



Sightsavers

# Annual Report and Financial Statements

31 December 2010





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## The challenge

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**The Prevention of Blindness and Deafness group in the World Health Organization (WHO) have released new statistics on blindness and visual impairment since our last annual report:**

285 million people are blind or visually impaired, and 80% of this is treatable or preventable

Of these 285 million people, 39 million are blind

90% of people who are blind or visually impaired live in developing countries

**We also know that:**

Two thirds of blind people are women

There is a shortage of 1.5 million health workers in Sub-Saharan Africa

In Africa, less than 10% of disabled children go to school

1 in 5 of the world's poorest people has a disability

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## Our vision and mission

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Sightsavers' vision is of a world where no one is blind from avoidable causes and where visually impaired people participate equally in society.

We are an international organisation working with partners in developing countries to eliminate avoidable blindness and promote equality of opportunity for disabled people.

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## Our values

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Blindness is an important cause and effect of poverty.

We work with poor and marginalised communities in developing countries.

We achieve much more when we collaborate.

We forge alliances and partnerships to ensure a positive and long term impact on people's lives.

People should not go blind unnecessarily.

We prevent, treat and cure avoidable blindness and promote eye health.

People with visual impairment should be able to develop their potential to the full.

We work with disabled people and others to promote equal rights and opportunities.

With the right resources, people can find their own solutions.

We strengthen organisations and communities to develop practical and enduring solutions.

Learning and innovation are essential in order to improve the quality of what we do.

We underpin our work with the best available evidence and research.

Our supporters are a key part of the solution.

We work together to accomplish our goals.

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# Our strategy

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Our strategy was launched at the beginning of 2009 and currently covers the period to 2013. At the heart of our strategy are our four change themes, which set out the ultimate and shorter term aims we have which will help us achieve our vision and mission. These are based around health, education, social inclusion and community development. We articulate our objectives and the way we will measure progress by using our SIM card, or Strategy Implementation and Monitoring Card. This is based on the balanced scorecard methodology and includes a strategy map and a scorecard of indicators and targets.

## **The SIM card has four perspectives**

- a) What we must deliver for our beneficiaries
- b) What we must excel at to do this – our capacities
- c) What we must invest in to excel – our learning and growth objectives
- d) How do we ensure we are resourced properly.

Each perspective has a series of objectives, with indicators to measure progress. These indicators have targets set each year.

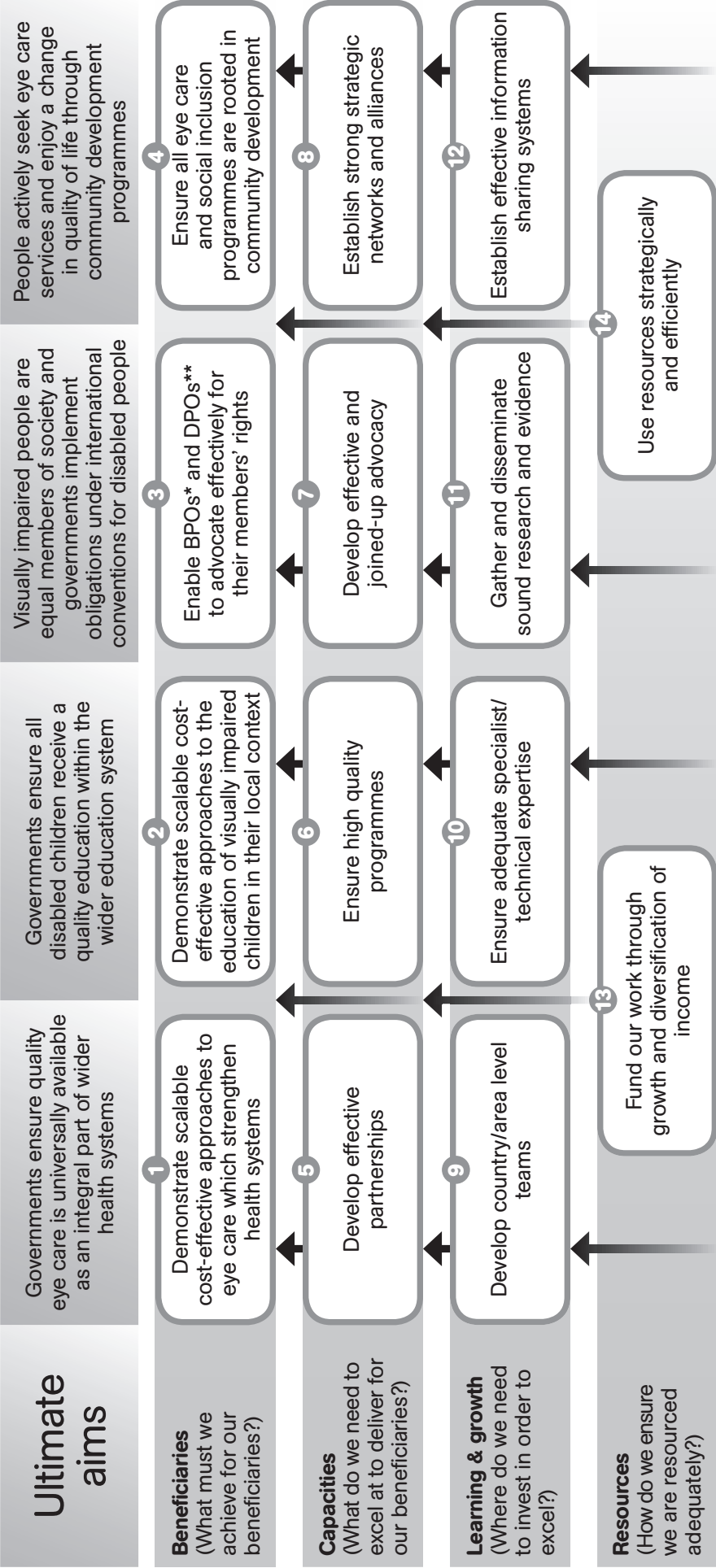
The strategy map is shown over page. Data for the indicators is collected via a web based dashboard, which is available to all staff. We expect to make this available on our website during the course of 2011.

# The Sightsavers SIM Card

(Strategy Implementation and Monitoring Card)

## The Strategy Map

**Our vision:** No one is blind from avoidable causes; visually impaired people participate equally in society  
**Our mission:** To eliminate avoidable blindness and promote equality of opportunity for disabled people



\*BPO: Blind People's Organisation \*\*DPO: Disabled People's Organisation

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# Objectives and activities

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We work towards those goals set out in our SIM card, collaborating at all times with partners in the countries where we work. We work together to deliver the programmes – we provide a mixture of grants, capacity building, training and expertise as well as ensuring that the work is well managed and beneficiary and supporter requirements are met.

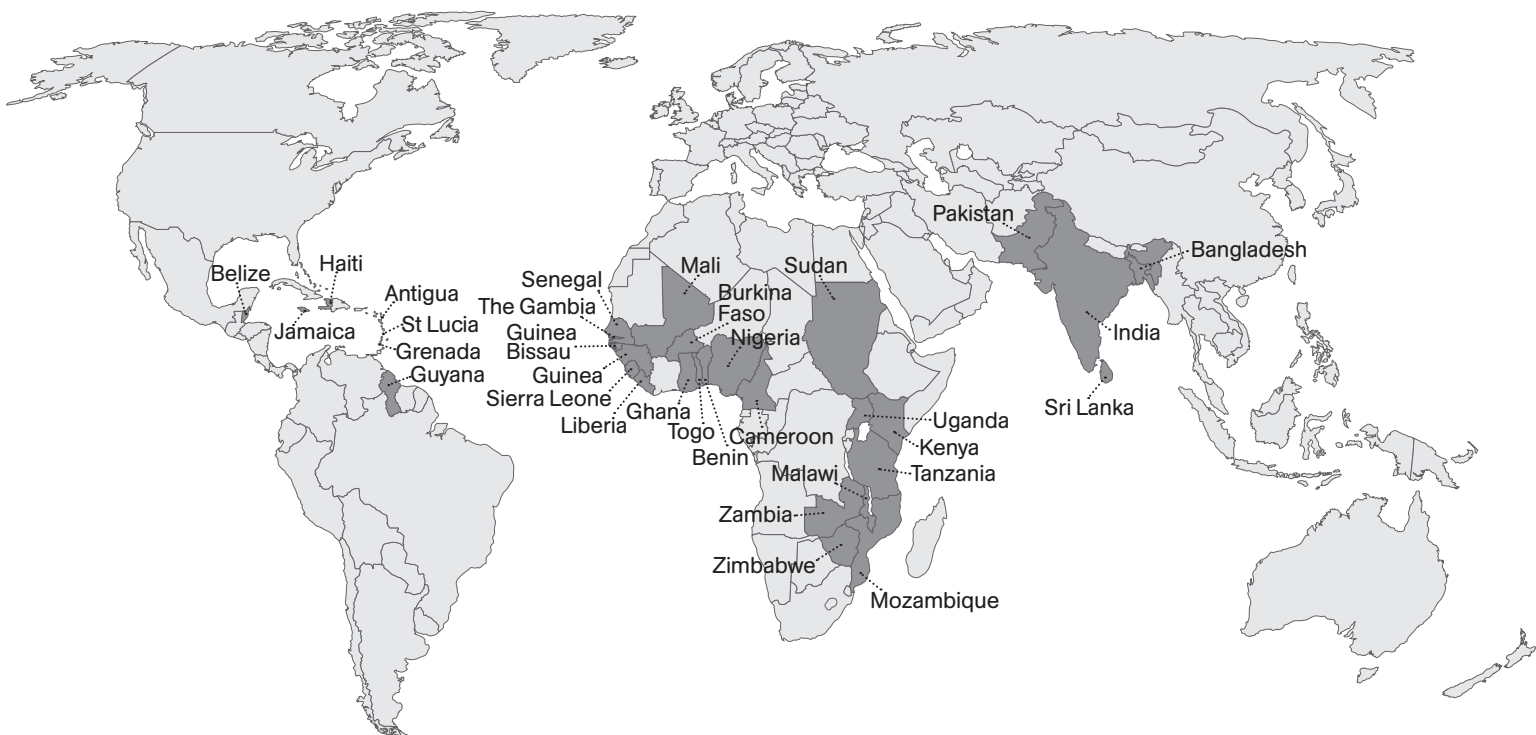
Our work involves considerable amounts of service delivery – as a key building block of both health and education systems – but this service delivery is done in the context of local systems, strengthening rather than competing with them. We are seeking to demonstrate what can be achieved so that others (whether it be governments or in some circumstances other players) can take our work to scale.

