 2017, but will ultimately leave our UK division with strengthened governance, greater resilience, and will improve our clients' experience.

The election of a Republican president in the United States in November signalled a return of the Mexico City Policy, which demands that all non-US international organisations in receipt of U.S. Government funding neither perform nor 'actively promote' abortion. Marie Stopes International knows that safe abortion is a vital component of women's reproductive healthcare, and therefore we will never agree to these conditions. We had been planning for this scenario and how to fill the \$30 million annual funding gap it has created, but it was still a troubling development, particularly given the successful partnership that we have enjoyed with USAID over the last eight years. The funding gap is likely to impact a number of our country programmes in 2017 and beyond and puts women's rights and access to safe abortion and contraception in jeopardy.

We finished the year by taking time to mark an important milestone in the organisation's history: 40 years since Marie Stopes International was founded. It was a moment to reflect on how far we have come in those 40 years, from one clinic in central London to an organisation with more than 12,000 team members working in 37 countries to deliver our mission of children by choice, not chance. We remain as committed to that mission today as we were in 1976 and as we push forward into 2017 we are doing everything that we can to ensure more women and girls have access to the contraception and safe abortion services that will allow them to take control of their future.

Simon Cooke, CEO

# Strategic report of the Board of Trustees

The Board of Trustees presents its report and the audited consolidated financial statements for the year ended 31 December 2016 under the Charities Act 2011 and the Companies Act 2006, incorporating the Directors' Report. Pages 7 to 35 incorporate the requirements of the Strategic Report.

## About Marie Stopes International

**Our vision:** a world where every birth is wanted.

**Our mission:** children by choice, not chance

We exist to empower women and men to have children by choice, not chance because we know the difference that being able to choose can make. Allowing a woman to make informed decisions about her own fertility – to control whether and when to have children – is providing her with the tools that allow her to control her future. For women like Rita in Ghana, this can be truly transformational.

### Rita's story

Providing contraception and safe abortion services and information to women is a fundamental part of sustainable development. It gives them the freedom to pursue their hopes and dreams, and not only transform their lives, but create ripples that spread across their family, community and country. In all of our country programmes, we encounter women who tell us just how important access to contraception has been to their lives; this is the story of one of them.

Rita is 22 years old and works as an apprentice seamstress in Greater Accra, Ghana. Despite an increase in the availability of family planning services in recent years, unmet need for contraception across the country remains high, largely due to myths, misconceptions and a lack of information.

"We didn't learn about contraception in school. I didn't know anything about family planning until after I had already given birth."

Growing up in a community where she had limited access to family planning information and services made her vulnerable to unplanned pregnancies and Rita was pregnant at the age of 19, forcing her to give up her education.

"I felt bad when I found out I was pregnant. The pregnancy was unplanned and I was worried about what my classmates would say. I now have a two year old child, and I don't want another for five years. Four months ago I visited the Marie Stopes clinic for the first time, as the woman I work for suggested it. I want to carry on working for the moment so I had a five year implant fitted."

Rita may not have been able to complete her education but now she has the chance to make the most of her new opportunities. "I need the time to plan my life. I'll be an apprentice for the next three years and then I'll need time to establish my own shop. I have a young child, if I had more children I wouldn't be able to concentrate on my sewing."



*“ We believe that access to contraception and safe abortion has to sit at the heart of any development activity. It represents one of the most valuable investments in terms of achieving the world’s development goals.”*

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We believe that access to contraception and safe abortion has to sit at the heart of any development activity. It represents one of the most valuable investments in terms of achieving the world’s development goals. By committing resources, we can have a marked impact, not only on women’s health and human rights, but on many other pressing issues, from water and sanitation to economic development.

We have made a firm commitment to our clients and to the communities and countries where we work: we are here for the long term. Our belief is that no woman who has ever been given access to contraception or safe abortion should ever be denied it again. To do that we need to make sure that access to contraception and safe abortion is affordable for women and national governments in 2016, 2020, 2030 and beyond. This is why sustainability is such a key part of our Scaling-Up Excellence organisational strategy.

The way that we work and the culture of our organisation is driven by our values, which our team members around the world live every day:

**Mission driven:** With unwavering commitment, we exist to empower women and men to have children by choice not chance.

**Client centred:** We are dedicated to our clients and work tirelessly to deliver high-quality, high-impact services that meet their individual needs.

**Accountable:** We are accountable for our actions and focus on results, ensuring long term sustainability and increasing the impact of the Partnership.

**Courageous:** We recruit and nurture talented, passionate and brave people who have the courage to push boundaries, make tough decisions and challenge others in line with our mission.

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## Strategy and objectives: Scaling-Up Excellence

Our mission of children by choice, not chance has never been more important. So through our strategy: *Scaling-Up Excellence: universal access one woman at a time*, we are challenging ourselves to provide services to even more of the 214 million women in developing countries who want to access contraception but cannot do so.

*Scaling-Up Excellence* is deeply rooted in our values and recognises the success we have seen in recent years. It challenges us to refine our models, taking them to scale without ever compromising on our commitment to our clients, or our unwavering focus on clinical quality, client centred care and effective governance.

Our strategy builds on the lessons we’ve learned and the approaches we’ve developed over more than 40 years. Incorporating lessons learned from our country programmes’ experiences in pioneering innovative service delivery models like outreach and social franchising, and radically transforming the provision of safe and affordable medical abortion.

Our approach to delivering global impact is built on the three interlinking pillars of Scale and Impact, Quality and Sustainability. These provide a clear framework that will guide our work through to 2020, demanding that we keep a steady eye on operational efficiency, challenging us to continue our focus on sustainability and leveraging our client centred approach to deliver a game changing level of impact.

Whilst the Mexico City Policy will have a detrimental effect on funding for, and access to, contraception services, we aim to maintain our bold ambition and continue to source new funds to close the gap.

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## Increased impact

Giving women the ability to choose when they have children saves lives and prevents unnecessary harm.

## Greater choice

The services we provide under *Scaling-Up Excellence* will allow millions of women to take control of their futures and:

Prevent 58 million unintended pregnancies

Avert 34 million unsafe abortions

Avert 118,900 maternal deaths

## Scale and Impact

Doubling our health impact through contraception and safe abortion service delivery at scale.



### We will:

Double the number of annual MSI contraceptive users from 20m to 40m.

Target our services at high impact clients and correct imbalances in service provision including adolescents aged 15-19 years and the poor.

Increase annual CYPs from 30m to 50m.

Provide contraception to 12m additional users by 2020, 10% of the global FP2020 commitment.

Double provision of safe medical abortion (MA) and medical post-abortion care (MPAC), and increase post-abortion family planning (PAFP) to 90% for all safe abortion/PAC clients.

## Quality

Setting the clinical, programmatic, and client care standards that other providers aspire to.



### We will:

Focus on clinical quality and client care so that our services are embedded as the preferred choice for women.

Invest in the integrity of our data, so that we can ensure every dollar is spent effectively and all of our services can be validated.

Grow and develop the talent within our organisation.

Use the insights we gather from women to develop success models.

## Sustainability

Using our expertise as a social business to build sustainable private sector models that go beyond donor support.



### We will:

Build genuine sustainability by ensuring that every service has a funding source.

Create sustainability models for all of our service delivery channels.

Nurture relationships with donors, foundations, philanthropists and national governments.

*“ By 2020 we commit to dramatically increase the number of services that we provide, by making choices about where we focus our time and resources, and consistently putting the client first.”*

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Delivering Scale and Impact is the key focus of our strategy and to do that we will:

- Use a balanced country portfolio approach to make deliberate choices about where to invest financial and technical resources. We will choose service delivery models that correct gaps in service provision and deliver scale, impact and sustainability in each country to allow us to maximise the global impact of our Partnership.
- Increase access to medical abortion and medical post-abortion care, while ensuring a continuum of client care, including integrated call centres and post-abortion family planning.
- Continue to prioritise the needs of our clients, by providing quality counselling and a comprehensive choice of contraception, and treating every woman who comes to us with respect. We will demonstrate that the way we deliver long-acting and permanent methods of contraception is the most cost effective way of increasing contraceptive prevalence and delivering lasting change in behavioural norms and continued demand for contraception.
- Work to remove policy and clinical restrictions that limit access to contraception, safe abortion, and post-abortion care services, using our position as a service provider to ‘advocate by doing’.

We will not compromise our absolute commitment to Quality in everything we do. It is the Quality of our services that will drive our ability to achieve Scale and Impact. To achieve this, we will:

- Continue to invest in governance and audit oversight, clinical quality standards and provider training.
- Invest in our people to nurture our unique Marie Stopes International culture and grow our capacity by putting investment in people at the heart of our strategy.
- Invest in insight so that we are led by the needs voiced by our clients as well as by women and girls with an unmet need. This will allow us to create enduring user demand for universal access to all methods of contraception.

We want to deliver Scale and Impact and maintain our commitment to Quality, not just this year or for the duration of our Scaling-Up Excellence strategy but for generations to come. So to ensure the Sustainability of our services we will:

- Continue to develop sustainable models for all service delivery channels, with every service we provide backed by a funding source.
- Evolve a global network of self-sustaining centres, which will set the standard for client care and clinical quality for contraception and safe abortion services across our network and the sector.
- Work with national governments, donors, and others to shape markets and increase access to and funding for contraception and safe abortion services, ensuring contraception and safe abortion services are included in universal health care frameworks and funded through domestic financing.
- Innovate and test sustainable contraceptive technologies and service delivery models, including safe obstetrics and post-partum family planning. To be successful, these private sector models will increase access to maternal health services to low and middle income clients, as well as increase the use of core services and generate surplus that can be reinvested to achieve our global mission.

By 2020 we commit to dramatically increase the number of services that we provide, by making choices about where we focus our time and resources, and consistently putting the client first.

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## Structure, governance and management

### **Constitution of the charity**

Marie Stopes International is a charity registered in England and Wales, constituted as a company and limited by guarantee. The charity is governed in accordance with its Memorandum and Articles of Association.

### **Our objectives**

The charitable objectives of Marie Stopes International are:

- To provide sexual, reproductive, maternal and general health services, including advice, information, education, training, counselling, advocacy, screening, clinical and medical services and treatment.
- To reduce maternal mortality, relieve sickness and preserve physical, mental and sexual health and prevent poverty and distress resulting from unplanned conception.
- To carry out and/or promote the carrying out of research relating to sexual and reproductive health, maternal and general health.

### **The Board of Trustees**

Marie Stopes International's Board of Trustees is made up of individuals who are leaders in their field, committed to the organisation's mission. They bring skill, energy, and experience to Marie Stopes International. Their backgrounds include senior level experience in the commercial health sector; clinical and teaching experience in women's reproductive health; leadership in the charity sector; business; finance; government; and advocacy.

The Trustees periodically consider the skill set and experience necessary for the Board to exercise its role. If the Trustees identify the need for a new Trustee or if a Trustee needs to be replaced (due to retirement or otherwise), the Trustees: identify potential candidates; interview the potential Trustee(s) to establish their suitability and commitment; and check references. The potential Trustee is often then invited to be an observer at the next Board meeting, after which the Trustees may formally invite the selected candidate to become a Trustee.

In addition, and following Charity Commission approval, Marie Stopes International has one Trustee selected from amongst Marie Stopes International's senior country programme leadership in Africa, Asia and Latin America, to represent the employees. This Trustee is invited to join the Board for a three year term.

New Trustees are inducted to Marie Stopes International via formal and informal exchanges with other Trustees and senior team members, on areas such as Marie Stopes International's mission, goal, finances, strategy, and health service portfolio. New Trustees often visit a Marie Stopes International overseas programme, or one of the organisation's centres in the UK, in order to understand the health service mix, challenges, opportunities, and the difference that Marie Stopes International makes to individual women, men, couples, communities, and countries around the world.

The Trustees serving in the year ended 31 December 2016 and up to the date of signing this report are noted on page 4.



**Public benefit**

The Trustees confirm that they have given due consideration to the Charity Commission's published guidance on Public Benefit. As detailed above, the charitable objectives, aims and strategy of the organisation comply with the public benefit test in the following areas:

- Prevention or relief of poverty.
- Advancement of health and the saving of lives.
- Advancement of human rights.

At the core of our organisation is the aim to provide choices in reproductive healthcare, so that women have children by choice, not chance.

**Organisational structure**

Marie Stopes International is an international non-governmental organisation delivering contraception and safe abortion services (where legal) through centres, clinical outreach teams, social marketing and social franchisees in 37 countries globally. It is constituted as a charitable company limited by guarantee.

Marie Stopes International (the Charity) - or the Company for the purposes of company law - refers to Marie Stopes International's UK operations (its family planning centres and London Central Office) and Marie Stopes International's 20 international branch offices. The London Central Office provides support for Marie Stopes International's UK clinics as well as its network of international branches; subsidiaries and affiliated partners in 37 countries worldwide.

Marie Stopes International (the Group) refers to the Charity as defined above and subsidiary entities. The Group is also referred to as the Marie Stopes International Partnership or the Partnership.

Marie Stopes International's subsidiaries are listed in note 20. Additionally Marie Stopes International's investment in subsidiaries is contained in note 10b.

Unless otherwise stated all references to Marie Stopes International refer to Marie Stopes International (the Group).

**Governance**

The Board of Trustees provides Marie Stopes International (the Charity) with sound governance and strategic oversight and direction. The Board of Trustees makes decisions on major issues including: strategic direction, clinical practices, policies and processes, financial management and institutional integrity. The Board of Trustees meets on a periodic basis and convenes meetings at short notice as the need arises.

The Board of Trustees also has various subcommittees that focus on high priority areas. These include: the Audit Committee, the Remuneration and Nominations Committee, the International Clinical Governance Committee and the Finance Committee.

The Executive Team based in London, led by the Chief Executive Officer, is responsible for the implementation of the strategic direction and for the Group's overall operational management. The Executive Team report to the Board of Trustees as required.

Marie Stopes International's subsidiaries have their own Boards of Trustees (or Directors), which fulfil local statutory and regulatory requirements, and provide a further layer of robust governance.

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Operationally each branch/subsidiary has a management team headed by a Country Director which reports into the London central office. The UK division also reports to the Marie Stopes International Board of Trustees through a UK Divisional Board and various subcommittees.

As part of its ongoing commitment to good and strong governance, in 2016 the Board commissioned Grant Thornton to undertake an independent review of the organisation's governance arrangements. The results and recommendations of this review will be reported at the July Board meeting.

### **Risk management**

The organisation regularly assesses risks and undertakes activities to manage and mitigate risks.

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, Marie Stopes International's risk management system has been developed to provide reasonable assurance to the Trustees that there are adequate procedures in place and that we regularly evaluate they are operating effectively.

The key elements of the system of internal control are:

- Delegation: there is a clear organisational structure with clear decision rights and lines of authority and responsibility for control, together with procedures for reporting issues, decisions and actions.
  - Reporting: the Trustees approve and review the annual objectives (Key Performance Indicators), activities programme, income and expenditure predictions and monitor actual income and expenditure on a regular basis.
  - Risk management: there are processes in place for identifying, evaluating and managing significant risks faced by Marie Stopes International. The Trustees believe that all of the major risks to which Marie Stopes International is exposed have been identified and reviewed and that systems have been established to manage those risks. The Trustees review critical risks as a formal agenda item in every Board meeting.
  - Internal audit: Marie Stopes International's internal audit team, established in 2006 and reporting directly to the Board, is a key part of Marie Stopes International's internal review and control process for its international operations, visiting 29 Group countries in 2016 to assess risks and review operational and financial controls within the Group.
  - Review: Marie Stopes International's Audit Committee comprises a minimum of two Trustees, although all trustees are invited to attend. In addition, three representatives of the Executive Team are expected to attend: the Chief Executive Officer, the Chief Financial Officer and the Operations Director. The Committee's brief is to ensure that an effective audit function for the group is in place; it also oversees the Group's strategic risk register, the adequacy of internal control systems and compliance with finance guidelines. The Committee meets three times a year, prior to all Board meetings, to discuss the results from internal and external audits conducted in the UK and overseas. The Audit Committee Chairman then briefs the remaining Trustees at the next Board meeting on key risks, and the actions undertaken to mitigate those risks.
  - Clinical quality: the Board receives a full report at each meeting from the Global Medical Director and the International Clinical Governance Committee detailing the organisation's performance against key clinical quality indicators.
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**Strategic risks faced  
by MSI, and key  
approaches to  
mitigate those risks**

<b>Risk</b>	<b>Mitigations</b>
<b>Lack of financial resilience as evidenced by cash balances and balance sheet reserves</b>	<ul style="list-style-type: none"> <li>• Increase liquid free reserves to reserves policy target (£30m - £35m)</li> <li>• Manage working capital levels</li> <li>• Continue to reduce cash holdings in country programmes</li> </ul>
<b>Loss of key donor funding exacerbated by concentrated donor portfolio</b>	<ul style="list-style-type: none"> <li>• Quantify the financial and service delivery impact of losing key donors and develop mitigating strategies.</li> <li>• Proactively review and manage the donor funding pipeline</li> <li>• Develop new donor relationships and other health financing sources</li> </ul>
<b>Adverse clinical outcomes, including client death</b>	<ul style="list-style-type: none"> <li>• Implement revised obstetrics guidelines</li> <li>• Issue revised core competencies for nursing (done)</li> <li>• Complete internal review of clinical risk management system including incident reporting</li> </ul>
<b>Maintaining robust corporate governance systems and compliance with statutory regulations</b>	<ul style="list-style-type: none"> <li>• Monitor statutory regulations in all country programmes</li> <li>• Independent reviews of UK and global corporate governance (in progress)</li> </ul>
<b>Fraud, corruption, theft, risk of overstating results and unethical practices</b>	<ul style="list-style-type: none"> <li>• Maintain and continue to embed anti-fraud and anti-bribery programme (rolled out globally in 2016)</li> </ul>
<b>Lack of sustainable access to quality commodities</b>	<ul style="list-style-type: none"> <li>• Work closely with key donors that support granted commodities in developing countries</li> <li>• Continue to manage global commodity requirements and close supply gaps</li> <li>• Register core MSI branded products in key country markets</li> </ul>
<b>Faulty products/ inadequate product quality</b>	<ul style="list-style-type: none"> <li>• Enforce new product quality policy</li> <li>• Mandate product supplier options to country programmes</li> </ul>
<b>Risks posed by complex geo-political situations</b>	<ul style="list-style-type: none"> <li>• Maintain relevant processes and monitor country programmes most at risk</li> </ul>
<b>Inability to maintain consistent quality at scale</b>	<ul style="list-style-type: none"> <li>• Introduction of the “Success Models” programme to identify and roll-out MSI best practice in all channels.</li> </ul>
<b>Major breach of donor compliance</b>	<ul style="list-style-type: none"> <li>• Continue to train country programmes on donor requirements</li> <li>• Continue to review internal processes to ensure they are donor compliant</li> <li>• Annual audits of donor compliance processes</li> </ul>
<b>Inability to recruit / retain talent for critical roles</b>	<ul style="list-style-type: none"> <li>• Launch of group leadership development programme (done)</li> <li>• Conduct compensation and reward review to position MSI competitively within external market</li> </ul>
<b>Major cyber attack or leak of confidential information</b>	<ul style="list-style-type: none"> <li>• Ensure adherence to data security policies and procedures</li> <li>• Regular penetration tests</li> <li>• Formulating response to new UK rules including the General Data Protection Regulation (GDPR)</li> </ul>
<b>Ensuring appropriate UK clinical governance and regulatory compliance</b>	<ul style="list-style-type: none"> <li>• Completed a review of UK clinics’ compliance with key UK statutory standards</li> <li>• Established separate UK divisional board, including independent experts</li> <li>• Completed internal review of UK risk management system, and amended governance structures to give clear reporting lines from “Board to ward”</li> </ul>



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## Review of 2016

At the start of 2016 we launched our *Scaling-Up Excellence* strategy, which will guide our work and progress towards our mission up to 2020. We have set ourselves ambitious goals and during 2016 we made significant progress towards achieving them.

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### Performance against our strategic objectives

Our *Scaling-Up Excellence* strategy is built on three strategic pillars:

#### Strategic pillar 1 - Scale and Impact

We have committed to doubling our health impact through contraception and safe abortion service delivery:

- **Double the number of MSI contraceptive users from 20 million to 40 million.** In 2016 there were 25.6 million women around the world using a method of contraception provided by Marie Stopes International. This puts us on a good course to meet our target of 40 million MSI users of contraception by 2020.
- **Increase annual CYPs from 30 million to 50 million.** In 2016 the Marie Stopes International Partnership delivered a record 32.7 million CYPs. This shows strong growth in the first year of our *Scaling-Up Excellence* strategy and puts the organisation on track to do even more in the coming years.
- **Provide contraception to 12 million 'additional users' by 2020, 10% of the global FP2020 commitment.** An estimated 5.8m additional users have been served since 2012 with 1.9 million additional users served in 2016. This continuing effort and focus in 2016, with a further four years to go, puts us on track to meet our FP2020 pledge.
- **Target our services at high impact clients and correct imbalances in service provision, including adolescents aged 15-19 years and the poor, with 80% of clients defined as high impact clients<sup>2</sup>.** We have made strong progress towards this goal, with 75% of clients in 2016 categorised as high impact clients.

#### Strategic pillar 2 - Quality

We have committed to setting the clinical, programmatic and client care standards that other providers aspire to and we will:

- **Focus on clinical quality and client care so that our services are embedded as the preferred choice for women.** We continue to focus on providing the best possible experience for the women that we see and our extensive client exit interviews found that 85% of our clients reported that our services exceeded their expectations.
- **Invest in the integrity of our data, so that we can ensure every GBP is spent effectively and all of our services can be validated.** We have developed and rolled out global data validation standards, so that we can be truly confident that all our data meets the rigorous criteria that we expect.
- **Grow and develop the talent within our organisation.** We continue to invest significant resource and leadership time into developing those with the potential to progress within the organisation. In 2016, 60% of our country director roles and 83% of our regional roles were filled by internal candidates.

<sup>2</sup>High Impact Clients fall into one of four groups: women not currently using contraception ('adopters'), women aged 15-19 ('adolescents'), women living in extreme poverty, and women who have no other option of receiving their service if it had not been for Marie Stopes International ('no availability').

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*“In 2016 the Marie Stopes International Partnership celebrated its 40th anniversary by delivering its strongest impact and service delivery figures in a single year.”*

- **Use the insights we gather from women to develop success models.** In 2016 team members from across the global organisation developed the first three of our ‘Success Models’, for the centres, outreach, and social franchising channels. These were developed using a co-creation process and harnessed the insights and experience of our country programmes and the technical experience of our support office teams.

### Strategic pillar 3 - Sustainability

We want to deliver Scale and Impact and maintain our commitment to Quality, not just this year or for the duration of our Scaling-Up Excellence strategy but for generations to come. So to ensure the Sustainability of our services we will:

- **Create sustainability models for all of our service delivery channels.** The Health Systems Department led the development of Success Models for all of our service delivery channels, which are being rolled out across the global organisation. A key element of the Success Models is how to define what sustainability means in the context of each of the channels and how to achieve it. This work recognises that for some channels, such as outreach, there will always need to be a source of external funding.
- **Nurture relationships with donors, foundations, philanthropists and national governments.** We continued to build and nurture strong relationships in 2016 with a range of public and private institutional donors, foundations and individuals. Notable relationships include the UK Department for International Development (DFID), the Child Investment Fund Foundation (CIFF) and the Dutch Ministry of Foreign Affairs. Donor funding continues to be an important enabler to providing services to the under-served and poor and will continue to be a critical part of our strategy in the future.

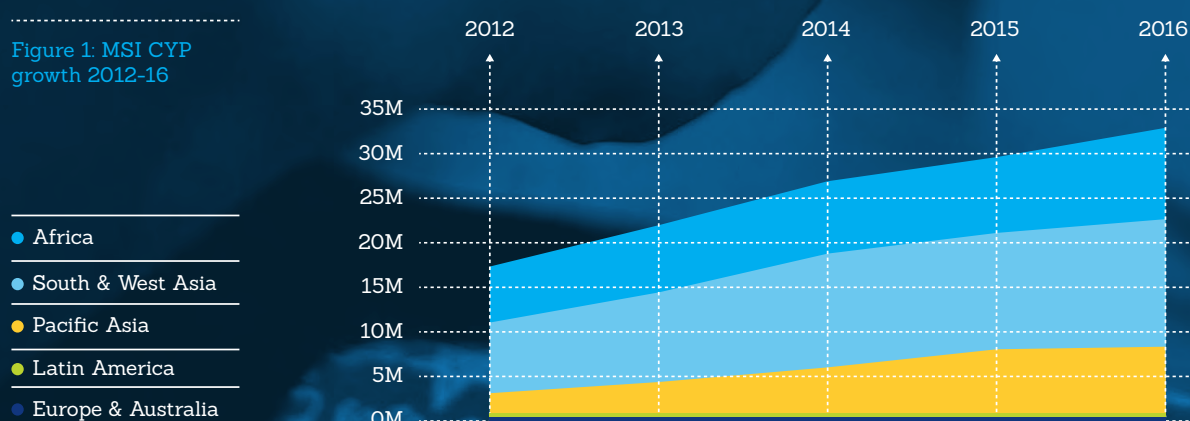
## Global performance and achievements

In 2016 the Marie Stopes International Partnership celebrated its 40th anniversary by delivering its strongest impact and service delivery figures in a single year.

### Couple years of protection (CYPs)

Like many in our field, we use ‘couple years of protection’ (CYPs) to measure the scale of our services, and compare progress over time. A CYP is the contraception needed for a couple to prevent pregnancy for one year. Through the delivery of contraceptive and safe abortion services in the 37 countries where we operate, Marie Stopes International delivered 32,713,000 CYPs in 2016, an 11% increase on the 2015 figure of 29,498,000. This continues the organisation’s upward trend in CYP delivery.

Figure 1: MSI CYP growth 2012-16



## Impact

We are able to quantify the impact of the services we deliver using our Impact 2<sup>3</sup> model and in 2016 the contraception and safe abortion services that we provided had the following impact:

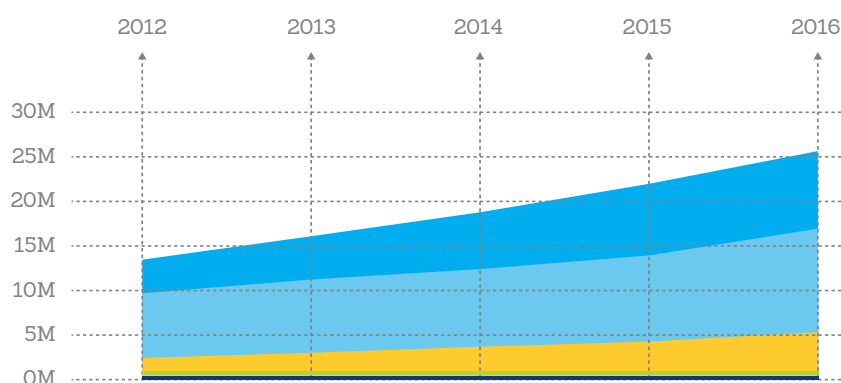
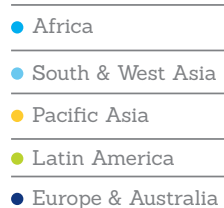
- 7.6 million unintended pregnancies prevented (20% increase on 2015)
- 4.8 million unsafe abortions prevented (20% increase on 2015)
- 21,600 maternal deaths prevented (19% increase on 2015)
- £311 million in direct healthcare costs saved (20% increase on 2015)

## Users of contraception

In 2016, an estimated 25.4 million women and men worldwide were using contraception provided by Marie Stopes International. This includes 9.9 million people who received a method of contraception from us in 2016, and 15.5 million people who remain protected from unplanned pregnancy by a long-acting or permanent method they had received from us previously.

The majority of our clients choose long-acting or permanent methods of contraception that will protect them from unintended pregnancy for long periods of time. In many of the countries where we work, Marie Stopes International is the only provider of these methods. In 2016, around 80% of those using contraception provided by us were using a long-acting or permanent method.

Figure 2: MSI  
estimated users -  
by region



<sup>3</sup> Impact 2 is an innovative socio-demographic mathematical model that allows us to estimate the impact of our work, and the wider social and economic benefits of offering access to contraception and safe abortion.



*“ More than a third of our CYPs came from our outreach services, small teams of doctors, nurses and auxiliary healthcare workers who bring contraception to remote and rural communities, many of which lack access to even basic healthcare services.”*

### Delivery channels

More than a third of our CYPs came from our outreach services, small teams of doctors, nurses and auxiliary healthcare workers who bring contraception to remote and rural communities, many of which lack access to even basic healthcare services.

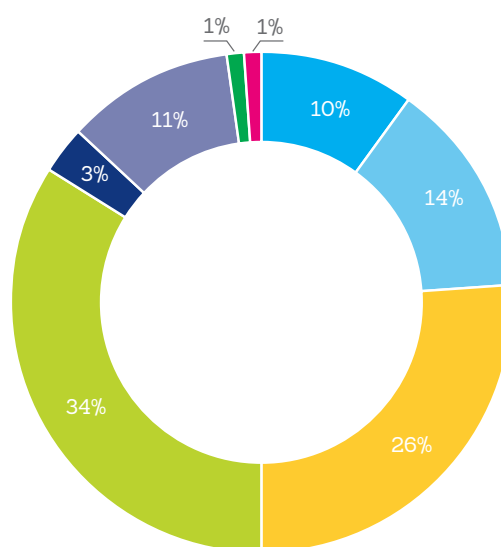
Just over a quarter were delivered through our social marketing work, the provision of quality, affordable contraceptive methods through pharmacies and other community-based distributors.

Around 14% came through social franchising, our BlueStar network of private healthcare providers, clinics and midwives, affiliated to MSI.

The remaining quarter of CYPs were delivered between our centres, community-based distribution schemes, and our partnerships with public sector organisations.

Figure 3:  
MSI 2016 CYPs -  
by delivery channel

Centres
Social Franchising
Social Marketing
Outreach
Marie Stopes Ladies
Public Sector Strengthening
Private Sector Strengthening
Other



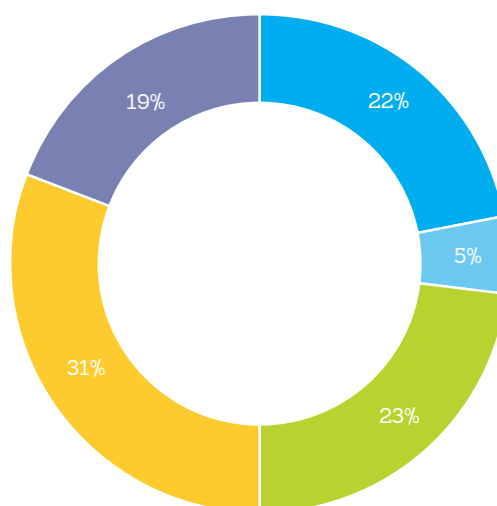
### Contraceptive methods

Choice is at the heart of everything we do, and we provide a full range of contraceptive methods so that every woman who walks through our doors can choose the method that is right for her. By offering the widest range of methods – including short-term, long-acting and permanent methods – we can ensure that women are able to choose the type of contraception that best suits their particular situation and plans for the future.