We gather evidence that our programmes make an impact and are cost effective, so the advocacy we undertake to support the demonstration approaches has a strong foundation. We usually work with our partners or other coalitions when advocating as this is more effective. In our social inclusion work we emphasise supporting blind and disabled people’s organisations to advocate for their members rights as this is more powerful than operating just as Sightsavers.

We collaborate with agencies working in eyecare (usually members of the International Agency for the Prevention of Blindness, who work together with the WHO on the VISION 2020 programme) and increasingly with others such as HelpAge International, African Medical and Research Foundation (AMREF) and WaterAid.

We have been involved with the control of onchocerciasis (river blindness) and trachoma for many years. Our strategy is now moving into an elimination phase rather than just control. These diseases are now part of an international focus on ‘neglected tropical diseases’, with diseases amenable to mass drug administration being treated together. We are deeply involved with this initiative, and are now treating lymphatic filariasis (LF), schistosomiasis and soil transmitted helminths alongside the blinding diseases where they are co-endemic. This is highly effective for the communities concerned and meets the requirements of donors. Our approach using community directed treatments is being taken up widely and has great potential for the treatment of other diseases such as malaria.

We currently work in 32 countries in Africa, Asia and the Caribbean, shown below.



# A snapshot of what we achieved in 2010

The economic environment in 2010 remained very challenging as the countries where we raise funds struggled to come out of recession. The UK announced cuts in the Autumn Comprehensive Spending Review, whilst Ireland's difficulties culminated in them receiving a bailout from the International Monetary Fund (IMF). Inflation remained high in many of the countries where we work, although in many this was balanced by a softening of currencies relative to sterling/euros.

Despite this the overall financial position for Sightsavers at the end of 2010 is stronger than at the beginning, and we are registering a surplus for the year.

Our new brand was rolled out across the whole organisation during 2010, starting with Ireland at the beginning of February. It has been universally well received and has enabled us to improve the impact of our communications dramatically. The new risk framework was also rolled out and embedded – and in this year's report the risks associated with the various SIM card perspectives, and how we mitigate them, are covered within the relevant sections.

## SIM card – results of beneficiary indicators

For the first time we have results for all the SIM card indicators associated with our beneficiary objectives. Much work has been done to hone these indicators and ensure the definitions are tight and well understood by the organisation. We are increasingly confident that the results are a good representation of achievement – save for the education indicators which are very new and may be over optimistic. We are looking at these closely over the next year.

Objective	Indicator	Target	Result	Status	Frequency
Demonstrate scalable, cost effective approaches to eye health	% of countries showing significant increase in public spending on eye health	20%	10.34%	Below target	Annual
	% of eye health projects that are embedded in national and local government health plans	60%	58.25%	Approaching target	Bi-annual
Demonstrate scalable, cost effective approaches to education	% of countries where government implements education plans in line with global best practice	20%	34.48%	On target	Annual
	% of education projects that are suitable for replication by government or other service providers	10%	32.84%	On target	Bi-annual
Enable BPOs and DPOs to advocate effectively	% of countries where advocacy by BPOs/ DPOs/ disability networks results in improved support or inclusion for disabled people	40%	62.07%	On target	Annual
	% of countries where Sightsavers is supporting BPO/DPO partners or the disability movement to advocate	45%	41.38%	Approaching target	Bi-annual
Ensure programmes are rooted in community development	% of projects resulting in communities demonstrating health-seeking behaviours	50%	52.84%	On target	Annual
	% of projects that result in visually impaired and disabled people participating to a greater extent in community life	50%	34.84%	Below target	Annual
	% of projects that are designed, implemented and evaluated with the involvement of local communities, including people with disabilities	30%	41.91%	On target	Bi-annual



There are two indicators giving cause for concern – firstly the indicator around increasing public expenditure on eye health and the second around projects resulting in visually impaired and disabled people participating to a greater extent in community life. The first indicator suffers from the delay in publication of public expenditure, and many of our countries do not yet have that information for 2010. This performance is therefore from a fairly small sample and the quality of the data will improve as the information becomes available. In terms of the second indicator, we have been very rigorous in only including projects where we have hard evidence of participation. Six countries said they had anecdotal evidence that this was the case, but were excluded as this was not considered sufficient.

In both cases we will look again at whether our interpretation of the indicators could be improved – should we look for proxy measures for public expenditure on eye health, or have a longer lag period, should we include anecdotal evidence? We will be performing a mid term review in 2011 which will consider issues like this.

## Output statistics

In 2010 Sightsavers supported 486 projects that were implemented in partnership with 263 partners.

	2008	2009	2010
Number of people screened	5,722,000	13,358,000	15,087,120
Number of those people screened who received treatment	3,776,000	9,845,000	8,080,696
Number of operations	344,400	361,400	350,323
Number of people treated to prevent onchocerciasis	22,120,000	21,800,000	23,147,000
Number of people treated with azithromycin (treatment for trachoma)	875,014	990,798	1,859,000
Number of people treated for lymphatic filariasis	data not available	data not available	17,626,000
Number of people receiving trichiasis surgeries	11,800	12,900	15,700
Number of people screened for refractive error and low vision	2,163,000	2,208,000	2,577,000
Number of people screened who received prescriptions for spectacles	801,000	651,000	874,000
Number of people trained	131,300	155,400	161,150
Number of blind people given rehabilitation training	8,700	7,200	4,600
Number of children receiving specialist support in mainstream schools	5,900	5,900	6,300

The changes in the number of people screened and treated are related predominantly to activity undertaken within the Lady Healthcare Workers Programme in Pakistan. Both figures include the screening and treatments undertaken by those trained within the project in 2009 and 2010. This has resulted in a significant increase in screenings as the number of Lady Healthworkers has grown in 2010. There has been a fall in numbers of people counted as receiving treatment, however, as many of those trained in 2009 are now being provided with essential medicines directly from the Government of Pakistan rather than through the project. Over the next year we intend to relook at how we assess our output statistics. We are concerned that we are not capturing those outputs to which we have made a significant contribution – and given that our goal is to get governments to take over and replicate our work, we need to ensure that achievements in doing this are not recorded as reductions in the impact we are having.

The decrease in operations is explained by changes in India. Outside India the number of operations actually increased slightly. We have been reviewing our programmes to ensure they fit with our strategy and are sustainable. Some of the India partners reduced their dependence on Sightsavers, finding money from other sources including the government – hence for these partners the number of surgeries did not actually fall, and the point above about possible misleading messages from output statistics applies. There were some partners from whom we exited for performance reasons.

The numbers of people treated to prevent onchocerciasis include 3,922,000 who were also treated for LF. A further 13,704,000 were treated solely for LF, making a grand total of 17,626,000. We have collected data on LF protection for the first time this year, as our work on Neglected Tropical Diseases (NTDs) ramps up.

The increase in trachoma treatments with azithromycin came mainly from Nigeria, with other major campaigns in Mali and Kenya.

Our work in training increased slightly due to the increased number of village level volunteers trained in India.

Our work on social inclusion is focusing increasingly on advocacy and capacity building rather than on rehabilitation training, hence the drop in numbers.

Of those receiving prescriptions for spectacles, 350,000 were dispensed. It is possible that others purchased their spectacles in other locations, although it is likely that many chose not to do this – a significant programme issue.

## Highlights of the year

- Our work on NTDs, of which onchocerciasis and trachoma are two, continued to grow rapidly, and we are treating a wider range of diseases in a number of countries. Of particular note is our programme in Zamfara, Nigeria, where we are the first organisation to map and treat seven diseases at once (trachoma, onchocerciasis, schistosomiasis, lymphatic filariasis and three soil transmitted helminth diseases). The increase in LF treatments in particular, has led to a major increase in the amount of donated Mectizan<sup>®</sup> reflected as gifts in kind in the accounts.
- Thanks to our advocacy efforts, the Sierra Leone government included eye health services in the Basic Package for Essential Health Services. The fact that a government with such poor health indicators was willing to pay such attention to eye health was a significant achievement.
- We initiated the first ever careers fair for persons with disabilities in Ghana, in partnership with Standard Chartered Bank. 27 companies and 68 disabled people attended and some of the major corporations made commitments to employ the candidates. We intend to work with SCB to replicate this initiative in 10 countries over the next two years.
- We were pleased that in a year of economic challenge, we were able to increase the average income from individual supporters in the UK by 3%.
- We were tremendously excited to learn that we had been selected as a strategic partner by the Department for International Development (DFID), to receive a Programme Partnership Arrangement worth £3.7 million per year over a 3 year period.

# Progress towards SIM card objectives

## Delivering for the beneficiaries

What we planned to do	What we did
Commence work in Burkina Faso, and develop a plan for entering Niger.	Work has commenced in Burkina Faso, where we have now set up an office. Scoping missions to Niger were postponed due to security issues in the country.
Create a framework and set of tools to assess which programmes/projects meet the criteria for a demonstration programme.	A set of guidelines on scalability was produced to enable us to do this, based on WHO building blocks of health systems.
Review the programme portfolio against this framework to enable us to phase out non strategic projects	Two rounds of 'portfolio rationalisation' were undertaken and a strategy for phasing out a number of projects was agreed.
Review eye health programmes against the new framework for Health Systems Strengthening to redesign those which fit with the demonstration criteria and align them with the new strategy.	All the eye health programmes are being reviewed against this as part of the portfolio rationalisation process.
Develop a concept for a major collaboration around HRD in Africa which consolidates progress to date but aims for a significant change in gear and ambition.	This continues to prove challenging, but we now have a twelve point high level plan from the country level to international engagement. Further development is needed to flesh out what this means and create a full plan.  HRD programmes in southern Africa (covering Malawi, Zimbabwe and Mozambique) are moving ahead. A contract for the construction of the Mbarara University eye unit in Uganda, part of the East Africa College of Ophthalmology HRD programme has been finalised.
Create a plan which changes the emphasis of our trachoma and onchocerciasis programmes from control to elimination.	A detailed plan for the elimination of trachoma now exists and has been shared with external stakeholders. The challenge now is to fund it. We are creating a similar plan for onchocerciasis.  Our existing work on trachoma and onchocerciasis continues apace with increasing levels of integration with the international NTDs initiative.
All countries to engage with disability movements and BPOs and to review social inclusion programmes against the new programme design framework.	There are numerous examples of countries making significant progress in this area.
Create awareness about the exclusion of disabled children from Education For All through country level networks and coalitions.	There has been particular progress in Kenya, Uganda, Sierra Leone and Pakistan.  These governments are beginning to respond to advocacy efforts, with Ministries now taking on salaries of relevant teaching staff and Braillists, and signed commitments being entered into around inclusive education.
Project cycle guidelines to be updated to incorporate an emphasis on community development in the various processes.	This work has begun, but is a significant endeavour which has yet to be completed.
Obtain an international treaty to give visually impaired people the right of access to print.	Progress has been made, but it has been rather slow given the vested interests of copyright holders. Some countries have proposed that non binding instruments could be agreed instead of a treaty. Working with the World Blind Union we are convinced that this would be inadequate. Agreement was reached to extend the UN meeting in June 2011 on copyright to review the various proposals being put forward.