The breakdown of users of MSI contraception by method in 2016 was:

Figure 4:  
Method mix of all  
MSI users - 2016

- Female Sterilisation
- Male Sterilisation
- Implant
- IUD
- Short term methods



### High Impact Clients

We provide services to some of the world's most marginalised and underserved communities. One of the ways we ensure our services are reaching those in greatest need is by measuring the proportion of clients that we define as 'high impact'.

High impact clients are those that fall into at least one of four groups: women not currently using contraception ('adopters'), women aged 15 – 19 ('adolescents'), women living in extreme poverty, and women who would have no other option of receiving their service if it had not been for Marie Stopes International ('no availability').

In 2016, 75% of our clients worldwide were 'high impact clients'.

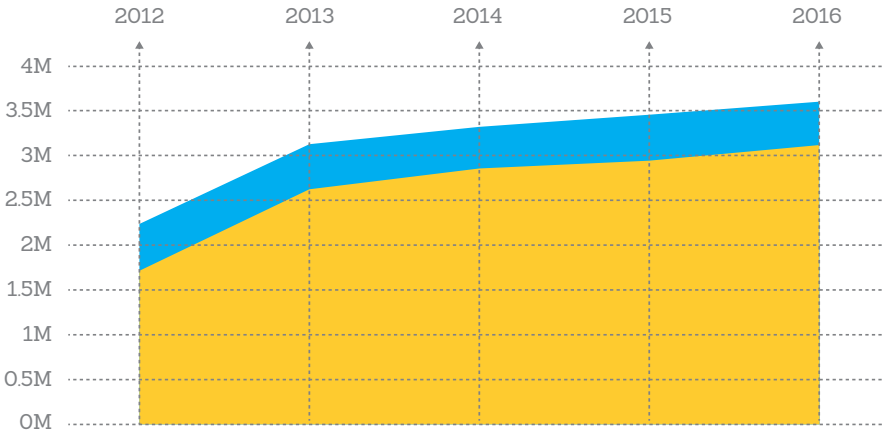
- 43% of our clients were adopters, meaning they were not using modern contraception when they came to us.
- 28% of our clients were living in extreme poverty, defined as those living on less than \$1.25 a day.
- 48% of the clients we served had no other option available to them to get the service that Marie Stopes International provided.
- 8% of the clients we served were aged 15 – 19, a group that is underserved by contraceptive services and therefore at greater risk of unintended pregnancy.

Safe abortion and post-abortion care

We work in countries all over the world to provide access to safe abortion and post-abortion care for women and girls who have decided to end a pregnancy. In 2016, we provided 3.66 million safe abortion and post-abortion care services worldwide, 6% increase on the 2015 figure of 3.46 million. In the countries where we operate, we provide around 19% of all safe abortions and post-abortion care.

Figure 5: MSI Safe abortion/Post-abortion care services 2012-16

- Surgical abortion/PAC
- Medical abortion/MPAC





Country programme  
performance and  
achievements

Regional Performance				
	Total income 2016	Total income 2015	CYPs 2016	CYPs 2015
	£'000	£'000	'000s	'000s
<b>East and Southern Africa</b>				
Kenya	10,690	7,611	1,139	970
Tanzania	9,787	6,051	2,116	1,660
Ethiopia	9,545	7,884	1,106	1,070
Nigeria	9,067	7,887	1,808	1,317
MSI Uganda	7,896	4,388	846	288
Madagascar	7,516	4,413	1,154	921
Malawi	6,698	7,795	883	1,334
MS Uganda	5,943	3,892	291	253
Zimbabwe	3,268	3,501	391	471
Zambia	2,838	2,654	281	203
South Sudan	-	372	-	4
	<b>73,248</b>	<b>56,448</b>	<b>10,015</b>	<b>8,491</b>
<b>West Africa</b>				
Ghana	7,240	5,733	786	666
Sierra Leone	5,233	6,187	447	325
Mali	4,447	2,537	494	402
Burkina Faso	3,298	2,143	291	232
Bolivia	2,439	1,687	133	102
Senegal	2,374	1,518	286	247
Niger	1,228	634	28	16
	<b>26,259</b>	<b>20,439</b>	<b>2,465</b>	<b>1,990</b>
<b>South Asia</b>				
Bangladesh	11,980	10,204	2,972	2,709
India PHS	6,277	5,822	4,566	3,647
India	3,105	4,162	1,107	1,031
Nepal	4,890	2,080	543	396
Sri Lanka	706	551	98	126
	<b>26,958</b>	<b>22,819</b>	<b>9,286</b>	<b>7,909</b>
<b>West Asia</b>				
Pakistan	14,804	17,052	2,553	3,028
Yemen	4,335	4,100	413	292
Afghanistan	3,282	2,154	660	421
	<b>22,421</b>	<b>23,306</b>	<b>3,626</b>	<b>3,741</b>
<b>Pacific Asia</b>				
Myanmar	6,560	5,628	590	454
Vietnam	6,135	4,290	3,147	2,933
Philippines	3,541	3,828	2,558	2,874
Cambodia	2,610	2,232	151	153
Papua New Guinea	2,303	2,922	115	114
Timor Leste	1,548	1,246	29	34
China	1,025	984	31	30
Mongolia	876	846	136	128
	<b>24,598</b>	<b>21,976</b>	<b>6,757</b>	<b>6,720</b>
<b>Total Country Programmes</b>	<b>173,484</b>	<b>144,988</b>	<b>32,149</b>	<b>28,851</b>
<b>Commercial</b>				
UK & Europe clinics	30,213	34,099	211	226
Options	22,758	25,164	-	-
Australia	16,287	14,177	100	103
Other commercial programmes	6,505	6,112	253	318
	<b>75,763</b>	<b>79,552</b>	<b>564</b>	<b>647</b>
Global Support Office	24,148	24,968	-	-
Sub-grants to partners	16,567	16,789	-	-
<b>Marie Stopes International Group</b>	<b>289,962</b>	<b>266,297</b>	<b>32,713</b>	<b>29,498</b>

### East and Southern Africa

**Marie Stopes Ethiopia** delivered 1,106,000 CYPs in 2016, a 3% rise on its 2015 number. Strong growth was realised in the programme's mobile outreach channel, driven by the implementation of a new approach to raising awareness of their services. This new strategy resulted in improvements in the cost effectiveness of the channel, as well as an impressive increase in the uptake of permanent methods, with tubal ligation numbers growing 85% in 2016. The services that the programme provided in 2016 will avert 143,000 unsafe abortions and 250,000 unintended pregnancies.

In 2016 **Marie Stopes Kenya** delivered more than 1 million CYPs for the first time, reaching a total of 1,139,000, a 17% increase from the 2015 number of 970,000. There was also an 18% increase in its delivery of long-acting and permanent methods of contraception. The Amua social franchise network has grown rapidly, resulting in a 30% increase in CYPs for this channel. The centre network has been very successful at engaging 15-19 years old in 2016 - 11% of all clients were within this age group in 2016.

**Marie Stopes Madagascar** delivered 1,154,000 CYPs in 2016, a 25% increase from the 2015 figure of 921,000, and the first time that they have passed the 1 million CYP mark. 92% of these CYPs were generated through long-acting and permanent methods of contraception. This was achieved through large increases in delivery of both implants (25%) and IUDs (36%). Both the Marie Stopes Ladies and outreach channels achieved high CYPs in 2016, with 333,000 (49% increase) and 476,000 (20% increase) CYPs respectively. The services that the team in Madagascar provided in 2016 will avert 104,000 unsafe abortions and 272,000 unintended pregnancies.

In **Malawi**, Banja La Mtsogolo (BLM) delivered 883,000 CYPs, with 93% of these CYPs generated by delivery of long-acting and permanent methods. This ultimately expanded choice and access to comprehensive contraceptive services across the country. A significant re-structure of the programme's service delivery channels and management and support structures in 2016 resulted in fewer CYPs being delivered than in 2015 but has prepared the organisation for growth, impact and progress towards the 2020 strategic goals and established a strong foundation for rigorous data validation. The Malawi programme continues to be one of the most important providers in the country and in 2016 there were more than 1.1 million women using a method of contraception provided by BLM.

**Marie Stopes Nigeria** continued its growth in 2016 and delivered a total of 1,808,000 CYPs, an increase of 37% on 2015. This was driven in large part by work to support the public sector, which generated 928,000 CYPs, an increase of 34% year on year. Marie Stopes Nigeria planned to scale up the number of Marie Stopes centres but due to operational challenges was unable to do so and took the decision to move the location of its existing clinics in order to increase visibility and footfall. The Nigeria programme has strengthened its clinical recruitment process by conducting improved initial competency assessments when recruiting providers. Only applicants with the required competency can continue through to the next steps in the recruitment process. The services that the Nigeria programme provided in 2016 had a significant impact, averting 365,000 unintended pregnancies and 242,000 unsafe abortions.

**Marie Stopes Tanzania** delivered a record 2,116,000 CYPs in 2016, a significant increase (27%) from the 2015 figure of 1,660,000 CYPs. 87% of CYPs in 2016 were generated by the programme's outreach teams. The number of long-acting and permanent methods delivered in 2016 increased by 29% compared to 2015. A focus on youth-friendly services resulted in a 25% increase in contraception provided to young people in comparison to 2015, despite the perception that family planning is predominantly for married couples. The programme's reach and impact continues to grow and in 2016 there were more than 1.4 million women across the country using a method of contraception provided by Marie Stopes.

Marie Stopes Uganda, through its centres and social marketing channels, increased CYP performance by 15%. Towards the end of 2016 the programme's centres effectively balanced costs to become a fully sustainable network. The social marketing channel's income was impacted by the increase in availability of low cost misoprostol within the Ugandan market, competing with the programme's brand Misoclear, which it markets for post-abortion care and post-partum haemorrhage.



*“Choice is at the heart of everything we do, and we provide a full range of contraceptive methods so that every woman who walks through our doors can choose the method that is right for her.”*

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**Marie Stopes International Uganda** delivered 846,000 CYPs, a 194% increase on the previous year (288,000 CYPs). Established in April 2015, 2016 was the first full year of operations for the programme. The outreach channel in particular showed strong performance, generating 583,000 CYPs. Through outreach the programme leveraged donor funds to increase access to quality, voluntary family planning services for the poorest and youngest women: in 2016 10% of outreach clients were under 20 years old, and 23% of clients were living in extreme poverty.

**Marie Stopes Zambia** generated 281,000 CYPs, an increase of 38% from the 2015 figure of 203,000. 82% of these came from long-acting and permanent method services, with a significant increase in implants (75%). The outreach channel grew last year, contributing 83% of the programme's CYPs. The programme made significant advances in access to safe abortion in Zambia through the influential Safe Abortion Action Group (SAAG).

In **Zimbabwe**, Population Services Zimbabwe (PSZ) delivered 391,000 CYPs in 2016, of which 18% were from long-acting or permanent methods, compared to 15% in 2015. There was an 18% increase in the number of IUDs delivered in comparison to 2015 and a 9% increase in permanent methods. The programme spent significant time on restructuring its operations and as a result is now well positioned for a productive 2017. In addition to their own service delivery the programme is training Ministry of Health staff in the management of common side effects at outreach locations and they have developed and distributed a 'job aid' for management of implant side effects to support this work.

#### **West Africa and Latin America**

**Marie Stopes Bolivia** delivered 133,000 CYPs in 2016, a 30% increase on 2015. Provision of long-acting and permanent methods of contraception continued to be strong in both the centres and outreach channels. The team made progress on reaching young people, as it established youth-friendly services and advice at local government facilities. The programme was faced with the illness and death of their much-loved Country Director, Ramiro Luis Claure Morales, with the senior management team stepping in to provide continuity during this very difficult period.

**Marie Stopes Burkina Faso** delivered 291,000 CYPs in 2016, a 25% increase on the 2015 figure of 232,000. The programme expanded its youth work as well as its Marie Stopes Ladies network, and consolidated its network of centres. The programme also took the lead on a task-sharing project, delivered in cooperation with the Ministry of Health, which will increase the number of providers able to deliver contraception. The programme also strengthened its clinical staff recruitment process by including practical sessions as part of the candidate screening process, providing them with an additional measure for short-listing appropriate candidates.

**Marie Stopes Ghana** delivered 786,000 CYPs in 2016, an 18% increase on 2015. Almost 80,000 of these additional CYPs were the result of continued strong performance in Ghana's social marketing channel. A further 10,000 additional CYPs were delivered by Ghana's centres and the programme also introduced the Marie Stopes Ladies channel in 2016, which provided more than 12,000 CYPs. The services that the team in Ghana provided in 2016 had a significant impact, averting 280,000 unsafe abortions and 1500 maternal deaths.

**Marie Stopes Mali** delivered 494,000 CYPs, an increase of 23% on the 2015 number of 402,000. Despite the challenging security situation, the programme expanded both its social franchise and Marie Stopes Ladies networks, and maintained the work of its outreach teams. The programme also developed campaigns (Competition Yes and Dambe Muso) aimed at increasing awareness of contraception among young people.

**Marie Stopes Niger** delivered 28,000 CYPs in 2016 a 75% increase on the 2015 figure of 16,000. The programme is the newest in the Partnership and in 2016 opened its first centre in Niamey and set up a network of eight Marie Stopes Ladies who operate in peri-urban areas. The programme expanded into the region of Maradi, and in total provided 24,000 long-acting and reversible methods of contraception, which is almost double the number for the previous year.

**Marie Stopes Senegal** delivered 286,000 CYPs in 2016, an increase of 16% on the previous year's figure of 247,000. The programme maintained its seven outreach teams, expanded the social franchise network to 57 private facilities and 15 public health facilities and strengthened the Marie Stopes Ladies channel. Its youth work expanded through four youth centres and dedicated outreach into schools and Universities.

In 2016, **Marie Stopes Sierra Leone** returned to normal service delivery after the devastating Ebola outbreak in 2014/2015. They delivered 447,000 CYPs, a 38% increase on 2015. This was driven by a significant increase in the provision of long-acting and permanent methods of contraception. The programme also focused efforts on maternal healthcare as part of a safe motherhood project and began to provide cervical cancer screening and treatment in their centres for the first time.

### South Asia

**Marie Stopes Bangladesh** delivered 2,972,000 CYPs in 2016 under the leadership of a new Country Director, this is a 10% increase on the 2015 figure of 2,709,000. The centres channel in particular has seen significant improvement after a new support office structure was implemented in late 2015. The centres channel has grown 26% on 2015 after introducing a dedicated channel lead and implementing performance management strategies. The programme was awarded a new advocacy grant in 2016 to supporting the removal of policy restrictions related to family planning uptake and service delivery in Bangladesh. The programme created a robust approach to public sector strengthening, which now supports 130 Ministry of Health doctors to provide implants, tubal ligations and vasectomy services across 230 government facilities. Six Marie Stopes Bangladesh clinicians and 50 paramedics support the doctors with infection prevention, medical emergency preparedness, and clinical competencies for contraceptive procedures. The programme continues to have significant impact, with the services they provided in 2016 averting 960,000 unintended pregnancies and 410,000 unsafe abortions.