## **Other major achievements in this area**

We responded to the floods in Pakistan, supported by Standard Chartered Bank, setting up camps providing eye health and other health services to 8,000 people. In Haiti we supported our partner there to provide emergency relief to people who are blind and visually impaired following the earthquake. We also helped the partner find temporary offices.

In Bangladesh, the Ministry of Health endorsed our Standard Cataract Surgical protocol which will be rolled out at national level.

## **Challenges and risks we faced and what we learned**

It is far easier to start new programmes than it is to exit from existing ones. This is particularly challenging when the programme isn't actually a 'bad' programme, but its objectives are simply no longer aligned to the strategy and it is therefore a low priority. Ensuring that partner relationships and our reputation are not damaged through the portfolio rationalisation process has been difficult. It will take longer to phase out some old programmes than we hoped.

The critical organisational risks facing us relating to the beneficiary objectives are an inability to demonstrate impact, and poor governance leading to strategic misalignment (or financial loss). If we cannot demonstrate impact we cannot be sure that our programmes are delivering for the beneficiaries. It also impacts on our ability to secure funds, but fundamentally we must be sure that our work has a positive impact on those we are here to serve. Our new monitoring and evaluation system which includes 'enduring questions' regarding impact will help us mitigate this risk. If we have poor governance such that the different parts of our organisation are not aligned, or management is not ensuring that focus on the strategy is maintained and progress measured, we risk incoherence. This could result in us failing to meet our goals for beneficiaries. We have set up a new Governance committee to look at governance structures, and ensure that all subsidiaries have regular board meetings which look at key areas such as strategy and performance.

## Increasing our capacities (areas where we need to excel)

What we planned to do	What we did
Restructure and relaunch our Strategic Programme Development directorate to strengthen its capacity, taking account of learning from its first year of operation.	We brought in new capability around policy and monitoring and evaluation, expanding the team and producing more quality policy documents and results of evaluations.
Strengthen our policy and strategic relations with institutional donors, with a particular emphasis on DFID.	<p>We followed a detailed plan of engagement with DFID across a number of countries, not just the UK. We put considerable effort into our proposals for the Programme Partnership Arrangements bid, and the combination of these was successful beyond our expectations.</p> <p>We also increased our income from the United States Agency for International Development (USAID) and gained our first grant from a local EC delegation for Zambia.</p>
Develop and disseminate a policy on education.	The education policy was agreed by Council, and we are now in the process of creating supporting guidelines.
Follow a coherent and joined up plan to drive for the inclusion of NTDs and disability in the Millennium Development Goals (MDGs) following the international review in September 2010.	<p>This was achieved – both NTDs and disability had higher prominence than previously, although we would have liked to see more specifics around disability.</p> <p>As part of this drive we published a number of key policy documents on NTDs and MDGs, which we were also able to utilise in our DFID engagement plans.</p>
Speed up our utilisation of tools developed alongside the partnership policy.	Our indicators on these have shown a distinct improvement and those for our Partnership Review Tool were above target. We found the Capacity Assessment Tool more challenging, and conducted fewer assessments than we had targeted, although more than last year.
Flesh out our strategic alliances plans for identified alliance partners and begin to implement them.	We have clear plans now for our alliance partners, and have begun to have some success. The biggest achievement was an MOU with WHO AFRO (Regional Office for Africa) in Brazzaville, where we signed a formal agreement and are working together on primary eye care and human resource development.

## Challenges and risks we faced and what we learned

Although we have been able to increase the utilisation of our partnership tools, we have become concerned that some of them may be too complex, and may need to be revised. There have been particular difficulties in applying them to government partnerships.

The critical organisational risks facing us relating to the capacities objectives are poor quality of programmes and WHO reducing commitment to eye health.

Clearly having poor quality programmes ultimately impacts on the beneficiaries (as ultimately do all risks). In addition, a serious quality event (such as a major infection outbreak at a hospital) could carry significant reputational risk for us, leading to relationship damage and reduced income. We mitigate this risk via the introduction of quality standards which apply to a range of programme policies, and technical assistance plans which ensure our countries have access to specialist expertise. We are reviewing all our project cycle guidelines to ensure quality is built in to our programmes, and our new monitoring and evaluation system provides quality assurance.

WHO has in recent years been reducing the resources devoted to eye health within its HQ in Geneva, as less funding for posts has been made available from donors. This clearly puts the VISION 2020 partnership with IAPB at risk, and could lead to WHO giving eye health a lower priority at the country level. We are mitigating this by seeking a stronger relationship with WHO at all levels – notably the WHO AFRO partnership.

## Learning and growth (areas where we need to invest to achieve excellence)

What we planned to do	What we did
Finalise the organisational learning and development priorities for country and area level teams, and an action plan to achieve them.	This has been completed, with documented plans in place.
Increase our investment in learning and development to 7% of salary.	Although our investment increased from 1.5% in 2009 to 5% in 2010, we did not reach our target of 7% of salary.
Introduce an assessment process to measure the effectiveness of our staff development programmes.	This was done, and will be used to measure improvement in the future.
Complete pilots of our Adaptive Monitoring and Evaluation system in at least one country in each region, and develop a rollout plan for 2011.	The pilots were performed in Malawi, Cameroon, Bangladesh, North India, Sierra Leone, Caribbean and Mozambique. The results will be available in 2011, any implications for system design taken into account before rollout commences.
Undertake research into the impact of ocular morbidity on primary health care and service delivery at the district level.	We have initiated three research initiatives in this area – a review of existing research, a field study in Kenya and small scale studies in a number of other countries looking at the burden of eye health issues on district health services. The results are expected in 2011.
Coordinate and deliver a session on eye health at the first WHO Health Systems Research Symposium.	This was done. We were rather disappointed at the attendance at the session, but this was more than made up by the networking opportunities and contacts that were made at the event.
Increase the technical and specialist expertise available within the Strategic Programme Development directorate.	We struggled in this area (see reference to Head of Research below). We are now looking at increasing the number of strategic partnerships we have for the provision of technical expertise, so as to be less reliant on a small number of individual employees.
Implement a global database to support programme and fund management activities.	Work began on an integrated fund management framework database in the fourth quarter. It will bring together financial planning, project funding and programme data, with a web front end.

## Challenges and risks we faced and what we learned

We struggled to find a Head of Research, having two recruitment processes which did not produce the right candidate. We have now found someone we believe will meet our needs, and she will be starting later in 2011. As a result we were unable to move our research plans forward as far as we would have hoped.

The critical organisational risks relating to the learning and growth objectives are health, safety and security of staff and the ability to retain key people.

Clearly health, safety and security of our staff is very important to us, especially as some of the countries where we work are prone to unrest and natural disasters, and many have poor infrastructure which increases the risk of road accidents. We have a travel and security policy which has been rolled out across the organisation, and have crisis management procedures which have been tested. Internal audit always checks emergency preparedness when visiting countries.

Sightsavers international profile has been increasing over the last few years, and we have also made a number of organisational changes to improve efficiency. Our people are therefore also gaining a higher profile and thereby attract attention from other agencies. Meanwhile organisational changes do sometimes encourage people to look externally at the opportunities available. We are therefore concerned that loss of key people (not necessarily always senior) could cause us problems. Obviously we want to run a lean organisation and cannot afford to duplicate skills unnecessarily. We are increasingly looking to engage with organisations outside Sightsavers to complement our skills so as to be less dependent on a particular individual's expertise.

## Resources (funding our work, and ensuring efficient and strategic use of resources)

What we planned to do	What we did
Significantly grow support from multinational companies, trusts and foundations.	Our income from corporates and trusts was the same as 2009 at £3.3 million. The economic environment remains uncondusive to growth in corporates, although we are seeing some more encouraging signs from trusts recently.
Increase income from government funding to over £4 million.	Cash received from government funding was £3.8million, with £3.7 million recognised as revenue. Although this was an increase on 2009, we missed the £4 million target as expenditure on East Africa College of Ophthalmology was insufficient to trigger the second year payment.
Undertake a feasibility study into fundraising in India.	This was duly completed, and we expect to appoint a Head of Funding and Marketing in India during 2011 and begin planning in earnest.
Test supporter recruitment in France in partnership with Helen Keller International	This test was completed, and results were encouraging. Further testing is planned for this year.
Continue the focus on developing more valuable relationships with existing individual supporters.	We increased the average income from individual supporters in the UK by 3%. Extensive (and successful) work in identifying high potential supporters and increasing their support and successful upgrade programmes outweighed the effects of the poor economic environment which depressed the results of cash appeals.
Extend the Country Champion concept to the regional level	This was completed.
Review reserves policy and alignment with the risk framework	This was completed and approved by Council.
Continue to improve key organisational processes including full roll out of procurement system.	The procurement system using ProActis software was rolled out. A procurement web portal was also implemented to support standard list functionality and act as the gateway for the procurement process for most users within Sightsavers.

### Other major achievements in this area

We signed up to the INGO Accountability Charter – an independent internationally recognised standard. We believe this will help us satisfy larger donors as to our transparency and commitment to accountability.

We agreed a major collaboration with OneSight, a foundation funded by Luxottica, the Italian optical company. This will commence with support in the Gambia, but we hope it will grow to become a significant strategic partnership.

We established our office in United Arab Emirates, obtaining a registration in Dubai Healthcare City. We were pleased and privileged that Sheikh Nahryan of Abu Dhabi agreed to become our Honorary President of Sightsavers UAE.

### Challenges and risks we faced and what we learned

We have invested this year in systems and process capability, and will continue to do so despite economic conditions. The driver for this is to support better cost management as well as improved performance – we believe the payback here to be substantial.

The critical risks facing the organisation in relation to resources are as follows:

- Financial loss due to currency volatility
- Poor forecasting quality and accuracy
- Poor grant management – both contractual and associated programme delivery
- Inability to raise voluntary income
- Inappropriate controls
- Credit events leading to financial loss.