The **Foundation for Reproductive Health Services (FRHS) India** delivered 1,107,000 CYPs in 2016, a 7% increase on the 2015 figure of 1,031,000. This uplift was achieved largely through over performance in their outreach channel, particularly in Uttar Pradesh and Bihar states. The country programme also took steps to maximise their efficiency during peak demand season and leverage their strong relationships with district level officials to gain the optimum number of camps at the most important locations.

**PHS India** delivered 4,566,000 CYPs, a 25% increase on the 2015 figure of 3,647,000 and the largest CYP contribution by any programme in the Marie Stopes International Partnership. This strong delivery was in spite of the negative impact of the demonetisation of currency initiated by the Indian Government. This delivery included 1,360,000 medical abortions through social marketing, an increase of 15% on 2015, achieved by strengthening the sales force and deploying enhanced social marketing strategies. The programme continues to have significant impact and in 2016 there were more than 3.5 million women using a method of contraception provided by PHS India.

**Marie Stopes Nepal** delivered 543,000 CYPs, a 37% increase on the 2015 number of 396,000. This uplift was delivered in spite of the political unrest which started in 2015 and continued into quarter two of 2016. The new Marie Stopes Ladies channel fully launched in 2016 after strong advocacy efforts at district level. The programme appointed a new Country Director in March who has brought in new leadership for the different channels, which is helping to drive improvements in their respective areas.

Our programme in Sri Lanka, **Population Services Lanka**, delivered 98,000 CYPs in 2016, a 22% decrease on the 2015 figure of 126,000. The programme continues to face an unstable political environment, but their centre network still managed growth of 269% to 8,000 CYPs, driven by increasing uptake of long-acting reversible methods of contraception.



## West Asia

**Marie Stopes Afghanistan** delivered 660,000 CYPs in 2016, a 57% increase on 2015's figure of 421,000 against a backdrop of escalating security challenges. This was driven by a strong increase in the delivery of long-term and permanent methods of family planning. The programme increased access to post-abortion care (PAC), with a 37% increase in PAC services, predominantly through the public sector and satellite clinics within public sector sites. The programme worked closely with the stakeholders to create a positive environment for sexual and reproductive healthcare by supporting the revision of their PAC guidelines and continuing to work with religious leaders as mobilisers for better health outcomes within their communities. The programme's quality team started to conduct spot checks of client records at their sites, comparing client record audit findings to their own. This verification process is providing additional learning opportunities for site teams to improve their record documentation.

**Marie Stopes Society Pakistan** generated 2,553,000 CYPs, a decrease of 16% from the 2015 figure of 3,028,000. The programme served a total of 424,000 clients through its clinic and outreach networks, a 21% decrease from 2015. The decline in CYPs and clients served was primarily driven by the early close-out of a USAID funded project and the close down of Creative Social Marketing, the programme's commercial arm. Despite this, the programme overall has become more productive with a 24% increase in CYPs per FTE compared with 2015 and the social franchise network remains the most productive in the Partnership in terms of CYPs per franchisee. The Pakistan programme maintained excellent clinical standards and client safety in their Suraj social franchise network, providing an example for all social franchising networks across the Partnership. Suraj franchises are small, midwife-led facilities. Each midwife receives a five-day induction training on clinical services including practical training at an MSS location. They also get mandatory annual competency assessments and refresher trainings, to ensure they remain competent. The team in Pakistan continue to have significant impact and the services that they provided will avert 654,000 unintended pregnancies and 270,000 unsafe abortions.

**Marie Stopes Yemen** delivered 413,000 CYPs, a 41% increase on the 2015 figure of 292,000. This increase is remarkable given the incredibly challenging operating environment as a result of the ongoing conflict in the country. The programme expanded its social franchise network to reach more rural and hard-to-reach people and served internally displaced people through its outreach teams. Team members have supported the humanitarian response efforts through the distribution of food parcels, clean water and some essential medicines. While stock levels of contraceptives and medicines were maintained throughout the majority of 2016, there were challenges receiving stocks in the last quarter of 2016 and the programme is working on contingency arrangements for 2017.

## Pacific Asia

**Marie Stopes Cambodia** delivered 151,000 CYPs in 2016, a 1% decrease on the 2015 number of 153,000. The year was focused on increasing the efficiency of their clinics, which took the network to sustainability through an expanded service package and other interventions. The social marketing channel didn't perform as well as expected due to hugely increased competition in the market place and is being phased out in 2017. The programme continued its strong partnership with garment factories, and reached 60,000 garment factory workers with family planning information, counselling and services.

**Marie Stopes China** delivered 31,000 CYPs in 2016, a 3% increase on the 2015 figure of 30,000. The clinic network in China has been successful in providing services to young people with 42% of clients under the age of 25 years and also ensuring strong uptake of post-abortion family planning to prevent future unplanned pregnancies.

**Marie Stopes Mongolia** delivered 136,000 CYPs, a 6% increase on the 2015 number of 128,000. The programme has consolidated its place as the main supplier of high quality medical abortion in the country by strengthening its partnership with the public sector. The programme's advocacy work over the last two years was instrumental in bringing about STI policy and practice change, including the instruction to place condoms in hotels, motels and other tourist and entertainment venues across the country. The programme also successfully registered new mifepristone and misoprostol products.



**Marie Stopes Myanmar** had a very successful year, delivering 590,000 CYPs, a 30% increase on the 2015 number of 454,000. The social marketing channel generated the majority of CYPs (322,000), and a surplus of £355,000. In Myanmar's first Demographic and Health Survey report (2015-2016), Marie Stopes Myanmar was mentioned as a major contributor of long term family planning services and as the best provider of informed choice and service quality among all the service providers in the country. The political landscape in the country and the transition to a new government resulted in operational challenges and some project activities being put on hold.

**Marie Stopes Papua New Guinea** delivered 115,000 CYPs, a 1% increase on the 2015 number of 114,000. The programme continued to reach more women and men with family planning despite donor funding cuts. Through the Rights at Every Level project, funded by the Danish government, the programme engaged parliamentarians, community leaders, health workers and young people to promote the PNG National Family Planning Policy and successfully communicated the importance of the policy. This helped to ensure everyone, including young people, has access to non-judgemental, free family planning services.

Our programme in the **Philippines (PSPI)** delivered 2,558,000 CYPs in 2016, an 11% decrease on the 2015 figure of 2,874,000. This was largely the result of resourcing issues caused by a significant number of team members transitioning into the public sector at the start of the year. The programme successfully advocated for a policy change, which allows private midwives to insert implants, increasing availability of the method across the country. Despite a challenging year, PSPI is still one of the most significant providers of family planning with more than 2.1 million women using a method of contraception provided by the programme.

**Marie Stopes Timor-Leste** delivered 29,000 CYPs in 2016, a 15% decrease on the 2015 figure. The programme provided fewer short term family planning methods and focused on those methods not currently available through government services, this resulted in a decrease in CYPs for the programme. They did, however, expand geographically and are now serving women in 11 of the 13 districts of Timor-Leste.

**Marie Stopes Vietnam** achieved 3,147,000 CYPs in 2016, an increase of 7% against the 2015 figure of 2,933,000. The social marketing channel delivered the strongest performance, with more than 1,400,000 CYPs. The programme entered into a public-private sector partnership with the Australian Government and the Pou Chen Group in 2016, which successfully increased demand for and access to high-quality reproductive healthcare amongst female workers in one of the largest factories in Vietnam. The team's increase in delivery of CYPs was reflected in an increase in impact and the services provided in 2016 will avert 625,000 unsafe abortions.

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### The UK, Australia and other self-sustaining programmes

The Group owns **Options Consultancy Services Ltd** ("Options"), a leading supplier of health expertise in 17 countries for DFID and other donors. Options' 2016 work included strengthening laboratory systems to reduce the spread of Ebola in Sierra Leone and restoring essential health care after the 2015 earthquakes in Nepal. Options' turnover for 2016 exceeded £22 million and the surplus generated was donated to support the work of the Marie Stopes International Partnership.

We operate in a number of countries where the focus is on providing services that are funded by health insurance or fees and the aim is to build sustainable businesses, whereby any surpluses generated are used to support the work of the Marie Stopes International Partnership across the world. The work in these countries is detailed below.

**Marie Stopes UK** faced significant challenges in 2016 and voluntarily suspended some of its procedures in August. The programme worked closely with the Care Quality Commission (CQC) to correct issues raised by their inspections earlier in the year. The programme made significant improvements, particularly to its governance arrangements and training procedures, during the third and fourth quarters of the year. They continue to work closely with the CQC and other stakeholders to continue improvements to their services and ensure that they can offer the best possible service for women in the UK.

**Marie Stopes Australia** had a year of change and consolidation in 2016, which included a major and broad-reaching restructure of the workforce, an evolution of their call centre service, activities to increase public-private partnerships and a focus on digital marketing strategy and capability. In a significant move, the programme added telehealth services to their offering, increasing access for women in remote areas.

**Other self-sustaining country programmes** include Mexico and South Africa. These programmes also benefit from targeted donor support, and helped by this, achieved financial self-sufficiency in 2016.

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## Financial review

The results for the year are shown in the consolidated statement of financial activities. The Trustees are pleased to note the continued financial health of the organisation. Income continued to grow strongly in the year (an increase of £23.7m, 8.9%), represented by growth in both donor funded income and self-generated service income. Expenditure grew by £24.2m (9.5%) to match the growth in income. This added to unrealised foreign exchange gains has led to an increase in reserves of £23.8m. Cash holdings at the year-end have increased by £7.0m to £76.3m.

The Charity conducts its operations through its branches and subsidiaries across the world. Several international operations operate at a deficit requiring support from the parent Charity. At 31 December 2016 twelve subsidiaries reported net liabilities with a total of £8.3 million. The Charity has reviewed the branches and subsidiaries that it supports and plans to continue to provide such support to these entities as is necessary for them to continue in operation for the benefit of the Charity's beneficiaries and in accordance with its charitable mission.

### Surplus

Total reserves increased by £23.8m due to:

- net income of £11.5m; and
- unrealised foreign exchange gains of £12.3m. These gains are primarily caused by translating assets denominated in multiple global currencies into sterling after the 20% devaluation of sterling in 2016.

### Foreign exchange impact of 2016 sterling devaluation

Sterling devalued by approximately 20% in 2016, following the vote by the UK to leave the European Union. This generated the following unrealised gains in the MSI 2016 accounts:

Unrealised foreign exchange gains	2016
	£m
Revaluation of country programme net assets	5.0
Revaluation of foreign currency assets held in the UK	6.2
Other unrealised gains	1.1
	<b>12.3</b>

### Income

In 2016 total income was £290.0 million, an increase of £23.7 million on the prior year. This is due to a £16.1 million increase in donor income and a £9.0 million increase in service income. In both cases, the increases are primarily caused by gains created when translating grant and service income recognised in country programmes into sterling, following the 20% devaluation in sterling in 2016.

The consistently strong levels of both donor income and service income for charitable activities are a result of the success of the previous *Power of 10* strategy, and the new *Scaling-Up Excellence* strategy (for the period 2016 – 2020). MSI is planning for continued growth in service and donor income in 2017, despite pressures on the donor portfolio, most noticeably the loss of USAID income during 2017.



Income	2016	2015
	£m	£m
Grant income	174.3	158.2
Service income	85.7	76.7
Consultancy income	22.7	24.9
Voluntary income	2.1	2.8
Other income	5.2	3.7
	<b>290.0</b>	<b>266.3</b>

### Expenditure

In 2016 total expenditure was £279.8 million, an increase of £24.2 million. This matches the increase in incoming resources for charitable activities, and is also primarily caused when translating expenditure recognised in foreign currencies into sterling after the 2016 sterling devaluation. Staff costs increased by £16.3m in the year to £130.3m.

### Cash balances

Cash increased in 2016 by £7.0 million to £76.3 million. The increase in cash is due to:

- Unrealised foreign exchange gains when international bank accounts are translated into sterling. This is the primary cause of the increase in cash balances held regionally.
- The advanced receipt of donor funds, this is offset by deferred income.

An analysis of cash balances by region is shown in the table below

Cash balances by Region		
	2016	2015
	£m	£m
<b>Region</b>		
East & Southern Africa	3.2	3.7
West Africa & Latin America	3.5	2.1
South Asia	2.7	2.0
West Asia	2.9	2.0
Pacific Asia	3.9	3.1
Rest of the World	6.6	7.0
UK	53.5	49.4
	<b>76.3</b>	<b>69.3</b>

### Reserves policy

Reserves can mean different things in the Group annual report and accounts. There is a technical definition of restricted and unrestricted reserves, driven by accounting standards. Then there is the necessary level of liquid reserves that a business, but especially a charity, must prudently retain. In this section we are primarily describing our liquid reserves.

For the purpose of assessing the adequacy of the Group's reserves, Trustees take a prudent view, based on the likely timescale to realise assets, or secure borrowings against those assets, and thereby generate liquid funds. The Trustees therefore monitor other liquid assets and the potential to secure medium term secured funding against the Group's tangible fixed assets.

The Trustees updated the Group reserves policy in November 2015, and review the policy annually, to ensure it remains consistent with Group strategy. The purpose of the Group reserve is to provide an unencumbered resource for the pursuit of Marie Stopes International's charitable mission of children by choice, not chance. Reserves would be used to ensure the organisation could operate in times of substantial income fluctuations or where expenditure on charitable activities could not or should not be scaled back in the short to medium term. At the same time, our policy is designed to ensure that we do not retain income for longer than is required. The Trustees consider the Group's reserves requirements from both a long and short term perspective.

Based on this review, the trustees established a target range for free liquid reserves of between £30 million and £35 million, with a target of £20 million of this to be held in accessible assets in an investment fund. The target of £30-35million was set taking account of the scale of the Group's operations and the likely impact of the strategic risks facing the Group. To put this in context, the Group's operating costs are approximately £25 million per month. The strategic risks facing the Group are summarised on page 14 above.

At 31 December 2016, MSI had liquid free reserves of £18.9m. This is the measure that we monitor and manage on a monthly basis. These reserves are primarily held in the sustainability fund. MSI will continue to build up the sustainability reserve fund until the free reserves target of £30-35 million is met.

At 31 December 2016 the Group accounts show the following unrestricted reserves:

- A designated sustainability reserve of £11.1m (2015: £9.7m), which is invested in a UK-managed investment fund. These funds are available on demand, and form a core part of the Group's free and liquid reserves.
- General unrestricted reserves of £55.1m (2015 – £38.2m). This is made up of global working capital and is not all immediately available for use. Apart from challenges of realising the assets, there are other practical restrictions in the shape of exchange controls in many developing countries.
- A designated tangible fixed assets reserve of £32.5m (2015: £30.4m) which represents the net book value of MSI's unrestricted tangible fixed assets – primarily clinic buildings. Of its nature, these assets are illiquid and are therefore excluded from the determination of our liquid reserves position.



This gives total unrestricted reserves of £98.7m (2015: £78.3 million) in the accounts. However, and as explained above, this is not indicative of the level of liquid reserves available to sustain our operations in the event of the crystallisation of a strategic or operational risk. Marie Stopes International's unrestricted funds represent the cumulative surpluses from the Group's worldwide operations. This includes commercial operations in the UK and Australia. The trustees endorse the use of surpluses from these operations to support family planning and sexual and reproductive health services around the world.