We mitigate our currency volatility exposure via hedging in line with an agreed matrix. This is monitored by the Investment Committee. Poor forecasting is an issue in that it can lead to poor decision making – historically we have tended to over estimate our expenditure, which means we hold back money unnecessarily which could have been used to increase impact. We are replatforming our fund management framework and introducing systems to make forecasting easier, as well as processes to hold cost centre managers to account. We are winning an increasing number of restricted grants from various sources. These carry detailed restrictions and requirements and it is essential that we are able to manage them – both to ensure that the current grants are well utilised and to build our reputation with the relevant donors. We are introducing a more stringent commitment process for large contracts, and have undertaken a series of training sessions with country directors in management of grants. Inappropriate controls are mitigated via policies, processes, training and assurance processes such as internal audit. Credit events leading to financial loss are mitigated by investment committee policy and processes.

In today's environment it is obviously a concern that supporters will give less, larger supporters may drain away and corporates may trim their charitable giving. We monitor a range of performance indicators to track this, and have clear account ownership for all significant supporters. We are diversifying our portfolio, developing a range of new markets. There is, of course, a risk that we are unable to do this as quickly as we hope.



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# Plans for 2011

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In 2011 we will carry out a 'mid term' review of our strategy, looking at the external environment and focusing on the challenges of implementation. This will look at how we measure progress – both our SIM card indicators and our output statistics. We will also undertake a review of our legal and governance structures in key countries, to ensure we remain compliant with local requirements as these, and our activities, evolve. Finally we plan to implement a new 'operating model', which will have a particular impact in Africa, streamlining our regional office structure, empowering our Country Directors and reducing our administration costs. The latter will also include the UK, and is likely to lead to a small number of redundancies.

Our objectives for 2011, as driven by the SIM card, are as follows:

## **Delivering for the beneficiaries**

Create a plan for onchocerciasis elimination, and ramp up collaboration, funding and implementation both for this and for our trachoma plan, ensuring we are also influential participants in the NTD movement.

Create a detailed plan for scaling up our HRD work in Africa, building on the high level work already done and existing programmes. Ensure the major HRD multi country collaborations accelerate and deliver.

Finalise the Vision Bangladesh partnership with BRAC, and speed up its implementation.

Work with the Africa Decade for Persons with Disabilities to advocate to the African Union on the ratification and implementation of the UN Convention for the Rights of Persons with Disabilities in Member States

Identify approaches for scaling up eye health within country contexts where the non governmental sector accounts for a significant part of the health system

Obtain an international treaty to give visually impaired people the right of access to print.

## **Increasing our capacities (areas where we need to excel)**

Conclude the strategic partnership agreement with DFID, and ensure that its first year meets agreed targets.

Work closely with Comic Relief to deliver a spectacular awareness raising event on Red Nose Day and raise significant funding for eye health work in Africa, and develop a strong partnership with them in delivering against their grant.

Make significant progress on our plans for prioritised strategic alliance partners.

Complete a Gender Policy with operational guidelines and create an implementation plan.

Develop and implement a plan for improving the quality of our programmes, including improved programme planning, a roll out of the new Quality Standards and a robust process for assessing and improving new and renewing projects.

Complete the guidelines to accompany the education policy and review existing programmes against them.

Continue our advocacy work to ensure the rights of disabled people and the fight against Neglected Tropical Diseases are represented within the MDG framework.

## **Learning & growth (areas where we need to invest to achieve excellence)**

Implement the new two year bespoke global programme for developing country level teams, in partnership with the Roffey Park Institute.

Finalise our Adaptive Monitoring & Evaluation system, using results of the pilots undertaken in 2010, and roll this out.

Review our approach to specialist and technical expertise, developing a strong, joined up programme development team and a strategy for building appropriate partnerships to supplement our in house expertise.

Ensure the new integrated fund management framework is fully implemented.

Identify our top research priorities and commence planning for delivery.

### **Resources (funding our work, and ensuring efficient and strategic use of resources)**

Step up our approach to international foundations and USAID, focussing on our major programmes around NTDs and HRD.

Make a successful bid for a new Irish Aid block grant.

Undertake a review of our approach to corporates, whilst continuing to develop our existing significant relationships (notably Standard Chartered Bank, Vitol, Luxottica and Martin Currie).

Place much more emphasis on fundraising activities in new markets particularly in India, but also including the Middle East and further investigations of the potential within France, US and Ghana.

Implement a new legacy marketing initiative to boost our position and capitalise on recent developments in the UK tax regime

Develop external reporting to ensure we are compliant with the INGO Accountability Charter.

Review Treasury Policy and ensure alignment with the risk framework

Continue to improve key organisational processes, in particular self administered travel procurement and expenses.

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# Structure, governance and risk management

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Sightsavers is the working name of the Royal Commonwealth Society for the Blind. Originally founded in 1950 it is now a company incorporated by Royal Charter dated 28 February 1990 as amended on 8 July 2009 (company number RC000706) and is a charity registered in England and Wales (207544) and Scotland (SC038110). It is regulated by the Charity Commission.

Sightsavers has a governing Council of Trustees. The Council is committed to maintaining a high standard of corporate governance. Council members, all of whom are non executive, are drawn from diverse, international backgrounds and bring a broad range of relevant experience and skills to Council discussions. Trustees are elected to Council by other Trustees for a maximum total term of eight years. All Trustees attend an induction programme to familiarise themselves with their statutory responsibilities, their role within the Council, the governance framework and Sightsavers' objectives. Performance of the Council both collectively and as individual Trustees is periodically assessed.

There are clear distinctions between the roles of Council and the Strategic Management Team to which day to day management is delegated. Matters such as policy and strategic plans are prepared by the Strategic Management Team for consideration and approval by Council.

There are four committees of Council; *Audit* which monitors audit activities, risk and control framework and process effectiveness, *Investment* which monitors investment performance and treasury activities, *Remuneration* which monitors remuneration policy and key salary decisions and *Governance* (formerly *Membership*) which monitors legal and registration issues in the countries where we operate and advises on the appointment of Trustees and Honorary Officers. Committees may include specialists who are not members of the Council but who volunteer to use their expertise to assist the committees on an ongoing basis. There are also two advisory panels (Funding and Marketing, and Programmes) which provide advice to both Council and the Strategic Management Team, but have no formal delegated responsibilities.

There are four subsidiary undertakings consolidated within the Group. These are Sightsavers (Trading) Limited, Sightsavers International (Ireland), Sightsavers International (Italia) and Sightsavers International Inc. Further details are included in Note 17 of the accounts.

## Sightsavers Scotland

Sightsavers is a charity registered in Scotland with the Office of the Scottish Charity Regulator, registration number SC038110. In 2010 Sightsavers raised £1.6 million from donors based in Scotland (2009 £1.8 million). We have a Scotland office and undertake fundraising and awareness building activities with individuals, corporate partners, trusts, the Scottish Government and community groups.

## Risk management

The Trustees are required to identify and review the strategic, operational, regulatory, people, political and environmental risks to which Sightsavers is exposed; and to assess the likelihood of such risks and the possible level of impact they would have.

Sightsavers updated its risk management framework during 2009; identifying risks, prioritising them and setting out mitigation approaches and accountabilities for the highest priority items. Our principal risks and mitigation strategies are set out in the earlier section describing our progress towards SIM card objectives.

Council is satisfied that systems are in place to monitor, manage and where appropriate mitigate Sightsavers' exposure to the major risks.

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# Review of financial outcome 2010

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The financial outcome for 2010 is set out in the Consolidated Statement of Financial Activities.

## Income

In 2010 total income was £173.5 million an increase of £73.3 million compared to 2009. 2010 income excluding gift in kind donations was £32.8 million, up £1.6 million from 2009.

Legacy income increased by £1.0 million year on year.

Donations were £21.4 million down £0.6 million from 2009. This was in large part due to reduced appeals income in UK and Ireland. Committed giving levels held up year on year despite continued challenging economic conditions in our core fundraising markets in UK, Ireland and Italy.

Gifts in kind from Merck & Co Inc. of Mectizan<sup>®</sup> tablets for river blindness protection increased to £140.4 million from £68.9 million in 2009. This substantial increase reflects our continued focus on treatment of neglected tropical diseases and the move from prevention to elimination of onchocerciasis in the regions where we work.

Grant income increased from £2.6 million in 2009 to £3.7 million mainly as a result of new EC contracts in the Caribbean and in East Africa.

## Expenditure

In 2010 total expenditure was £173.0 million an increase of £73.8 million compared to 2009.

Costs of generating funds increased £0.5 million year on year. This was in large part due to increased investment in key supporter retention activities in core markets.

Spending on charitable activities was £164.3 million in 2010 against £91.0 million in 2009 an increase of £73.3 million. £71.5 million of that increase relates to distribution of Mectizan<sup>®</sup>. Programmatic expenditure increased from 2009 levels reflecting programmatic adoption of the new strategy. Eye health expenditure increased by £1.9 million mainly driven by EC contract activity.

Given expected challenges in maintaining income levels we remained focused on our cost base and aligning our programme work with the strategic framework. In 2010 we continued to review our portfolio of programme work and exited a number of programmes which were not considered strategic. We also undertook a review of our operating model which has resulted in early 2011 in the closure of one of our regional support offices in West Africa and a number of administrative job losses in our headquarters in Haywards Heath.

Governance costs were £0.5 million in 2010, the same level as last year.

## Grant making policy

Sightsavers works in partnership with numerous organisations. Grants payable are made in line with our strategic objectives. Sightsavers monitors all grants to partner organisations in accordance with the relevant partnership agreement. A full list of grants is available on request.

## Financial position and reserves

Total fund balances were £10.6 million at the end of the year. Unrestricted reserves were £10.1 million offset by the defined benefit pension scheme liability of £1.5 million. Restricted fund balances were £1.7 million.

It is Sightsavers' policy to retain sufficient reserves to safeguard ongoing commitments and operations. Our current reserves policy is to maintain a level of unrestricted reserves at 25% +/- 5% of projected unrestricted expenditure for the following year.

For the purpose of this calculation we include both reported unrestricted reserves and the market value of our UK Grosvenor Hall property in the reserves calculation. At the end of 2010 our level of reserves were £11.8 million representing 39% of projected unrestricted expenditure (2009 £10.8 million and 36%). This is above policy guidelines. However, given economic uncertainty in our core fundraising markets, as well as continued volatility in currency markets, the Trustees believe this level of reserves is prudent given we expect to run a deficit in 2011.

## **Investments**

Sightsavers maintains a level of fixed asset investments. Investment levels are calibrated with the targeted quantum of reserves and ongoing liquidity needs. Our investment objectives are to maximise investment returns at acceptable levels of risk and in line with ethical standards consistent with Sightsavers' objects and values.

Our investment approach is to target an even mix of equity and bond instruments. Investment activities are supported by UBS Wealth Management and our Investment Committee which meets quarterly with UBS to assess investment strategy and performance.

## **Pensions**

Sightsavers operates a defined benefit pension scheme for UK contracted employees. This scheme was closed to new entrants in 2002 and closed to future accruals for existing employees in August 2010. As set out in Note 15 under Financial Reporting Standard 17 there was a deficit of £1.5 million at the end of the year. In 2010 there was a triennial actuarial valuation performed and a new recovery plan will be agreed with the Trustees of the pension plan.

A defined contribution scheme was established in 2002 with membership made available to all UK contracted employees.

## **Financial outlook**

The strategic direction of the organisation is defined in the strategic framework published in January 2009 and scheduled to run up to the end of 2013. Financial planning and forecasting activity takes place within the context of the overall strategic plan and objectives.

For 2011 our expectation is that economic challenges will continue in core fundraising geographies. That said, Sightsavers has been successful in securing Programme Partnership Arrangement (PPA) funding from DFID. This is expected to contribute in excess of £2.8 million of additional income in 2011. Given this environment we expect income from individuals to remain static but with increase in government funding from existing EC contracts and PPA funding.

Sightsavers remains committed to executing its strategy and we expect to increase expenditure in 2011 compared to 2010. Some of that increase will be in extending our charitable activities; some will be in developing new fundraising opportunities and markets. Notwithstanding, a continued focus on cost management and procurement efficiency remain an operational imperative.

Our expectation is that we will run a deficit in 2011 to be funded from existing reserves, which are currently higher than our benchmark.

## **Public benefit**

Sightsavers develops its strategic plans to ensure that we provide public benefit and achieve our objectives as set out in our SIM card.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Sightsavers' aims and objectives and in planning activities and setting policies for the year ahead.

## **Statement of Council of Trustees' responsibilities**

Charity law and the terms of the Royal Charter require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the Group at the end of the financial year, and of its incoming resources and application of resources for the period.

In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity, and ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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# Key people and suppliers

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## Patron

Her Majesty The Queen

## President

Her Royal Highness  
Princess Alexandra  
The Hon. Lady Ogilvy GCVO

## Vice Presidents

Lady Wilson OBE  
Sir David Thompson KCMG  
Sir Nicholas Fenn GCMG  
Sir John Coles GCMG  
Edward Heimsath  
Dennis Williams

## Honorary Officers

*Chairman*  
Lord Crisp KCB  
*Vice Chairman*  
David Jordan CBE  
*Treasurer*  
Michael Chilton

## Members of Council (the Trustees)

Professor Ekanem Ikpi Braide  
Caroline Casey  
Dr Robert Chappell OBE MPhil DSc(hon) FCOptom  
Michael Chilton  
Lord Crisp KCB  
Martin Dinham (appointed October 2010)  
Imtiaz Dossa (retired July 2010)  
Professor Harminder Dua FRCOphth  
Pat Farrell  
Jeremy Hughes  
David Jordan CBE  
Stephen King  
John Lafferty  
Dr Ramachandra Pararasegaram FRCSOphth  
Debbie Ramsay  
David Sands Smith CBE

## Strategic Management Team

*Chief Executive*  
Dr Caroline Harper OBE  
*International Programme Operations Director*  
Adelaide Addo-Fening OBE  
*Director of Strategic Programme Development*  
Dr Haroon Awan  
*Director of Funding and Marketing*  
John Bines  
*Director of Finance, Planning and Services*  
Kenneth Moon  
*Director of HR & Organisational Development*  
Mark Barrett

## Principal address

Grosvenor Hall  
Bolnore Road  
Haywards Heath  
West Sussex RH16 4BX

## Principal bankers

HSBC plc  
40 South Road  
Haywards Heath  
West Sussex RH16 4LU

Standard Chartered Bank  
1 Aldermanbury Square  
London EC2V 7SB

Allied Irish Bank  
7/12 Dame Street  
Dublin 2

## Solicitors

Bates, Wells & Braithwaite  
Cheapside House  
138 Cheapside  
London EC2V 6BB

McCann FitzGerald  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2

Waugh & Co  
3 Heath Square  
Boltro Road  
Haywards Heath  
West Sussex RH16 1BD

## Independent auditors

A resolution that Crowe Clark Whitehill LLP be appointed as the independent auditor to Sightsavers will be proposed at the forthcoming Annual General Meeting.

Approved by the Trustees and signed on their behalf on 27 May 2011.



Lord Crisp, Chairman

## Investment managers

UBS Wealth Management  
1 Curzon St  
London  
W1J 5UB

## Surveyors

Gould & Co  
Museum House  
Museum St  
London WC1A 1JT

## Independent auditors

Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH



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# Independent Auditor's Report to the Trustees of the Royal Commonwealth Society for the Blind

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We have audited the financial statements of the Royal Commonwealth Society for the Blind for the year ended 31 December 2010 which comprise the consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the consolidated Cash Flow Statement and the related notes numbered 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustees, as a body, in accordance with section 44 of the Charities Act 1993 and section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Trustees and auditor

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

We have been appointed as auditor under section 43 of the Charities Act 1993 and section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with those Acts.

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity'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 read all the information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 December 2010 and of the group's incoming resources and application of resources 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 Charities Act 1993 and the

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

We have nothing to report in respect of the following matters where the Charities Act 1993 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charity has not kept adequate accounting records; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

*Crowe Clark Whitehill LLP*

Crowe Clark Whitehill LLP  
Statutory Auditor  
London

Date *16 June 2011* .....

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Consolidated Statement of Financial Activities

Year ended 31 December 2010

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2010 £'000	Total 2009 £'000
<b>Income and expenditure</b>					
<b>Incoming resources</b>					
Incoming resources from generated funds:					
Voluntary income					
Donations and gifts	2	14,059	7,301	21,360	22,006
Legacies	3	7,318	-	7,318	6,285
Gifts in kind	4	308	140,371	140,679	68,936
Investment income	5	187	1	188	193
Incoming resources from charitable activities	6	-	3,663	3,663	2,559
Other incoming resources	7	263	-	263	189
<b>Total incoming resources</b>		<b>22,135</b>	<b>151,336</b>	<b>173,471</b>	<b>100,168</b>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Voluntary income					
Costs of raising current year's income	9	5,392	-	5,392	5,208
Investment to raise income in future years	9	1,880	-	1,880	1,750
Grant income	9	884	-	884	730
Fundraising trading costs	9	8	-	8	6
Investment management fees	9	32	-	32	27
		<b>8,196</b>	<b>-</b>	<b>8,196</b>	<b>7,721</b>
<b>Charitable activities</b>					
Health – Eye care	8,9	9,310	8,916	18,226	16,298
Health – Mectizan distribution	8,9	391	140,615	141,006	69,509
Education	8,9	1,205	743	1,948	2,247
Social inclusion	8,9	1,284	290	1,574	1,728
Community development	8,9	519	1,023	1,542	1,218
Total charitable activities	8	<b>12,709</b>	<b>151,587</b>	<b>164,296</b>	<b>91,000</b>
<b>Governance costs</b>	10	<b>510</b>	<b>-</b>	<b>510</b>	<b>491</b>
<b>Total resources expended</b>		<b>21,415</b>	<b>151,587</b>	<b>173,002</b>	<b>99,212</b>
Net incoming / (outgoing) resources before transfer		720	(251)	469	956
Transfer between funds		(35)	35	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>	11	<b>685</b>	<b>(216)</b>	<b>469</b>	<b>956</b>
Exchange translation difference arising on consolidation		296	-	296	(245)
Gains on investment assets	17	392	74	466	648
Actuarial losses on defined benefit pension scheme	15	(44)	-	(44)	(451)
<b>Net movement in Funds for the year</b>		<b>1,329</b>	<b>(142)</b>	<b>1,187</b>	<b>908</b>
Fund balances at 1 January 2010		7,199	2,231	9,430	8,522
<b>Fund balances at 31 December 2010</b>	22	<b>8,528</b>	<b>2,089</b>	<b>10,617</b>	<b>9,430</b>

Restricted funds include endowment funds, which had a balance at 31 December 2010 of £370,000 (2009: £296,000). See Note 22 for further information. All incoming and outgoing resources arise from continuing activities. All gains and losses recognised in the year are included above. The notes on pages 28 to 48 form part of these financial statements.



# Balance sheets

31 December 2010

	Note	Group		Charity	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>Fixed assets</b>					
Tangible assets	16	773	886	750	851
Investments	17	5,400	4,947	5,400	4,947
		<u>6,173</u>	<u>5,833</u>	<u>6,150</u>	<u>5,798</u>
<b>Current assets</b>					
Debtors	19	2,411	2,704	2,493	2,669
Short term cash deposits	18	1,229	1,526	1,229	1,526
Cash at bank and in hand	20	5,136	4,571	3,520	3,335
		<u>8,776</u>	<u>8,801</u>	<u>7,242</u>	<u>7,530</u>
Creditors: amounts falling due within one year	21	2,784	3,266	3,449	3,660
<b>Net current assets</b>		<u>5,992</u>	<u>5,535</u>	<u>3,793</u>	<u>3,870</u>
<b>Net assets before pension liability</b>		12,165	11,368	9,943	9,668
Defined benefit pension scheme liability	15	(1,548)	(1,938)	(1,548)	(1,938)
<b>Net assets after pension liability</b>		<u>10,617</u>	<u>9,430</u>	<u>8,395</u>	<u>7,730</u>
<b>Funds</b>					
Unrestricted funds					
Free reserve	22	8,905	7,837	7,806	6,821
Pension reserve		(1,548)	(1,938)	(1,548)	(1,938)
General		7,357	5,899	6,258	4,883
Designated	22	1,171	1,300	1,148	1,265
<b>Total unrestricted funds</b>		<u>8,528</u>	<u>7,199</u>	<u>7,406</u>	<u>6,148</u>
<b>Restricted funds</b>	22	1,719	1,935	619	1,286
<b>Endowment funds</b>	22	370	296	370	296
<b>Total funds</b>		<u>10,617</u>	<u>9,430</u>	<u>8,395</u>	<u>7,730</u>

The notes on pages 28 to 48 form part of these financial statements.

These financial statements were approved by the Council on 29 May 2011  
and signed on their behalf by:

Chairman  ..... Hon. Treasurer  .....