MSI's total reserves increased in 2016 due to unrealised foreign exchange gains of £12.3 million; this book gain was primarily caused by translation gains which arose when revaluing overseas assets into sterling following the 20% devaluation of sterling in 2016. With a recovery in sterling values these temporary gains will reverse.

In addition Marie Stopes International had restricted funds at 31 December 2016 of £18.8m (2015: £15.3m). These restricted funds are from two sources:

- Income received from donors to directly support our charitable activities.
- Net proceeds from clinic services which, for local legal reasons, are restricted for use within the country where the income was generated.

## Investments

A new investment policy was approved by the Board of Marie Stopes International in November 2015. In 2016 MSI management implemented this policy.

- In March 2016, Marie Stopes International appointed GAM as the new investment manager for the Group. The transition from Schroders (the previous fund managers) was complete by September 2016. All MSI investment funds are now under GAM management.
- Marie Stopes International's revised investment strategy is:
  - o To maintain a liquid medium risk diversified portfolio which acts as the core reserve of the organisation.
  - o To manage the fund at arm's length through half-yearly review meetings with the investment manager. Performance is assessed against recognised international benchmarks.
- MSI's investment holdings saw a £1.4m gain in the year (2017: £11.1m, 2016: £9.7m). Part of GAM's strategy has been to rebalance MSI's portfolio away from UK holdings. The gains are consequently due to realised and unrealised foreign exchange gains, caused by the depreciation in sterling.
- GAM achieved capital growth in the portfolio, in excess of international benchmarks, during the transition from Schroder's management. In 2017, MSI will review GAM's performance each half-year.



## Quality

Quality is one of the three pillars of our Scaling-Up Excellence strategy and in 2016 we continued to invest significant organisational time and resource into assuring ourselves and others of the high quality of our services. We commissioned an independent review of the services in our Nigeria, Pakistan and Uganda country programmes. This was undertaken by the highly regarded Stanford Program for International Reproductive Education and Services (SPIRES), who found “the services provided are of high quality and are consistent with the standards of both the World Health Organization (WHO) and other International Non-Governmental Organizations (NGOs)”. We will continue this process of external assurance of our clinical quality with further assessments in 2017.

Clinical incident management is a critical governance mechanism within the Partnership and 2016 saw the highest levels of incident reporting and clinical incident management since we introduced the system in 2009. All programmes started using standard clinical incident databases from the beginning of 2016 and shared their databases twice during 2016 with the Medical Development Team for review and fine tuning of methodologies. We also saw the highest levels of incident reporting, with a significant increase on the previous year. This is an important step as the knowledge gained from reviewing critical incidents is shared with all programmes in the Partnership and helps programmes avoid future incidents.

As an organisation, we assess the clinical risks in each country programme and then take appropriate steps to mitigate them. In 2016 the organisation introduced Partnership-wide clinical risk profiling, which is updated on a quarterly basis. The system is based on an individual programme's service mix and scale, and the clinical governance systems they have in place to mitigate clinical risk. It allows us to understand countries with high clinical risk, those with strong (and weak) clinical risk mitigation systems, and where the clinical risks of a given programme lies. These findings are used during the regular International Clinical Governance Committee meetings to address and mitigate these risks.

In 2016, all MSI programmes submitted clinical quality quarterly reports accompanied by the Medical Advisory Team minutes each quarter. This process will continue, and provides MSI with valuable insights into clinical governance and clinical safety within individual programmes.

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## People

The successful delivery of our mission is driven by the commitment and hard work of our 12,000 team members across the world. As part of our Scaling-Up Excellence strategy we have committed that we will continue to invest in our own people and nurture the talent that will help us to deliver on our goals.

In 2016 significant time and resource was spent on the development and launch of the Accelerated Leadership Programme, which focuses on the future leaders of country programmes. Talented individuals with the ambition and potential to develop into leadership roles within MSI will be attending a programme consisting of two modules, the first of which was delivered in April 2017. The initial focus is on clinical standards, understanding financial management and project cycle management, whilst also bringing in broader topics like self-awareness, situational management and effective decision making.

There was a particular focus on Personal Development Plans from the mid-year in 2016 and as a result, the plans for a three tier Management Development Programme began. The programme will begin with managers based in UK offices. We made strong progress towards our Scaling-Up Excellence aim of growing and nurturing more talent from within the organisation and we filled around 60% of business critical posts internally, notably Country Directors, and we developed a competence model to underpin career development.

As an organisation we work in some challenging political and security environments, we place particular emphasis on how we can support our team members in times of crisis. We have a dedicated Crisis Management Team, comprising experts from across support functions in our global support offices and in-country management. The Crisis Management Team provides key support to enable team members to work through crises, ensuring safety and security, and business continuity.

Marie Stopes International believes that it is important to be transparent regarding remuneration for senior team members balanced with realism about attracting talent to our organisation. Our approach to remuneration centres on two key factors:

- internal job evaluation which weights the distinct elements of roles and allows for internal comparison of roles within different functions; e.g. in operational management and in business support teams; and
- external pay benchmarking using market data taken from sector specific and general pay surveys.

We refer to the market median as the benchmark for determining salaries for fully competent individuals, along with a consideration of specific requirements for each post. Any salaries which fall outside the externally benchmarked median levels must be approved by the organisation's Remuneration Committee.

In the UK division, the CQC improvement planning process required a review of the policy suite relating to employment, and we launched our Fit and Proper Persons policies to reflect the regulatory requirements. We also revalidated the qualifications and competence levels of team members.

We have reviewed and updated the MSI corporate induction in order to maximise new starter engagement in the first four weeks of their employment. The new and improved 1.5 day corporate induction, delivered by representatives from three London Support Office departments, now introduces the organisation's service delivery model, corporate values and structure alongside critical personnel information to support team members during their on-boarding process.

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## Future Plans

Our plans for 2017 are guided by our Scaling-Up Excellence strategy and fall under the three strategic pillars of Scale and Impact, Quality and Sustainability. Further details of the strategy can be found on page 8 of this report.

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### Scale and Impact

- Continue strong CYP performance and deliver 32 million CYPs across the Marie Stopes International Partnership in 2017. This goal recognises that whilst we expect to see continued growth in service delivery in our programmes in sub-Saharan Africa, we face challenges to our funding presented by the Mexico City Policy and in 2017 we will redefine our activities in a number of countries in Pacific Asia.
- Ensure a further 1.5 million additional users of contraception are added to the 2016 total of 4 million by increasing access to services, particularly for young people.
- Deliver a minimum of three significant policy or law changes in the countries where we work, which will help increase the availability of sexual and reproductive healthcare for the women who need them.

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### Quality

- Implement new Quality Technical Assistance (QTA) across the global Marie Stopes International Partnership, ensuring that the organisation continues to lead the way in the delivery of high quality contraception and safe abortion services.
- Ensure that our wholly-owned Marie Stopes Centres continue to be beacons of clinical excellence with 100% of centres meeting global quality standards.
- Embed the Marie Stopes International Accelerated Leadership Programme to develop our leaders of the future from within the Global Partnership.

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### Sustainability

- Deliver on the organisation's reserves policy, improving the Group's overall liquidity position.
- Deliver a financial surplus across the global organisation.
- Continue to build effective partnerships with new and existing donors to harness opportunities for new funding and contracting.

## Independent auditors

A resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the Charity will be put to the Board at the Annual General Meeting.

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## Statement of Trustees' responsibilities

The Trustees (who are also directors of Marie Stopes International for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom 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 the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom 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 company's auditors are unaware; and they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 26 May 2017, including approving in their capacity as company Directors the Strategic Report contained therein, and is signed as authorised on its behalf by:

**Mr TM Rutter FRCS**  
Chairman

26 May 2017

# Independent auditors' report to the members of Marie Stopes International

## Report on the financial statements

### Our opinion

In our opinion, Marie Stopes International's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

The financial statements, included within the Marie Stopes International Financial Statements and Annual Report (the "Annual Report"), comprise:

- the group and company balance sheets as at 31 December 2016;
- the consolidated statement of financial activities (incorporating the income and expenditure account) for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

- the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Trustees' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



# Consolidated statement of financial activities (incorporating the income and expenditure account) for the year ended 31 December 2016

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000 Restated
<b>Income from</b>					
Donations	3a	1,099	1,039	2,138	2,838
Charitable activities	3b	128,579	154,093	282,672	259,810
Investments	3c	668	38	706	678
Other income		4,166	280	4,446	2,971
<b>Total income</b>		<b>134,512</b>	<b>155,450</b>	<b>289,962</b>	266,297
<b>Expenditure on</b>					
Raising funds	4	(1,087)	-	(1,087)	(1,017)
Charitable activities	4	(124,839)	(153,912)	(278,751)	(254,594)
<b>Total expenditure</b>		<b>(125,926)</b>	<b>(153,912)</b>	<b>(279,838)</b>	(255,611)
<b>Net gains on investments</b>	10d	1,378	-	1,378	183
<b>Net income</b>		<b>9,964</b>	<b>1,538</b>	<b>11,502</b>	<b>10,869</b>
<b>Transfers between funds</b>	15/22	(140)	140	-	-
<b>Other recognised gains / (losses)</b>					
Unrealised exchange gains / (losses)		10,495	1,822	12,317	(1,001)
<b>Net movement in funds</b>	7	<b>20,319</b>	<b>3,500</b>	<b>23,819</b>	9,868
<b>Fund balances brought forward</b>	15/16	78,350	15,328	93,678	83,810
<b>Fund balances carried forward</b>	<b>15/16</b>	<b>98,669</b>	<b>18,828</b>	<b>117,497</b>	93,678

All amounts relate to continuing activities. All gains and losses recognised in the year are included in the Statement of Financial Activities. There is no material difference between the net income for the year and net movement in funds stated above and their historical cost equivalents.

Fund balances brought forward at 1st January 2015 have been restated in accordance with a change in group accounting policy for income recognition on donor granted stock and stock purchased with donor funds. See note 25.

The 2015 funds brought forward of £83.8m are made up of unrestricted funds of £71.6m and restricted funds of £12.2m. See Note 2 for further detail.

The notes on pages 42 to 63 form part of these financial statements.

## Balance sheet as at 31 December 2016

	Note	Group		Company	
		Total 2016 £'000	Total 2015 £'000 Restated	Total 2016 £'000	Total 2015 £'000 Restated
<b>Fixed assets</b>					
Intangible assets	8	688	740	682	731
Tangible assets	9	42,535	39,673	22,829	23,917
Investments	10	11,539	10,172	12,162	13,415
<b>Total fixed assets</b>		<b>54,762</b>	<b>50,585</b>	<b>35,673</b>	<b>38,063</b>
<b>Current assets</b>					
Stock		17,168	12,870	6,123	5,357
Receivables	11	53,576	47,746	44,533	41,823
Short-term deposits		5,870	3,290	2,446	214
Cash at bank and in hand		76,264	69,298	52,855	50,224
<b>Total current assets</b>		<b>152,878</b>	<b>133,204</b>	<b>105,957</b>	<b>97,618</b>
Payables: amounts falling due within one year	12a	(83,377)	(84,427)	(48,365)	(57,250)
<b>Net current assets</b>		<b>69,501</b>	<b>48,777</b>	<b>57,592</b>	<b>40,368</b>
<b>Total assets less current liabilities</b>		<b>124,263</b>	<b>99,362</b>	<b>93,265</b>	<b>78,431</b>
Payables: amounts falling due after more than one year	12b	(2,121)	(926)	(1,724)	(893)
Loans: amounts falling due after more than one year	13	(4,645)	(4,758)	(4,645)	(4,748)
<b>Net assets</b>		<b>117,497</b>	<b>93,678</b>	<b>86,896</b>	<b>72,790</b>
<b>The funds of the charity:</b>					
<b>Unrestricted income funds</b>					
General funds	16	55,092	38,241	47,839	32,747
Designated funds - tangible fixed asset reserve	16	32,483	30,393	22,829	23,917
Designated funds - sustainability reserve	16	11,094	9,716	11,094	9,716
<b>Total unrestricted income funds</b>	16	<b>98,669</b>	<b>78,350</b>	<b>81,762</b>	<b>66,380</b>
<b>Restricted income funds</b>	15	<b>18,828</b>	<b>15,328</b>	<b>5,134</b>	<b>6,410</b>
<b>Total charity funds</b>		<b>117,497</b>	<b>93,678</b>	<b>86,896</b>	<b>72,790</b>

Fund balances brought forward at 1st January 2015 have been restated in accordance with a change in group accounting policy for income recognition on donor granted stock and stock purchased with donor funds. See note 25.

The notes on pages 42 to 63 form part of these financial statements.

The financial statements on pages 38 to 63 were approved by the Board of Trustees on 26 May 2017 and signed on its behalf by

**Mr TM Rutter** FRCS  
Chairman

26 May 2017

## Consolidated cash flow statement for the year ended 31 December 2016

	2016		2015	
	£'000	£'000	£'000	£'000
<b>Net cash provided by operating activities</b>		<b>16,765</b>		19,835
<b>Cash flows from investing activities</b>				
Dividends, interest and rents from investments	706		678	
Proceeds from sale of tangible fixed assets	749		637	
Proceeds from sale of fixed asset investments	57		-	
Purchase of tangible fixed assets	(8,760)		(7,866)	
Purchase of intangible assets	-		(158)	
Purchase of fixed asset investments	(21)		(2,131)	
<b>Net cash used in investing activities</b>		<b>(7,269)</b>		(8,840)
<b>Cash flows from financing activities</b>				
Increase/(decrease) in bank and unsecured loans	163		(1,208)	
(Decrease)/increase in long term loans	(113)		229	
<b>Net cash generated from / (used in) financing activities</b>		<b>50</b>		(979)
<b>Net increase in cash and cash equivalents</b>		<b>9,546</b>		10,016
Cash and cash equivalents at 1 January		72,588		62,572
Cash and cash equivalents at 31 December		<b>82,134</b>		<b>72,588</b>
<b>Cash and cash equivalents consists of:</b>				
Cash at bank and in hand		76,264		69,298
Short-term deposits		5,870		3,290
<b>Total cash and cash equivalents</b>		<b>82,134</b>		<b>72,588</b>



## Consolidated cash flow statement for the year ended 31 December 2016

### Reconciliation of net income to net cash inflow from operating activities

	2016 £'000	2015 £'000
Net income for the year	11,502	10,869
Investment income	(706)	(678)
Depreciation of tangible fixed assets	9,254	8,015
Amortisation & impairment of intangible fixed assets	57	2,781
Loss on disposal of tangible fixed assets	254	75
Gain on revaluation of investments	(1,378)	(183)
(Increase)/decrease in stocks	(4,298)	723
Increase in receivables	(5,830)	(2,878)
(Decrease)/Increase in payables & provisions	(18)	671
Exchange movements	7,928	440
<b>Net cash inflow from operating activities</b>	<b>16,765</b>	<b>19,835</b>
<b>b) Reconciliation of movement in net funds</b>		
Total cash and cash equivalents	82,134	72,588
Bank loans falling due within one year	(582)	(419)
Other loans falling due after more than one year	(4,645)	(4,758)
<b>Cash and cash equivalents less borrowings</b>	<b>76,907</b>	<b>67,411</b>
Increase in cash	9,546	10,016
Cash (inflow)/outflow from financing	(50)	979
Net funds at 1 January	67,411	56,416
Net funds at 31 December	76,907	67,411

The notes on pages 42 to 63 form part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2016

### 1. Accounting policies

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

In 2016, MSI implemented a change in group accounting policy for income recognition on both donor granted stock and stock purchased with donor funds. Consequently, MSI has restated its reserves for the prior year, as disclosed in note 25.

The principal accounting policies, which have been applied consistently in the year across the group, are set out below.

#### a) Basis of preparation and assessment of going concern

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments to market values. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the charity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note (o) to these policies.

No separate Statement of Financial Activities or income and expenditure account has been presented for the Company alone as permitted by section 408 of the Companies Act 2006. The Company had total income in the year of £146.0 million (2015: £133.2 million) and total expenditure of £141.6 million (2015: £120.2 million) giving a net gain for the year of £4.4 million (2015: £13.0 million). The net movement in funds, after investment gains/losses was a gain of £14.1m (2015: £13.0 million)

Having considered the risks, reserves and financial position the financial statements have been prepared on a going concern basis.

#### b) Basis of consolidation

The Group financial statements combine the results of the parent undertaking, Marie Stopes International, and its subsidiary undertakings after eliminating inter-group transactions. Marie Stopes International refers to Marie Stopes International's UK operations and international branch offices. The subsidiary undertakings are detailed in note 20.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made on consolidation to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control.

Where control of a subsidiary ceases, the gain or loss is recognised in the consolidated Statement of Financial Activities. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

## Notes to the financial statements for the year ended 31 December 2016

### c) Foreign currency

#### (i) Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the opening exchange rates for the month of transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at month of transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and related to borrowings and cash and cash equivalents are presented in the Statement of Financial Activities (SOFA).

Foreign exchange gains and losses resulting from the translation at period-end exchange rates of monetary assets and liabilities and all other foreign exchange gains and losses are presented in the SOFA within unrealised exchange gains/(losses).

#### (iii) Translation

The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end.

### d) Income

#### Donations

Donations are included in the Statement of Financial Activities when there is entitlement to the income, receipt is probable and the amount can be measured reliably.

#### Charitable activities

Income from charitable activities comprises income from the provision of services to clients for sexual and reproductive healthcare, grants for the delivery of sexual & reproductive health services and consultancy services.

#### Grant income

Income from external grants is recognised in the Statement of Financial Activities as soon as it is receivable unless donor conditions related to performance and specific deliverables apply. These grants are accounted for as the charity earns the right to consideration through performance. Where income is received in advance it is classified as deferred and included in payables until conditions of entitlement are met, at which point it is released. Where entitlement occurs before the income is received the income is accrued and included in receivables.

#### Granted supplies and equipment

Where the charity receives grants of goods and services in kind and where there is a measurable value to the charity, which can be ascertained with reliability, the grant is included as both income and expenditure. Both the income and expenditure elements are recognised in the Statement of Financial Activities when the granted stock has been used by the charity.



## Notes to the financial statements for the year ended 31 December 2016

### Service income

Service income comprises income received and receivable from clients for sexual and reproductive health services and products provided during the period.

### Investments

Investment income comprises interest, dividends, distributions and rents and is recognised in the period in which it becomes receivable.

### Other income

All other items of income are recognised within the other income category. Income is recognised when there is entitlement to the income, receipt is probable and the amount can be measured reliably.

### e) Expenditure

All expenditure is accounted for on an accruals basis. Direct costs incurred by the Group are allocated across the various types of expenditure as follows:

**Raising funds** comprises costs relating to the raising of grant income.

**Charitable activities** comprise costs relating directly to the delivery of family planning and other sexual and reproductive health services and related advocacy and awareness raising and capacity building. Costs include delivery of clinical and outreach services throughout the global partnership, such as service providers' salaries, costs of drugs and equipment, materials, premises, training and travel.

**Governance costs** represent the costs of compliance with statutory requirements and include the costs of audits and costs incurred on behalf of trustees relating to the governance of the organisations, such as travel and meeting attendance.

### f) Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

#### (i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

#### (ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

#### (iii) Annual bonus plan

The Group operates an annual bonus plan for employees. An expense is recognised in the SOFA account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

### g) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

## Notes to the financial statements for the year ended 31 December 2016

### h) Grants paid

Grants payable to third parties to reimburse them for specific activities undertaken by them in support of Marie Stopes International's charitable activities are charged to the Statement of Financial Activities when an obligation exists.

### i) Intangible fixed assets

Goodwill, which represents the excess of the acquisition costs over the fair values of the identifiable net assets acquired is capitalised at cost and amortised over its estimated useful life.

Registration and license fees are capitalised at cost and are amortised over the period to which the rights relate (estimated to be seven years).

### j) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided on completed assets at rates calculated to write off the cost of fixed assets less their estimated residual value, on a straight line basis over their useful economic lives as follows:

Freehold properties	Over estimated useful life
Short leasehold properties	Over period of the lease
Office equipment	20% to 50% per annum
Medical equipment	20% to 50% per annum
Computer equipment and software	25% to 50% per annum
Motor vehicles	25% per annum

Marie Stopes International capitalises fixed assets in the UK above a value of £5,000. For Marie Stopes International's branches and subsidiaries overseas the capitalisation level is lower and varies by entity.

Assets under development are not depreciated until they have been brought into use.

The carrying value of fixed assets is reviewed for impairment if events or changes in circumstances suggest that their carrying amount may not be recoverable.

### k) Fixed asset investments

Listed investments and investment properties are stated at the market value at the balance sheet date. Investments such as hedge funds and private equity funds, which have no readily identifiable market value, are included at the most recent valuations from their respective managers.

Investments in subsidiaries are stated at cost less any provision to impairment.

Revaluation gains or losses arising during the year are included in the Statement of Financial Activities. Impairments are charged to resources expended on charitable activities. Investment income is the amount receivable by Marie Stopes International in the year.

### l) Programme related investments

Programme related investments are included at the amount invested less any repayments and impairments.

## Notes to the financial statements for the year ended 31 December 2016

### m) Stock

Stock represents medical equipment and supplies purchased or donated to fulfil Marie Stopes International's charitable objectives and is reported at the lower of cost and net realisable value. In some circumstances stock items are sold (rather than used internally) after the balance sheet date. In such cases our assessment of net realisable value is based on the service potential provided by the items of stock because, as indicated, the sale after the balance sheet date is made in furtherance of our charitable objectives. As a result, in these cases, it is not necessary to impair the carrying value of this stock at the period end.

### n) Reserves and fund accounting

**General reserves** are unrestricted funds available to be used at the discretion of the Board of Trustees for the furtherance of the charitable objectives of the Group and which have not been designated for any other purpose.

**Designated funds** comprise unrestricted funds that have been set aside by the Board of Trustees for particular purposes. The aim of each designated fund is set out in note 16.

**Restricted funds** are funds which have to be used in accordance with specific restrictions imposed by a donor and funds restricted by constitution which represent the accumulated surpluses from those group entities where the funds have been generated locally and the future use is restricted to that location.

**Overhead/support costs** relating to restricted donor funds are classed as unrestricted expenditure and are not directly attributed to restricted funds at source. The fees earned on restricted donor funds in relation to these overhead/support costs are directly attributed to restricted income and at the year end a reallocation is made between restricted and unrestricted funds in relation to these fees.

### o) Key accounting estimates and assumptions

The charity makes estimates and assumptions concerning the future. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include provisions, accruals, depreciation and revenue recognition. The accounting in these areas of the financial statements requires management to use judgement. In relation to provisions and accruals this is with regard to a best estimate of the costs that will be incurred based on legislative and contractual requirements. For depreciation these estimates are driven by the useful economic life of the associated assets. For revenue recognition management apply judgement in concluding on the point at which revenue should be recognised.

### p) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### (i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.



## Notes to the financial statements for the year ended 31 December 2016

### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### q) Company status

Marie Stopes International is a Company limited by guarantee. The members of the Company are the Trustees named on page 4. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per Trustee.

# Notes to the financial statements for the year ended 31 December 2016

## 2. Comparative information for the consolidated statement of financial activities (incorporating the income and expenditure account) for the year ended 31 December 2016

	2016			2015 (Restated)		
	Unrestricted funds	Restricted funds	Total 2016	Unrestricted funds	Restricted funds	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from</b>						
Donations	1,099	1,039	2,138	978	1,860	2,838
Charitable activities	128,579	154,093	282,672	104,871	154,939	259,810
Investments	668	38	706	489	189	678
Other income	4,166	280	4,446	2,242	729	2,971
<b>Total income</b>	<b>134,512</b>	<b>155,450</b>	<b>289,962</b>	<b>108,580</b>	<b>157,717</b>	<b>266,297</b>
<b>Expenditure on</b>						
Raising funds	(1,087)	-	(1,087)	(1,017)	-	(1,017)
Charitable activities	(124,839)	(153,912)	(278,751)	(99,165)	(155,429)	(254,594)
<b>Total expenditure</b>	<b>(125,926)</b>	<b>(153,912)</b>	<b>(279,838)</b>	<b>(100,182)</b>	<b>(155,429)</b>	<b>(255,611)</b>
<b>Net gains on investments</b>	<b>1,378</b>	<b>-</b>	<b>1,378</b>	<b>183</b>	<b>-</b>	<b>183</b>
<b>Net income</b>	<b>9,964</b>	<b>1,538</b>	<b>11,502</b>	<b>8,581</b>	<b>2,288</b>	<b>10,869</b>
<b>Transfers between funds</b>	<b>(140)</b>	<b>140</b>	<b>-</b>	<b>(854)</b>	<b>854</b>	<b>-</b>
<b>Other recognised gains / (losses)</b>						
Unrealised exchange gains / (losses)	10,495	1,822	12,317	(1,001)	-	(1,001)
<b>Net movement in funds</b>	<b>20,319</b>	<b>3,500</b>	<b>23,819</b>	<b>6,726</b>	<b>3,142</b>	<b>9,868</b>
<b>Fund balances brought forward at 1 January</b>	<b>78,350</b>	<b>15,328</b>	<b>93,678</b>	<b>71,624</b>	<b>12,186</b>	<b>83,810</b>
<b>Fund balances carried forward at 31 December</b>	<b>98,669</b>	<b>18,828</b>	<b>117,497</b>	<b>78,350</b>	<b>15,328</b>	<b>93,678</b>

Fund balances brought forward at 1st January 2015 have been restated in accordance with a change in group accounting policy for income recognition on donor granted stock and stock purchased with donor funds. See note 25.

## Notes to the financial statements for the year ended 31 December 2016

### 3. Income from

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
a) <b>Donations</b>				
Donations	1,099	1,039	2,138	2,838

### b) Charitable activities

#### Grant income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Department for International Development	4,353	42,190	46,543	46,386
United States Agency for International Development	-	23,786	23,786	23,421
The Bill and Melinda Gates Foundation	57	8,965	9,022	12,131
Ministry of Foreign Affairs of Denmark	2,774	3,617	6,391	5,080
Netherlands Ministry of Foreign Affairs	520	4,709	5,229	4,464
United Nations	55	4,610	4,665	4,482
Australian Dept for Foreign Affairs & Trade	-	3,937	3,937	4,040
Children's Investment Fund Foundation	-	2,037	2,037	448
Kreditanstalt für Wiederaufbau	-	1,895	1,895	2,539
William and Flora Hewlett Foundation	-	1,868	1,868	807
JTA International	-	1,831	1,831	2,042
Pact	-	1,078	1,078	826
Swedish International Development Agency	-	875	875	1,184
Ministry for Foreign Affairs of Finland	-	740	740	483
The David and Lucile Packard Foundation	-	229	229	497
Norwegian Agency for Development Cooperation	-	161	161	669
European Union	-	-	-	1,393
Anonymous	-	34,385	34,385	20,938
Other	4,875	14,988	19,863	19,411
	12,634	151,901	164,535	151,241
Reallocation of fees earned on restricted grants	7,419	(7,419)	-	-
	<b>20,053</b>	<b>144,482</b>	<b>164,535</b>	<b>151,241</b>

Granted supplies and equipment	104	9,611	9,715	6,983
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#### Service income

Sexual and reproductive healthcare services	110,264	-	110,264	103,432
Fee waived	(1,842)	-	(1,842)	(1,846)
	108,422	-	108,422	101,586
Total income from charitable activities	128,579	154,093	282,672	259,810

Grant income is recognised in accordance with the Charities SORP and as a result may differ from cash received; please see note 1d for further information. Where the purpose of the grant is narrower than the charitable objects of Marie Stopes International, is restricted to a specific location, or deemed to be restricted by time constraints, the grant income is classified as restricted. The fees earned on restricted donor funds in relation to overhead/support costs are directly attributed to restricted income and at the year end a reallocation is made between restricted and unrestricted funds in relation to these fees.

A geographical split of this income is shown on page 21 of the Trustees' Report

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
c) <b>Investments</b>				
Bank interest receivable	421	9	430	328
Distributions receivable	111	-	111	114
Rent receivable	136	29	165	222
Other receivable	-	-	-	14
	<b>668</b>	<b>38</b>	<b>706</b>	<b>678</b>



## Notes to the financial statements for the year ended 31 December 2016

### 4. Expenditure

#### a) Total expenditure

	Direct costs £'000	Staff costs (4d) £'000	Other costs £'000	Support costs (4c) £'000	<b>Total 2016 £'000</b>	Total 2015 £'000
Raising funds	212	785	2	88	<b>1,087</b>	1,017
Charitable activities	136,611	120,558	7,995	13,587	<b>278,751</b>	254,594
Subtotal	136,823	121,343	7,997	13,675	<b>279,838</b>	255,611
Support costs reallocation	3,556	8,971	1,148	(13,675)	-	-
<b>Total</b>	<b>140,379</b>	<b>130,314</b>	<b>9,145</b>	-	<b>279,838</b>	<b>255,611</b>

#### b) Direct costs of charitable activities

Direct expenditure on charitable activities includes subcontracts awarded to external partners of £16,567,000 (2015: £16,787,000). Details are available from Marie Stopes International, 1 Conway Street, London W1T 6LP.

#### c) Support costs

	<b>£'000</b>
Management and office services	2,352
Finance and information technology	5,924
Programme support	1,892
People and development	980
External relations	1,268
Governance costs	1,259
<b>Total support costs 2016</b>	<b>13,675</b>
Total support costs 2015	12,486

Support costs represent the cost of Marie Stopes International's London and regional support offices and are allocated by function. Costs relate to the costs of technical assistance to programmes and to the corporate functions of Information Technology, People and Development, External Relations and other centralised functions.

Support costs are apportioned to specific activities based on the weighting of each function as a percentage of total costs.

Governance costs include expenditure on internal and external audit, Trustee meetings and non-audit services. In 2016 the cost of the group audit was £182,928 (2015: £177,600), inclusive of VAT. In addition, fees for the audit of country programmes totalled £336,000 (2015: £272,000).

Non-audit fees paid to the current auditors in the year was £13,000 (2015: £29,000)

#### d) Staff

	<b>2016 £'000</b>	2015 £'000
Staff costs:		
- Wages and salaries	<b>98,515</b>	83,483
- Social security costs	<b>4,890</b>	4,392
- Other pension costs	<b>3,320</b>	2,810
	<b>106,725</b>	90,685
Sessional fees and agency costs	<b>23,589</b>	23,300
<b>Total staff costs</b>	<b>130,314</b>	<b>113,985</b>

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund managed by the Standard Life Assurance Company.

In line with government legislation, Marie Stopes International commenced the automatic enrolment of its staff into its defined contribution pension scheme where certain criteria are met.