# Consolidated Cash Flow Statement

Year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
<b>Net cash inflow from operating activities</b>	A	366	11
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed assets		(82)	(91)
Payments to acquire investments		(1,130)	(1,898)
Receipts from sale of fixed assets		45	8
Receipts from sale of investments		1,452	1,375
(Increase) / Decrease in cash held for investment		(383)	502
		(98)	(104)
		268	(93)
<b>Management of liquid resources</b>			
Decrease in short term investments	B	-	967
Decrease in short term cash deposits	B	297	623
<b>Increase in cash in the year</b>	B	565	1,497

## Notes to the cash flow statement

	2010 £'000	2009 £'000
<b>A</b>		
<b>Reconciliation of net incoming resources for the year to net cash flow from operations</b>		
Net incoming resources	469	956
Profit on sale of fixed assets	(44)	(8)
Depreciation	194	241
Increase in provisions	(360)	(97)
Exchange translation differences arising on consolidation	296	(244)
Decrease / (Increase) in debtors	293	(450)
Decrease in creditors	(482)	(387)
Net cash inflow from operating activities	366	11

	1 January 2010 £'000	Cash flow £'000	31 December 2010 £'000
<b>B</b>			
<b>Analysis of changes in net cash</b>			
Short term cash deposits	1,526	(297)	1,229
Cash at bank and in hand	4,571	565	5,136
	6,097	268	6,365

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# Notes to the accounts

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Year ended 31 December 2010

## 1 Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the inclusion of investments at market value, and in accordance with applicable United Kingdom accounting standards. The financial statements are drawn up to reflect the format of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", published in March 2005. The accounting policies have been applied consistently throughout the current and previous year.

We have set out in the Trustees' report a review of financial performance and the charity's reserves position (pages 18-20). We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the Charity's ability to continue. The accounts have therefore been prepared on the basis that the Charity is a going concern.

### Basis of consolidation

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of Sightsavers and its subsidiary undertakings. No separate SOFA has been presented for the Charity alone, as permitted by paragraph 397 of the SORP. The net result for the Charity is a surplus of £705,000 (2009 surplus of £591,000). Sightsavers has the following subsidiary undertakings for which group accounts have been prepared:

Sightsavers (Trading) Limited is registered in the UK. The principal activities of the company are the sales of Christmas cards, promotional merchandise and receipt of corporate sponsorship.

Sightsavers International Inc is registered in the USA, incorporated under the laws of the State of Delaware. The primary purpose is to secure gift in kind donations from Merck Inc in the form of Mectizan<sup>®</sup> tablets.

Sightsavers International (Ireland) was registered in November 2003, with the purpose of expanding our fundraising operations and establishing a permanent presence in Ireland.

Sightsavers International (Italia) was registered in July 2004, with the purpose of expanding our fundraising operations and establishing a permanent presence in Italy.

### Incoming resources

All incoming resources are included in the SOFA when Sightsavers is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:

Legacies: entitlement is the earlier of Sightsavers being notified of an impending distribution, or the legacy being received.

Grants from Governments and other institutional donors: where related to performance and specific deliverables are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of its recognition it is deferred and included in creditors. Where entitlement occurs before income being received the income is accrued.

Gifts in kind in the form of Mectizan® tablets: are included in the SOFA at the donor's wholesale price at the date the tablets are recorded as being received overseas for use. These amounts will vary each year based on the donor's distribution plans.

Other gifts in kind: are included at valuation and are recognized as income when utilised.

## Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. All expenditure is inclusive of irrecoverable VAT where applicable.

Costs of generating funds are those incurred in seeking voluntary and grant income, and do not include the costs of disseminating information in support of the charitable activities.

Governance costs comprise all costs identified as wholly or mainly attributable to ensuring the public accountability of the charity and its compliance with regulation.

Support costs, which include the central and regional office functions such as general management, payroll administration, budgeting, forecasting and accounting, information technology, human resources and facilities management are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds. The basis of the cost allocation has been explained in note 9.

Charitable activities, which include amounts payable to partners for overseas projects are charged when an obligation exists and are described as grants payable in the notes. Other direct charitable expenditure (including direct staff costs) is charged on an accruals basis.

Resource expended include gifts in kind which are valued as explained in the incoming resources accounting policy.

## Fund accounting

General Funds are unrestricted funds available for use at the discretion of the Trustees to further the general objectives of Sightsavers that have not been designated for other purposes.

Designated Funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The use of each Designated Fund is set out in note 22.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. Details of restricted funds are set out in note 22.

Endowment Funds comprise monies that must be held indefinitely as capital. Related income is credited to general funds and applied for general purposes unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, excluding freehold land, at rates calculated to write off the cost or valuation of each asset on a straight line basis over their expected useful economic lives as follows:

Freehold buildings	2% to 4%
Computer equipment	33%
Motor vehicles held overseas	100%
Fittings and office equipment	25%

## Fixed asset investments

Fixed asset investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising from disposals and revaluations throughout the year.

## **Stocks**

Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

## **Foreign exchange**

Assets and liabilities denominated in foreign currencies have been translated at the rate of exchange ruling at the balance sheet date. Income and expenditure transactions incurred in a foreign currency have been translated during the course of the year at the rate of exchange ruling at the date of the transaction and are disclosed in the SOFA.

## **Pension**

Sightsavers operates a defined benefit pension scheme for its eligible UK contracted employees. This scheme was closed to future accruals in August 2010. The pension costs and the pension provision for the defined benefit scheme are calculated on the basis of actuarial advice and are charged to the SOFA on a basis to spread the costs over the employees' working lives, in accordance with the requirements of FRS17.

Sightsavers also operates a defined contribution scheme for eligible UK contracted employees. Pension costs for the defined contribution scheme are charged to the accounts on an accruals basis, also in accordance with the requirements of FRS17.

A pensions reserve has been created within unrestricted funds in compliance with paragraph 335 of the SORP. Details of the pension schemes are disclosed in note 15 to the accounts.

For staff based overseas, Sightsavers contributes to both locally managed provident fund schemes and a centrally managed end of service benefit scheme based on the number of years' service completed, according to local employment laws.

## **Operating leases**

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the term of the lease.

## **Forward exchange contracts**

Sightsavers has entered into forward exchange contracts during the year to hedge forward currency exposure on future programme expenditure. Forward currency exchanges made under these contracts are recorded at the specified rate at the time of the transaction.

## **Related party disclosures**

The charity has taken advantage of the exemption which is conferred by Financial Reporting Standard 8, Related Party Disclosures, that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.



## 2 Donations

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Individuals		
UK		
Committed giving	6,766	6,710
Other public donations and appeals income	3,932	4,323
Tax recoverable from UK donors	2,298	2,146
	<u>12,996</u>	<u>13,179</u>
Ireland		
Committed giving	2,496	2,782
Other public donations and appeals income	758	1,160
Tax recoverable from Irish donors	149	143
	<u>3,403</u>	<u>4,085</u>
Italy		
Committed giving	34	15
Other public donations and appeals income	1,121	865
	<u>1,155</u>	<u>880</u>
Other		
Committed giving	72	71
Other public donations and appeals income	87	94
	<u>159</u>	<u>165</u>
Total from individuals	17,713	18,309
Trusts	1,084	1,058
Companies	2,178	2,189
Community service and other organisations	385	450
	<u>21,360</u>	<u>22,006</u>

## 3 Legacies

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
UK	7,145	6,174
Ireland	78	89
Other	95	22
	<u>7,318</u>	<u>6,285</u>

At 31 December 2010, in addition to legacy income that has been included in the accounts, Sightsavers is expected to benefit from a number of legacies from estates for which the administration had yet to be finalized. Sightsavers future income from these legacies is estimated at £5,278,000 (2009: estimated at £4,692,000).

## 4 Gifts in kind

Sightsavers International Inc is registered in the USA to raise funds. In 2010, Sightsavers International Inc. secured gift in kind donations valued at £140,371,000 (2009: £68,864,000 ) from Merck Inc. in the form of Mectizan® tablets, which have been shipped to Liberia, Togo, Cameroon, Nigeria, Guinea, Ghana, Malawi, Sierra Leone, Uganda and Benin.

Sightsavers is responsible for the coordination of Mectizan® tablet distribution to those people at risk of developing river blindness. The gift in kind donations received approximately reflects the value of tablets distributed through the Sightsavers coordination work. Sightsavers works in collaboration with a small number of other agencies to ensure the responsibilities for coordination are most effectively undertaken.

2010 saw a significant increase in the value of Mectizan® provided by Merck to Sightsavers as a Gift in Kind. This reflects the general growth in activities aimed at the elimination of Onchocerciasis and LF within the countries in which Sightsavers operates. Sightsavers' Fast Track Initiative focusing on the elimination of Neglected Tropical Diseases is a key part of this activity.

During the year, Sightsavers utilised 30,725,000 airmiles (2009: 11,227,000) for the purpose of 331 related flights (2009: 123), which were donated by Emirates. These have been valued at £224,000 (2009: £72,000) based on the lowest economy fare available at the time of travel.

Google grants is a unique gift in kind donation programme that awards free AdWords advertising to selected charitable organisations. It supports organisations that share Google's philosophy of community service to help the World in areas such as science and technology, education, global public health, the environment, youth advocacy and the arts. During the year Sightsavers secured donations valued at £84,000.

## 5 Investment income

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Dividends from listed investments	162	162
Bank deposit interest	26	31
	<hr/> 188	<hr/> 193

## 6 Incoming resources from charitable activities

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
European Commission	2,164	1,102
Comic Relief	-	73
States of Guernsey	-	14
States of Jersey	60	138
Isle of Man Overseas Aid Committee	100	66
Irish Aid	658	702
Gorta	-	34
USAID	78	51
Scottish Government	63	-
Department for International Development	120	111
African Medical and Research Foundation (AMREF)	(13)	36
OPEC Foundation	32	-
Christoffel-Blindenmission (CBM)	42	16
BRAC	38	39
Fred Hollows Foundation	98	67
Association for Social Advancement (ASA)	14	-
Helen Keller International	30	22
Global Fund	114	-
World Vision	22	36
Other	43	52
	<hr/> 3,663	<hr/> 2,559

## 7 Other incoming resources

	2010 £'000	2009 £'000
Profit on disposal of fixed assets	44	8
Rental income	88	91
Additional expected recovery of cash from Kaupthing Singer & Friedlander	131	89
Miscellaneous overseas income	-	1
	263	189

## 8 Charitable activities

	Health Eye Care £'000	Mectizan® distribution £'000	Education £'000	Social Inclusion £'000	Community Development £'000	2010 £'000	2009 £'000
Kenya	847	(1)	226	15	92	1,179	1,336
Malawi	510	-	54	34	-	598	774
Mozambique	193	-	-	-	-	193	170
Northern Sudan	20	-	-	-	-	20	4
South Africa	-	-	-	-	-	-	25
Southern Sudan	103	-	-	-	-	103	37
Tanzania	500	-	36	64	19	619	699
Uganda	483	15	56	13	-	567	703
Zambia	577	-	12	2	12	603	434
Zimbabwe	41	-	27	7	-	75	73
East Central Southern Africa Regional Office	943	-	8	29	-	980	687
Sub total ECSA	4,217	14	419	164	123	4,937	4,942
Benin	-	49	-	-	-	49	56
Burkina Faso	40	-	-	-	-	40	-
Cameroon	244	191	-	142	-	577	396
Ghana	285	1	38	27	(1)	350	438
Nigeria	801	223	42	-	27	1,093	938
Togo	135	-	-	-	-	135	126
West Africa Regional Office East	639	28	10	68	-	745	527
Sub total WARO East	2,144	492	90	237	26	2,989	2,481
Gambia	102	-	57	22	-	181	240
Guinea	79	-	-	-	-	79	168
Guinea Bissau	184	-	-	-	-	184	49
Liberia	250	-	2	-	-	252	315
Mali	796	22	23	3	27	871	605
Senegal	141	-	-	-	-	141	160
Sierra Leone	388	-	27	-	82	497	702
Post Health for Peace	1,054	-	-	-	-	1,054	665
West Africa Regional Office West	526	-	10	2	32	570	626
Sub total WARO West	3,520	22	119	27	141	3,829	3,530
India	1,817	-	238	110	411	2,576	2,484
India Regional Office	145	-	47	18	145	355	256
Sub total India	1,962	-	285	128	556	2,931	2,740

	<b>Health Eye Care £'000</b>	<b>Mectizan® distribution £'000</b>	<b>Education £'000</b>	<b>Social Inclusion £'000</b>	<b>Community Development £'000</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Bangladesh	975	-	83	305	5	1,368	1,439
Bangladesh BRAC	39	-	-	-	-	39	41
Bangladesh Childhood Cataract Campaign	164	-	-	-	-	164	376
Pakistan	923	-	19	46	291	1,279	1,370
Sri Lanka	185	-	13	34	177	409	273
South Asia Regional Office	22	-	2	35	2	61	46
<b>Sub total South Asia</b>	<b>2,308</b>	<b>-</b>	<b>117</b>	<b>420</b>	<b>475</b>	<b>3,320</b>	<b>3,545</b>
Belize	-	-	-	-	-	-	95
Caribbean	857	-	1	25	3	886	420
Caribbean Programme Management	-	-	-	-	-	-	57
<b>Sub total Caribbean</b>	<b>857</b>	<b>-</b>	<b>1</b>	<b>25</b>	<b>3</b>	<b>886</b>	<b>572</b>
Gifts in Kind	204	140,371	-	-	-	140,575	68,864
Head Office	3,014	107	917	573	218	4,829	4,314
Seeing is Believing *	-	-	-	-	-	-	12
<b>Direct Charitable Expenditure</b>	<b>18,226</b>	<b>141,006</b>	<b>1,948</b>	<b>1,574</b>	<b>1,542</b>	<b>164,296</b>	<b>91,000</b>

\* Projects funded by Standard Chartered Bank in agreement with Sightsavers but managed by other international NGOs predominantly in countries where Sightsavers does not operate.

Expenditure charged to projects includes grants paid to partner organisations, representing an integral part of Sightsavers programme work. The work of these local organisations is closely monitored by Sightsavers.

A list of principal grants is available on request from our Registered office in Haywards Heath.

## 9 Total resources expended

	<b>Grants Payable £'000</b>	<b>Direct Costs £'000</b>	<b>Gifts in Kind £'000</b>	<b>Allocation of Support Costs £'000</b>	<b>Total 2010 £'000</b>	<b>Total 2009 £'000</b>
Costs of generating funds						
Voluntary income						
Costs of raising current years income	-	4,531	104	757	5,392	5,208
Investment to raise income in future years	-	1,407	-	473	1,880	1,750
Grant income	-	691	-	193	884	730
Fundraising trading: cost of goods sold and other costs	-	8	-	-	8	6
Investment management fees	-	32	-	-	32	27
Charitable activities						
Health - Eye Care	7,001	7,469	204	3,552	18,226	16,298
Health – Mectizan distribution	169	311	140,371	155	141,006	69,509
Education	661	971	-	316	1,948	2,247
Social inclusion	535	467	-	572	1,574	1,728
Community Development	912	229	-	401	1,542	1,218
Governance costs	-	238	-	272	510	491
<b>Total resources expended 2010</b>	<b>9,278</b>	<b>16,354</b>	<b>140,679</b>	<b>6,691</b>	<b>173,002</b>	
<b>Total resources expended 2009</b>	<b>8,920</b>	<b>15,940</b>	<b>68,864</b>	<b>5,488</b>		<b>99,212</b>

During the year Sightsavers made grants to partner organisations carrying out work to combat blindness and help visually impaired people.

Grants payable to partner organisations are considered to be part of the costs of activities in furtherance of the objects of Sightsavers because much of the Charity's programme activity is carried out through grants to local organisations that support long term, sustainable benefits for people affected by blindness. This includes capacity building and partnership development. The work of these local organisations is closely monitored by Sightsavers.

Direct Costs include all the costs which are directly attributable to generating funds £4,152,000 (2009: £4,247,000), the direct operation of the overseas programmes, including the procurement of equipment for use in the programmes £2,371,000 (2009: £2,578,000), informing and creating awareness amongst the public and governance of Sightsavers. Staff costs included in direct costs is £5,608,000 (2009: £5,342,000.)

# Total resources expended

The support costs and the basis of their allocation was as follows:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Directorate	636	896
Financial management	316	381
Information communication technology	968	730
Human resources	674	377
Global procurement	212	326
Planning, performance & analysis	269	301
Programme support	3,616	2,477
	<hr/>	<hr/>
	6,691	5,488
	<hr/> <hr/>	<hr/> <hr/>

The support costs were allocated across the expenditure categories based on an estimate of the time spent.

2010 saw an increase in programme support costs resulting from the strengthening of Sightsavers' teams responsible for regional programme management, large scale government grant management and programme monitoring and quality. These changes were introduced midway through 2009 to ensure successful implementation of the organisation's new strategy and were fully operational for the whole of 2010.

## 10 Governance costs

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Internal audit	46	52
External audit (including overseas offices)	134	111
Company secretarial	24	17
Apportionment of Directors' costs	227	234
Trustees' expenses	10	9
Finance	69	68
	<hr/>	<hr/>
	510	491
	<hr/> <hr/>	<hr/> <hr/>

## 11 Net incoming resources

This is stated after charging:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Depreciation	194	241
Auditors' remuneration:		
UK charity audit	49	40
International offices*	85	99
Investment managers' fees	32	27
Solicitors' fees	144	52
Surveyors' fees	1	8
Operating lease charges	55	51
	<hr/>	<hr/>

\* Paid to firms other than Crowe Clark Whitehill LLP

## 12 Staff costs

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Wages and salaries	8,434	8,024
Social security costs	515	462
Pension costs	1,141	818
	<hr/>	<hr/>
Provision for overseas taxes for the period since 2005	10,090	9,304
	538	-
	<hr/>	<hr/>
	10,628	9,304
	<hr/>	<hr/>
European based employees (UK, Ireland and Italy)	5,312	4,823
Overseas based employees on UK contracts	615	585
Overseas based employees on overseas contracts	4,163	3,896
	<hr/>	<hr/>
	10,090	9,304
	<hr/>	<hr/>
	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Within wages and salaries for overseas based employees on overseas contracts, the following amounts were charged to the provision of an End of Service Benefit for some overseas staff.	231	210
	<hr/>	<hr/>

The average number of full time equivalent employees during the year was made up as follows:

	<b>2010</b> <b>No.</b>	<b>2009</b> <b>No.</b>
European based employees:		
Chief Executive's office	8	8
Finance, planning and services	31	30
Fundraising and communications	65	62
Overseas programmes	13	13
Overseas based employees on UK contracts and consultancy fees	9	9
Overseas based employees on overseas contracts	226	217
	<hr/>	<hr/>
	352	339
	<hr/>	<hr/>

Staff costs have increased during the year due to adverse currency moves, inflation, end of service benefits (specifically shown) and additional investment in fundraising activities.

There were 3 employees (2009: 1) whose emoluments were in the range £60,000 - £69,999.

There were 4 employees (2009: 2) whose emoluments were in the range £70,000 - £79,999.

There was 1 employee (2009: 0) whose emoluments were in the range £80,000 - £89,999.

There was 1 employee (2009: 1) whose emoluments were in the range £90,000 - £99,999.

## 13 Trustees' expenses

	<b>2010</b>		<b>2009</b>	
	<b>No. of</b> <b>trustees</b>	<b>£'000</b>	<b>No. of</b> <b>trustees</b>	<b>£'000</b>
Reimbursed to trustees:				
UK related	14	9	15	8
Overseas visits	1	1	-	-

No emoluments have been paid to the trustees (2009: nil). Trustees can be reimbursed for their travel and subsistence expenses in attending meetings. Additionally, Trustees may occasionally visit Sightsavers partners and programmes overseas, with costs of such trips being met by the Charity.

## 14 Related party transactions

The International Agency for the Prevention of Blindness, a charity of which the Chief Executive Officer is a Trustee, is identified as a related party and was paid £102,223 in 2010 (2009: £131,000) for membership fees and funding a workshop. A balance of £nil was outstanding at the end of the year (2009: £nil).

Stephen King, a Trustee of Sightsavers, is also a Director of Access and Innovation at the RNIB with whom Sightsavers traded and were paid £5,027 in 2010 (2009: £11,840). Stephen King is also a Board Member of the Daisy Consortium, to whom Sightsavers paid £1,808 in 2010 (2009: £1,910), representing an annual membership fee. There were no balances outstanding at the end of the year (2009: £nil).

## 15 Pension costs

Sightsavers operates a defined benefit pension scheme, the assets of which are held separately from those of the Charity. The scheme was closed to new members on 30 September 2002 and to future accrual for existing members on 31st August 2010.