On 1 October 2013, the charity introduced 'Smart' pensions for all members of the group personal pension scheme. Smart pensions is a salary sacrifice scheme for pension contributions enabling current members to save on national insurance contributions. Staff can choose to opt out of Smart pensions and remain in the standard pension scheme.

Redundancy and termination payments totalled £402,000 in 2016 (2015: £1,069,000).

## Notes to the financial statements for the year ended 31 December 2016

### 4. Expenditure (continued)

#### d) Staff (continued)

The average monthly number of staff analysed by function was:

- Raising funds
- Charitable activities

2016 Number	2015 Number
8	8
12,349	12,418
<b>12,357</b>	<b>12,426</b>

The numbers of employees whose emoluments were more than £60,000 were:

£60,001 - £70,000  
£70,001 - £80,000  
£80,001 - £90,000  
£90,001 - £100,000  
£100,001 - £110,000  
£110,001 - £120,000  
£120,001 - £130,000  
£130,001 - £140,000  
£140,001 - £150,000  
£150,001 - £160,000  
£160,001 - £170,000  
£170,001 - £180,000  
£180,001 - £190,000  
£190,001 - £200,000  
£200,001 - £210,000  
£260,001 - £270,000  
£400,000 - £410,000  
£420,000 - £430,000

2016 Number	2015 Number
40	32
21	18
17	13
9	10
6	3
4	5
2	-
3	1
-	1
2	4
2	2
2	1
1	2
3	-
2	1
1	1
1	-
-	1

Employee numbers disclosed above include staff from all entities in the group, including Options Consultancy Services.

The remuneration of the highest paid employee was split between base salary of £170,091 (2015: £168,924) and performance-based bonus of £233,303 (2015: £251,831). The total paid to key management personnel in 2016 was £1,219,000 (2015: £939,000).

Retirement benefits were accrued under a defined contribution scheme for 91 higher paid employees (2015: 76).

Total employer contributions for these employees were £300,000 (2015: £249,000).

### 5. Directors' emoluments

None of the directors received emoluments during the year for their services as trustees (2015: none).

### 6. Interest payable and similar charges

Loans and overdrafts

2016 £'000	2015 £'000
180	183

### 7. Net movement in funds

Net movement in funds is stated after charging:

Amortisation of intangible fixed assets  
Depreciation of tangible fixed assets  
Operating lease rentals

2016 £'000	2015 £'000
57	511
9,254	8,015
6,371	5,845

# Notes to the financial statements for the year ended 31 December 2016

## 8. Intangible assets

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<b>Goodwill</b>				
Opening balance	738	2,328	731	2,312
Impairments	-	(1,185)	-	(1,185)
Amortisation	(55)	(306)	(51)	(303)
Exchange movements on consolidation	5	(99)	2	(93)
<b>Closing balance</b>	<b>688</b>	<b>738</b>	<b>682</b>	<b>731</b>
<b>License and registration fees</b>				
Opening balance	2	1,209	-	55
Additions	-	158	-	-
Impairments	(2)	(1,085)	-	(55)
Amortisation	-	(205)	-	-
Exchange movements on consolidation	-	(75)	-	-
<b>Closing balance</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Intangible fixed assets</b>	<b>688</b>	<b>740</b>	<b>682</b>	<b>731</b>



## Notes to the financial statements for the year ended 31 December 2016

### 9. Tangible assets

Group	Freehold properties	Short leasehold properties	Office equipment	Medical equipment	Computer equipment & software	Motor vehicles	Assets under development	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 January 2016	37,145	3,461	6,928	8,837	16,236	13,895	660	87,162
Additions	625	2,077	646	1,223	1,282	1,902	1,005	8,760
Transfers between asset classes	969	(919)	57	22	382	-	(511)	-
Disposals	(111)	(612)	(652)	(506)	(742)	(1,618)	-	(4,241)
Exchange movements on consolidation	2,476	528	1,019	1,264	1,207	2,108	28	8,630
At 31 December 2016	41,104	4,535	7,998	10,840	18,365	16,287	1,182	100,311
<b>Accumulated depreciation</b>								
At 1 January 2016	15,838	2,481	4,647	5,885	9,998	8,640	-	47,489
Charge for the year	1,422	337	959	1,187	2,953	2,396	-	9,254
Transfers between asset classes	140	(140)	-	-	-	-	-	-
Disposals	(13)	(612)	(553)	(459)	(584)	(1,017)	-	(3,238)
Exchange movements on consolidation	454	232	645	907	694	1,339	-	4,271
At 31 December 2016	17,841	2,298	5,698	7,520	13,061	11,358	-	57,776
<b>Net book value</b>								
At 31 December 2016	23,263	2,237	2,300	3,320	5,304	4,929	1,182	42,535
At 31 December 2015	21,307	980	2,281	2,952	6,238	5,255	660	39,673

### Company

	Freehold properties	Short leasehold properties	Office equipment	Medical equipment	Computer equipment & software	Motor vehicles	Assets under development	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 January 2016	28,522	2,605	3,147	4,250	12,113	3,732	515	54,884
Additions	293	29	259	656	460	404	459	2,560
Transfers between asset classes	42	-	57	22	376	-	(497)	-
Disposals	-	(522)	(243)	(114)	(207)	(112)	-	(1,198)
Exchange movements on consolidation	941	156	339	395	484	563	27	2,905
At 31 December 2016	29,798	2,268	3,559	5,209	13,226	4,587	504	59,151
<b>Accumulated depreciation</b>								
At 1 January 2016	14,399	1,913	2,412	2,493	7,481	2,269	-	30,967
Charge for the year	1,115	187	335	673	2,005	685	-	5,000
Disposals	-	(514)	(231)	(108)	(180)	(49)	-	(1,082)
Exchange movements on consolidation	222	105	265	234	272	339	-	1,437
At 31 December 2016	15,736	1,691	2,781	3,292	9,578	3,244	-	36,322
<b>Net book value</b>								
At 31 December 2016	14,062	577	778	1,917	3,648	1,343	504	22,829
At 31 December 2015	14,123	692	735	1,757	4,632	1,463	515	23,917

# Notes to the financial statements for the year ended 31 December 2016

## 10. Investments

	Note	Group		Company	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Investment property	10a	278	240	278	240
Investment in subsidiaries	10b	-	-	787	3,459
Programme related investments	10c	-	-	-	-
Listed investments	10d	11,261	9,932	11,097	9,716
		<b>11,539</b>	<b>10,172</b>	<b>12,162</b>	<b>13,415</b>

### a) Investment property

	Group and Company	
	2016	2015
	£'000	£'000
Market value at beginning of the year	240	259
Exchange movement on consolidation	38	(19)
Market value at end of the year	<b>278</b>	<b>240</b>

### b) Investment in subsidiaries

	Company	
	2016	2015
	£'000	£'000
Investment in subsidiary undertakings at cost:		
At beginning of the year	3,459	3,470
Impairment *	(2,667)	(11)
Exchange movement on consolidation	(5)	-
At end of the year	<b>787</b>	<b>3,459</b>

\* In 2016, the charity reviewed the book value of its investment in subsidiaries and consequently made an impairment adjustment, so that the value of the total investment was aligned with the underlying net assets of the seven subsidiaries included in the investment.

### c) Programme related investments

	Company	
	2016	2015
	£'000	£'000
At beginning of the year	-	196
Capital repayment	-	(196)
At end of the year	<b>-</b>	<b>-</b>

## Notes to the financial statements for the year ended 31 December 2016

### 10. Investments (continued)

#### d) Listed investments

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Market value at beginning of the year	9,932	7,632	9,716	7,423
Additions	21	2,131	3	2,110
Disposals	(57)	-	-	-
Revaluation gain	1,378	183	1,378	183
Exchange movement on consolidation	(13)	(14)	-	-
Market value at end of the year	11,261	9,932	11,097	9,716
Investment portfolio allocation:				
Equities	5,378	5,232	5,371	5,186
Bonds	2,441	622	2,441	622
Multi-asset funds and Alternatives	1,668	2,926	1,668	2,926
Private equity	1,117	-	1,117	-
Cash	657	1,152	500	982
	11,261	9,932	11,097	9,716

#### Material holdings within the investment portfolio:

	Group and Company	
	2016	2015
	£'000	£'000
<b>Equities</b>		
GAM Star Global Quality GBP fund	1,164	-
GAM Star Capital Appreciation US Equity fund	606	-
Loomis Sayles US Equity Leaders fund	871	-
Vanguard S&P 500 ETF	934	538
JB Multistock Emerging Equity	552	-
<b>Bonds</b>		
GAM Star Absolute Return Bond Plus fund	761	-
<b>Multi-asset funds and Alternatives</b>		
CF Ruffer Total Return Fund	656	582
Trojan Fund	692	619
Schroder Private Equity Funds IV	1,117	740
Henderson Gartmore UK Absolute Return fund	-	550

In the opinion of the trustees, the carrying value of the investments is supported by the underlying net assets.

# Notes to the financial statements for the year ended 31 December 2016

## 11. Receivables

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
		Restated		Restated
Trade receivables	14,114	15,320	4,664	5,772
Amounts owed by group undertakings	-	-	13,086	14,855
Corporation tax	206	186	-	13
Other receivables	5,201	3,359	2,026	1,015
Grants receivable	3,139	6,854	4,896	5,756
Prepayments and accrued income	30,916	22,027	19,861	14,412
	<b>53,576</b>	<b>47,746</b>	<b>44,533</b>	<b>41,823</b>

Restatement of 2015 amounts: see note 25

## 12. Payables

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
		Restated		Restated
a) Amounts falling due within one year				
Bank loans	582	419	243	396
Trade payables	11,699	11,147	3,293	2,421
Other taxation and social security	5,286	3,846	2,085	1,690
Accruals	17,385	16,832	12,273	10,940
Deferred income	48,425	52,183	30,471	41,803
	<b>83,377</b>	<b>84,427</b>	<b>48,365</b>	<b>57,250</b>

Restatement of 2015 amounts: see note 25

### Analysis of deferred income

	Group	Company
	£'000	£'000
At 1 January 2016	52,183	41,803
Amounts credited to deferred income during the year	170,492	76,016
Amounts released to income in the year	(174,250)	(87,348)
At 31 December 2016	<b>48,425</b>	<b>30,471</b>

The closing balance of deferred income represents new grant income received during 2016 where the contractual obligations of the grant are to be fulfilled in future years.

### b) Amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Provisions	2,121	926	1,724	893

## 13. Loans: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts repayable after one year	4,645	4,758	4,645	4,748
	<b>4,645</b>	<b>4,758</b>	<b>4,645</b>	<b>4,748</b>

In 2013 MSI entered into a long-term financing facility with Unity Trust for £4.0 million for a maximum term of 10 years with a fixed interest rate of 3.95% for five years. The loan is secured against the freehold property at 1 Conway Street, London at a ratio of approximately 40% as at 31 December 2016 with monthly repayments due under the loan totalling £0.4 million each year. Other loans consist of commercial and other loan facilities arranged by Marie Stopes International's branches and subsidiaries.



## Notes to the financial statements for the year ended 31 December 2016

### 14. Analysis of net assets between funds

Fund balances at 31 December 2016 are represented by:

	Group			Company		
	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	683	5	688	682	-	682
Tangible fixed assets	32,483	10,052	42,535	22,829	-	22,829
Fixed asset investments	11,382	157	11,539	12,162	-	12,162
Net current assets	60,817	8,684	69,501	52,458	5,134	57,592
Long-term liabilities	(6,696)	(70)	(6,766)	(6,369)	-	(6,369)
	98,669	18,828	117,497	81,762	5,134	86,896

### 15. Restricted income funds

	Group					At 31 Dec 2016
	At 1 Jan 2016	Income	Expenditure	Other gains	Transfers (note 22)	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Donor funds</b>	8,575	110,579	(109,175)	956	-	10,935
<b>Restricted by constitution</b>						
Africa	-	27,933	(28,138)	65	140	-
Asia	5,136	12,946	(12,492)	743	-	6,333
Pacific Asia	1,617	3,992	(4,107)	58	-	1,560
	15,328	155,450	(153,912)	1,822	140	18,828

	Company					At 31 Dec 2016
	At 1 Jan 2016	Income	Expenditure	Other gains	Transfers (note 22)	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Donor funds</b>	6,410	80,032	(81,308)	-	-	5,134

Restricted funds represent the following:

- Donor funds unspent at the end of the financial year, which will be expended in the future in line with the contractual and geographical conditions imposed by the donor.
- Funds restricted by constitution represent the accumulated surpluses from those group entities where the funds have been generated locally and the future use is restricted to that location.

# Notes to the financial statements for the year ended 31 December 2016

## 16. Unrestricted income funds

	Group			Total unrestricted funds
	General reserves	Tangible fixed asset reserve	Sustainability reserve	
	£'000	£'000	£'000	£'000
<b>At 1 January 2016 (restated)</b>	<b>38,241</b>	<b>30,393</b>	<b>9,716</b>	<b>78,350</b>
Net income (including investment gains)	9,964	-	-	9,964
Transfers:				
- Transfer to restricted funds	(140)	-	-	(140)
- Movement in tangible fixed asset reserve	(2,090)	2,090	-	-
- Movement in sustainability reserve	(1,378)	-	1,378	-
- Net gains on revaluations and exchange on consolidation	10,495	-	-	10,495
<b>At 31 December 2016</b>	<b>55,092</b>	<b>32,483</b>	<b>11,094</b>	<b>98,669</b>

	Company			Total unrestricted funds
	General reserves	Tangible fixed asset reserve	Sustainability reserve	
	£'000	£'000	£'000	£'000
<b>At 1 January 2016 (restated)</b>	<b>32,747</b>	<b>23,917</b>	<b>9,716</b>	<b>66,380</b>
Net income (including investment gains)	6,968	-	-	6,968
Transfers:				
- Movement in tangible fixed asset reserve	1,088	(1,088)	-	-
- Movement in sustainability reserve	(1,378)	-	1,378	-
- Net gains on revaluations and exchange on consolidation	8,414	-	-	8,414
<b>At 31 December 2016</b>	<b>47,839</b>	<b>22,829</b>	<b>11,094</b>	<b>81,762</b>

Unrestricted and restricted funds represent reserves available to Marie Stopes International for a range of purposes dependent on their designation.

### Unrestricted Funds:

General Reserve - this represents MSI's global working capital. General reserves aim to provide medium and long-term security for the Group.

Tangible Fixed Asset Reserve - represents the net book value of MSI's unrestricted tangible fixed assets. These are primarily clinic buildings.

Sustainability Reserve - this reserve is invested in a UK-managed investment fund. These funds are available on demand and form a core part of the group's free reserves.

## 17. Taxation

Marie Stopes International has no liability to UK corporation tax as the company is a charity registered in England and Wales and takes advantage of the tax exemption available to charities. The liability to taxation shown in these financial statements relates to tax due on profits of the branches and subsidiary undertakings.

## 18. Financial commitments

### a) Capital commitments

At 31 December 2016 there were capital commitments of £nil (2015: £nil).

### b) Operating lease commitments

As at 31 December total future commitments under operating leases for land and buildings were as follows:

	Group	
	2016	2015
	£'000	£'000
Within one year	3,743	2,645
Between two and five years	2,688	1,824
Leases expiring in five years or more	146	93
	<b>6,577</b>	<b>4,562</b>

## 19. Transactions involving Trustees and Company Secretary

During the year the charity reimbursed expenses of £3,285 (2015: £13,161) to two trustees (2015: five) for out-of-pocket expenses in respect of travel to partner programmes and to UK offices for Trustees meetings.

Marie Stopes International purchased and maintained throughout the year indemnity insurance in respect of its Trustees.

## Notes to the financial statements for the year ended 31 December 2016

### 20. Marie Stopes International subsidiaries

Marie Stopes International is an international non-government organisation delivering family planning, sexual and reproductive health services in 37 countries worldwide. It delivers these services through its branches and subsidiaries and in partnership with affiliated partners.

The charity controls the following subsidiaries, the results of which have been consolidated within the financial statements.

Name of company	City and country of incorporation, company reg number	Share capital	Share-holding %	Member voting rights %	Income £'000	Expenditure £'000	Net income 2016 £'000	Net assets as at 31 Dec 2016 £'000
Options Consultancy Services	London, UK (2695347)	Ordinary	100	N/A	21,100	21,155	-55	401
Options for International Health	London, UK (9137405, charity no 1160066)	N/A	N/A	100	325	325	-	-
Options Consultancy Services Kenya Limited	Nairobi, Kenya (CPR/2014/147082)	Ordinary	100	N/A	1,293	1,283	10	29
Options Tanzania Limited	Dar es Salaam, Tanzania (101779)	N/A	N/A	100	100	100	-	7
Afghan Maternal and Neonatal Health Organisation **	Afghanistan (NGO 2317)	N/A	N/A	N/A	-	-1	1	-
MS Health Pty Ltd	Melbourne, Australia (ABN 33155 182586)	Ordinary	100	N/A	2,491	2,315	176	-2,421
MSI Australia (including MSI Timor-Leste) *	Melbourne, Australia (ABN 79082 496697)	N/A	N/A	29	3,646	3,153	493	1,352
Ambulatorium am Fleischmarkt Betriebs GmbH	Vienna, Austria (178377W)	Ordinary	100	N/A	873	835	38	110
MS Clinic Society (Bangladesh)	Dhaka, Bangladesh (Co no 6009384)	N/A	N/A	55	1,033	798	235	1,250
Marie Stopes Bangladesh	Dhaka, Bangladesh (C-584936, NGO 2033)	N/A	N/A	55	11,537	10,891	646	1,995
Triar Expertos en Salud	La Paz, Bolivia (0383/2010)	N/A	N/A	100	-	1	-1	-2
Marie Stopes Cambodia **	Phnom Penh, Cambodia	N/A	N/A	N/A	-2	-	-2	-6
Chinese Provincial Clinics	China (099267)	N/A	N/A	100	690	631	59	251
Marie Stopes India	New Delhi, India (NGO reg: F04338)	Ordinary	99	N/A	2,934	3,456	-522	-2
ISM Corporation Private Limited	New Delhi, India (U51909 DL2012 FTC245603)	Ordinary	98	N/A	260	222	38	215
Population Health Services	New Delhi, India (55-99080)	Ordinary	100	N/A	6,690	6,069	621	2,930
Marie Stopes Kenya	Nairobi, Kenya (OP 218/051/93191/15)	N/A	N/A	100	10,523	10,172	351	-1,081
Marie Stopes Madagascar	Antananarivo, Madagascar (Ord 60-133)	N/A	N/A	71	7,555	7,412	143	1,295
MS Properties Ltd (Madagascar)*	Antananarivo, Madagascar	N/A	N/A	49	-2	3	-5	-19
Banja La Mtsogolo (Malawi)	Lilongwe, Malawi (Co no 6025)	N/A	N/A	100	7,192	6,477	715	4,485
MS Mexico (Mexico City)	Mexico City, Mexico (09020865)	N/A	N/A	100	3,003	2,743	260	-111
Marie Stopes Mexico (Chiapas)	San Cristobal de las Casas, Mexico	N/A	N/A	100	157	95	62	143

## Notes to the financial statements for the year ended 31 December 2016

### 20. Marie Stopes International subsidiaries (continued)

Name of company	City and country of incorporation, company reg number	Share capital	Share-holding %	Member voting rights %	Income £'000	Expenditure £'000	Net income 2016 £'000	Net assets as at 31 Dec 2016 £'000
Fundacion Marie Stopes Mexico	Mexico City, Mexico	N/A	N/A	100	370	340	30	592
MS Contraceptive Social Marketing Company	Ulaanbaatar, Mongolia (9019022046 / 2881756)	Ordinary	100	N/A	864	890	-26	317
Marie Stopes Services Pvt Ltd	Kathmandu, Nepal (PL 18437/058/59)	Ordinary Preference	100	N/A	777	641	136	475
Sunaulo Parivar Nepal*	Kupondol, Nepal (NGO 420/051/52)	N/A	N/A	N/A	2,733	2,484	249	950
MSI Organisation Nigeria	Abuja, Nigeria (RC: 27391)	N/A	N/A	100	9,203	9,211	-8	582
Marie Stopes Society Pakistan	Lahore, Pakistan (RP374)	N/A	N/A	60	15,808	14,236	1,572	5,224
Pakistan CSM (Guarantee) Ltd	Karachi, Pakistan (K09269)	N/A	N/A	100	-85	1,024	-1,109	-1,093
Marie Stopes PNG	Port Moresby, Papua New Guinea (5-2456)	N/A	N/A	100	2,308	2,399	-91	279
Population Services Pilipinas, Inc.	Pasay City, Philippines (178967)	N/A	N/A	80	3,700	3,717	-17	1,142
MSI Romania Foundation	Bucharest, Romania (397289)	Ordinary	100	100	387	290	97	428
Marie Stopes Sierra Leone	Freetown, Sierra Leone (C.F. 83/1986)	N/A	N/A	100	6,038	5,789	249	1,145
Marie Stopes Health Solutions	Freetown, Sierra Leone	N/A	N/A	100	62	178	-116	-
Marie Stopes South Africa	Cape Town, South Africa (1991/004592/08)	N/A	N/A	100	2,760	2,912	-152	-605
MS Clinic Services Lanka	Colombo, Sri Lanka (N(A)34)	N/A	N/A	100	-21	2	-23	-166
Population Services Lanka	Colombo, Sri Lanka (N(A)27)	N/A	N/A	100	873	838	35	984
Marie Stopes Tanzania Ltd	Dar es Salaam, Tanzania (27539)	N/A	N/A	67	10,084	10,017	67	681
Marie Stopes Uganda Ltd	Kampala, Uganda (S.5914/480)	N/A	N/A	60	5,734	5,703	31	-1,759
MSI-US	Washington DC, USA (NFP 05-27-55)	N/A	N/A	57	38,375	38,225	150	699
Vietnam Centre for Community Reproductive Health	Hanoi, Vietnam (Estab reg no 335/QD-TWH)	N/A	N/A	N/A	2,848	2,313	535	1,896
Population Health Viet (Vietpop) *	Hanoi, Vietnam (Cert no 011043001496)	Ordinary	100	N/A	65	71	-6	203
Bach Khang Vietnam Co Ltd *	Hanoi, Vietnam (Cert no 0105931817)	N/A	N/A	N/A	2,467	2,354	113	297
Yamaan Foundation for Health & Social Development *	Sana'a, Yemen (295/80)	N/A	N/A	20	1,778	1,756	22	2,486
MSI Zambia Ltd	Lusaka, Zambia (66871)	N/A	N/A	100	2,961	2,709	252	737
Population Services Zimbabwe	Harare, Zimbabwe (W013/87)	N/A	N/A	51	3,121	3,655	-534	-1,000

\* Consolidated on the basis of operational control

\*\* Dormant entities

For entities which have no share capital, e.g. companies limited by guarantee, holdings are shown on the basis of member voting rights. Further information on the activities of the subsidiary undertakings is given in the Trustees' Report.



## Notes to the financial statements for the year ended 31 December 2016

### 21. Related parties transactions

The Group has taken advantage of the exemption available under FRS 102 that permits non-disclosure of transactions with group undertakings that are eliminated on consolidation.

Philip D Harvey, a trustee of Marie Stopes International, is President of DKT International (DKT). Marie Stopes International is party to several agreements with the DKT group of companies. The charity has sub-contracted service delivery to DKT with a value of £533,000 in 2016 (2015: £236,000). DKT has subcontracted service delivery to Marie Stopes International, in connection with an agreement between DKT and the Netherlands Ministry of Foreign Affairs, for a value of £318,000 in the year (2015: £113,000). DKT also granted supplies to Marie Stopes International, of which £292,000 were utilised in 2016 (2015: £204,000).

Marjorie Newman Williams, an Executive Team member of MSI, is a Board member of the Safe Abortion Action Fund (SAAF). SAAF granted funds to MSI to the value of £63,000 in 2016 (2015: £199,000), via International Planned Parenthood Federation (IPPF).

Up to two members of Marie Stopes International staff are co-opted to the Board of Trustees on a rotational basis. These staff are not part of the group's Executive Team.

### 22. Transfers between funds

At the year end a transfer of £140,000 was made from Group general reserves to cover the deficits accumulated in three subsidiaries restricted by constitution.

### 23. Financial instruments

At 31 December the company held the following financial instruments

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
<b>Listed investments measured at fair value</b>				
Equities	5,378	5,232	5,371	5,186
Bonds	2,441	622	2,441	622
Multi-asset funds and Alternatives	1,668	2,926	1,668	2,926
Private equity	1,117	-	1,117	-
Cash	657	1,152	500	982
	11,261	9,932	11,097	9,716
<b>Investments measured at amortised cost</b>				
Investment in subsidiaries	-	-	787	3,459
<b>Debt instruments measured at amortised cost</b>				
Trade and other receivables (analysed in note 11)	53,576	47,746	44,533	41,823
<b>Cash and cash equivalents, valued at balance sheet date</b>				
Short-term deposits	5,870	3,290	2,446	214
Cash at bank and in hand	76,264	69,298	52,855	50,224
<b>Loans and creditors measured at amortised cost</b>				
Trade and other short-term creditors	16,985	14,993	5,378	4,111
Bank loans and overdrafts	582	419	243	396
Loans falling due after more than one year	4,645	4,758	4,645	4,748
	22,212	20,170	10,266	9,255

### 24. Contingent liabilities

In the course of the charity's ordinary activities, the risk can arise of potential legal action against Marie Stopes International. Where deemed necessary, the charity will seek counsel of its lawyers and other relevant professionals, and make financial provisions as appropriate.

At 31 December 2016, twelve subsidiaries reported net liabilities totalling £8.3m (2015: ten subsidiaries totalling £6.4m). The group plans to continue providing support to these entities as necessary for their continued operations in pursuit of the Charity's mission.

## Notes to the financial statements for the year ended 31 December 2016

### 25. Restatement of prior year accounts

During 2016, the charity revised its policy for the recognition of donor granted stock and stock purchased with donor funds. Up until 2015, such income was recognised upon receipt of the grant. The charity has deemed that, since performance criteria are attached to grants of stock, it is not entitled to recognise this income until the stock has been utilised in the furtherance of its charitable objects.

In consequence of this change in policy, the charity has restated its 2015 balance sheet, reducing the group's net assets by £6.9m (charity: £3.4m). This reduction has been applied to the opening balance of reserves at 1 January 2015. It does not affect the income and expenditure results for 2015. The effect of this adjustment upon reported 2015 balances is as follows:

	Group			Company		
	2015 published amount	2015 restated amount	Restatement	2015 published amount	2015 restated amount	Restatement
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Receivables</b>						
Amounts owed by group undertakings	-	-	-	14,309	14,855	546
Other receivables	3,338	3,359	21	-	-	-
Prepayments and accrued income	22,762	22,027	(735)	15,147	14,412	(735)
<b>Payables</b>						
Deferred income	(46,015)	(52,183)	(6,168)	(38,553)	(41,803)	(3,250)
<b>Total restatement</b>			<b>(6,882)</b>			<b>(3,439)</b>

## Notes to the financial statements for the year ended 31 December 2016

### 26. Donor funding

The following grants information is disclosed separately in accordance with the specific reporting requirements of the donor.

	Income recognised 2016 £'000	Cash receipts 2016 £'000
<b>Department for International Development</b>		
Programme Partnership Arrangement (PPA)	4,419	4,353
Urban Health: Strengthening Care for Poor Mothers and Newborns in Bangladesh	3,568	3,132
Call Down Contract for Tanzania Family Planning Outreach Phase II - Lot 1 (DFID Framework Agreement)	3,434	2,381
Provision of Reproductive Health Services through Social Franchising in Pakistan	3,502	2,520
Provision of Family Planning Services in Malawi (PFPS)	5,682	6,257
Improving Reproductive, Maternal and Newborn Health Programme in Sierra Leone in the private and non-governmental sectors	3,089	3,611
Reducing Maternal and Neonatal Death in Kenya	5,786	4,988
Comprehensive Family Planning Camp (VSC+) activities in 5 earthquake affected districts Sindhuli, Okhaldhunga, Lalitpur, Nuwakot, Gorkha	49	52
	<b>29,529</b>	<b>27,294</b>
<b>Bill and Melinda Gates Foundation (funded by Department for International Development)</b>		
African Health Markets for Equity	5,933	-
<b>Netherlands Ministry of Foreign Affairs</b>		
Strengthening the Delivery of SRH Services through Private Provider Networks in Ethiopia	1,960	131
EmNOC Diploma Training	323	332
Increasing Access to Quality Family Planning and Reproductive Health for Women and Youth in Yemen	2,049	1,567
Sustainable Health Innovations for Equity (SHINE)	596	415
Combating Unintended Pregnancy and Improving SRH Services and Rights in Bangladesh	187	777
Improvement of Reproductive Health and Promotion of the Sexual Rights of Women and Girls (SRDS) - Mopti Region	71	30
Project on Womens health rights and choices	-	122
Bangé Kolossi Nyèta ("Promotion of Family Planning")	387	902
	<b>5,573</b>	<b>4,276</b>
<b>International HIV/AIDS Alliance</b>		
Link Up Programme	1,042	791
<b>DKT International (funded by Netherlands Ministry of Foreign Affairs)</b>		
Improving Youth Reproductive Health in Ghana	318	460
<b>Agency for Danish International Development Assistance</b>		
Development Engagement Support for MST	1,702	1,490
Results-based Advocacy for Sexual and Reproductive Health and Rights	3,007	-
	<b>4,709</b>	<b>1,490</b>
<b>Norwegian Agency for Development Cooperation</b>		
Building Capacity for Results-based Advocacy for Sexual and Reproductive Health and Rights	149	168
<b>Ministry for Foreign Affairs of Finland</b>		
Government Grant to Integrated Reproductive and Maternal Health Programme Phase VI	634	613
Increasing Access to Quality Family Planning and Sexual and Reproductive Health for Women and Marginalized Groups in Yemen	68	-
Meeting Urban Women's Unmet Need for Quality Family Planning and Reproductive Health Services	58	79
	<b>760</b>	<b>692</b>
<b>The Children's Investment Fund Foundation</b>		
Transforming Adolescent Access to Contraception through Comprehensive Choices- the Unrealised Potential for Long-Acting Methods	1,936	-
<b>Crown Agents (funded by The Children's Investment Fund Foundation)</b>		
Sayana Press Scale-up- Madagascar	316	528

The annual financial statements are prepared in accordance with UK GAAP and Charities SORP and as a result are likely to differ from financial reports submitted to donors. Income recognised in the financial statements is likely to differ from the cash received from donors during the year. For statutory reporting purposes, donor funds used to purchase assets, e.g. fixed assets or stocks, will initially be recorded on the balance sheet rather than being recognised as expenditure in the Statement of Financial Activities.

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