Contributions to the scheme by Sightsavers are charged to the SOFA so as to spread the cost of the pensions over the employees' working lives with the Charity and are determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was at 1 January 2010. The principal assumptions were an increase in salary costs of 4.35% per annum and rate of interest of 6.4% per annum reflecting an assumed out performance of equities over gilts of approximately 2.0%. The market value of the scheme assets at 31 December 2009 was £7,947,000. The actuarial valuation of the assets of the scheme represented 74% of the actuarial valuation of the accrued liabilities. The charity is funding the past service deficit at a rate of £400,000 per annum over ten years.

During the year Sightsavers contributed £613,000 (2009: £474,000) to the scheme, of which £nil was outstanding at the balance sheet date (2009: £46,000).

The best estimate of contributions expected to be paid to the scheme by Sightsavers for the period to 31 December 2011 is £400,000.

As required for the preparation of statutory accounts and in accordance with the requirements of Financial Reporting Standard 17 the actuarial valuation at 1 January 2010 was updated by HSBC Actuaries and Consultants Limited at 31 December 2010.

The major assumptions they used for the purpose of calculating the deficiency were:

	2010	2009	2008
Discount rate	5.40%	5.50%	6.00%
Inflation assumption	3.40%	3.25%	3.00%
Rate of increase in salaries	4.40%	4.25%	4.50%
Rate of increase in payment*	3.40%	3.25%	2.75%

\* The rate quoted for increase in pensions in payment represents the increase applied to the majority of pensions in excess of the guaranteed minimum pension.

The mortality assumptions adopted at 31 December 2010 imply the following life expectancies at age 65:

	2010 Years	2009 Years
Member aged 65 (current life expectancy) - male	21.9	22.0
Member aged 45 (life expectancy at 65) - male	23.8	23.1
Member aged 65 (current life expectancy) - female	24.0	24.9
Member aged 45 (life expectancy at 65) - female	26.0	25.9

The assets of the scheme are held with Legal & General. The managed funds are invested in a diversified portfolio of investments comprising 60% equities, 19% bonds, 19% corporate bonds and 2% cash.



The fair value of assets and present value of liabilities of the scheme at 31 December 2010, along with the expected rates of return on the scheme assets are as follows:

		<b>2010</b>		<b>2009</b>		<b>2008</b>
	%	<b>£'000</b>	%	<b>£'000</b>	%	<b>£'000</b>
Equities	8.25	5,470	8.25	5,112	8.25	3,933
Government Bonds	4.40	1,716	4.40	2,759	3.85	2,827
Corporate Bonds		1,702	-	-	-	-
Cash	4.75	170	4.75	32	4.75	4
Total market value of scheme assets		9,058		7,903		6,764
Present value of scheme liabilities		(10,606)		(9,841)		(8,398)
Net pension scheme liabilities		(1,548)		(1,938)		(1,634)

### Analysis of the amount charged to resources expended

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(195)	(261)
Expected return on pension scheme assets	551	434
Interest on pension scheme liabilities	(535)	(500)
Net charge	(179)	(327)

### Analysis of movement in deficit in the Scheme during the year

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in the Scheme at beginning of period	(1,938)	(1,634)
Contributions paid	613	474
Current service cost	(195)	(261)
Other finance (costs) / income	16	(66)
Actuarial losses	(44)	(451)
Deficit in the scheme at end of period	(1,548)	(1,938)

### History of experienced gains and losses

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation	(10,606)	(9,841)	(8,398)	(8,727)	(8,467)
Fair value of scheme assets	9,058	7,903	6,764	7,949	7,354
Surplus / (deficit)	(1,548)	(1,938)	(1,634)	(778)	(1,113)
Actual return less expected return on scheme assets:					
Amount	412	614	(1,906)	(192)	344
As % of scheme assets	5%	8%	(28%)	(2%)	5%
Experience gains / (losses) on scheme liabilities:					
Amount	(132)	(1,042)	(72)	1	1,319
As % of the present value of the scheme liabilities	(1%)	(11%)	(1%)	0%	16%
Total gain / (loss) recognised in statement of total recognised gains and losses:					
Amount	(44)	(451)	(1,198)	32	1,421
As % of the present value of the scheme liabilities	(0%)	(5%)	(14%)	0%	17%

Sightsavers also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. Sightsavers contributes double the employee contributions up to a maximum of 10% of pensionable pay. The pension cost charge represents contributions payable by Sightsavers to the fund and amounted to £407,000 (2009: £349,000) of which £42,000 was outstanding at the balance sheet date (2009: £31,000).

## 16 Tangible fixed assets

	Freehold property £'000	Computer equipment £'000	Office fixtures and fittings £'000	Motor vehicles £'000	2010 Total £'000
<b>Cost or valuation</b>					
At 1 January 2010	1,859	362	309	769	3,299
Additions	-	4	-	78	82
Disposals	-	(64)	-	(149)	(213)
At 31 December 2010	1,859	302	309	698	3,168
<b>Depreciation</b>					
At 1 January 2010	1,097	316	231	769	2,413
Charge for the year	36	32	48	78	194
Disposals	-	(63)	-	(149)	(212)
At 31 December 2010	1,133	285	279	698	2,395
<b>Net book value</b>					
At 31 December 2010	726	17	30	-	773
At 31 December 2009	762	46	78	-	886

Freehold property includes £1,800,000 relating to the Grosvenor Hall estate, valued at open market value as at 31 December 1998 by Gould & Company, Chartered Surveyors. In accordance with the provisions of FRS 15 and the SORP this value has been treated as the initial carrying amount and Sightsavers is not required to, and has not, adopted a policy of revaluation of such properties.

All assets are held for charitable purposes. Group figures include £23,000 of office fixtures and fittings held with the related party in Ireland (Sightsavers International Ireland).

## 17 Fixed asset investments

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Market value at 1 January	4,644	3,524	4,644	3,524
Disposals at opening market value	(1,369)	(1,268)	(1,369)	(1,268)
Acquisitions at cost	1,130	1,898	1,130	1,898
Net gains / (losses) on revaluation at 31 December *	308	490	308	490
	4,713	4,644	4,713	4,644
Cash held in portfolio at 31 December	354	6	354	6
Cash held on deposit for endowment funds	333	297	333	297
<b>Market value at 31 December</b>	5,400	4,947	5,400	4,947
<b>Historical cost at 31 December</b>	4,380	4,176	4,380	4,176
Subsidiary undertaking	-	-	-	-
Listed securities at market value	4,694	4,625	4,694	4,625
Unlisted securities at Trustees valuation	19	19	19	19
	4,713	4,644	4,713	4,644

\*In addition to the 2010 unrealised gains shown above, there were realised gains of £84,000 in the year (2009: £108,000) which combine to provide the total net gains as shown in the statement of financial activities on page 25.

Of the UK amounts the holdings with a market value greater than 5% of the total portfolio value:

	%	<b>2010 £'000</b>	<b>2009 £'000</b>
UK fixed interest:			
M & G Investment Fund Corporate Bond	9.25	467	547
Invesco Corporate Bond Fund	5.98	302	294

## Subsidiary undertakings

Sightsavers owns the whole of the issued share capital of Sightsavers (Trading) Limited, a company which retails and distributes Christmas cards and novelties and undertakes various sponsorship events. The taxable profit is gift aided to Sightsavers.

	<b>2010 £'000</b>	<b>2009 £'000</b>
Turnover	15	14
Cost of sales	-	-
Administration expenses	6	5
	6	5
Inter company expenses	2	2
Total expenses	8	7
Profit for the year	7	7
Amount gift aided to Sightsavers	7	7

The net assets of Sightsavers (Trading) Limited at that date were £100.

Sightsavers has the following overseas subsidiaries:

Sightsavers International (Ireland), a registered charity in Ireland which raises funds in the Irish Republic towards the objectives of Sightsavers. The income and expenditure has been consolidated into these group accounts and in 2010 showed income of £4,287,000 (2009: £5,096,000) and a surplus of £186,000 (2009 surplus: £354,000).

The net assets of Sightsavers International (Ireland) at the year end were £1,650,000.

Sightsavers International (Italia) is a registered charity raising funds in Italy. The income and expenditure is consolidated into these group accounts and in 2010 showed income of £1,472,000 (2009: £1,315,000) and a surplus of £232,000 (2009 surplus: £1,000). The net assets of Sightsavers International (Italia) at the end of the year were £530,000.

Sightsavers International Inc. is registered in Delaware, USA with the primary purpose to secure gift in kind donations from Merck Inc. These have been shown as gifts in kind and are disclosed in Note 4. The additional income and expenditure is consolidated into these group accounts and in 2010 showed income of £173,000 (2009: £45,000) and a surplus of £56,000 (2009: deficit of £48,000). The net assets of Sightsavers International Inc. at the year end were £28,000.

## 18 Short term cash deposits

The balance on current asset short term cash is cash held on short term deposit with one day notice.

## 19 Debtors

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Prepayments	458	379	455	376
Tax claims and other accrued income	1,819	2,154	1,796	2,088
Other debtors	134	171	242	205
	<u>2,411</u>	<u>2,704</u>	<u>2,493</u>	<u>2,669</u>

## 20 Cash at bank and in hand

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Restricted funds	1,719	1,837	1,051	1,188
Unrestricted funds – General	3,019	2,320	2,071	1,733
– Designated	398	414	398	414
	<u>5,136</u>	<u>4,571</u>	<u>3,520</u>	<u>3,335</u>

At the balance sheet date, in addition to the above amounts, a sum of £nil (2009: £66,000) was held on behalf of the Standard Chartered Bank Seeing is Believing project. Sightsavers is a joint signatory to this account but does not have entitlement to the funds.

## 21 Creditors: amounts falling due within one year

	Group		Charity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Taxes and social security costs	692	122	672	92
Other creditors	526	902	1,269	1,438
Deferred income	645	1,031	645	1,031
Accruals	921	1,211	863	1,099
	<u>2,784</u>	<u>3,266</u>	<u>3,449</u>	<u>3,660</u>

Within other creditors for the charity figures, there was an amount owing to Sightsavers International (Ireland) of £923,000 (2009: £845,000) at 31 December.

### Movement on deferred income during the year:

	Group 2010 £'000	Charity 2010 £'000
Balance brought forward	1,031	1,031
Released to income	(1,031)	(1,031)
Received in year	645	645
	<u>645</u>	<u>645</u>
Balance carried forward	645	645

## 22 Statement of funds

	Balance at 1 January 2010 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Other Gains / Losses & Revaluations £'000	Balance at 31 December 2010 £'000
<b>General Reserve:</b>							
Free Reserve	7,837	22,135	(21,849)	392	94	296	8,905
Pension Reserve	(1,938)	-	434	-	-	(44)	(1,548)
<b>Designated funds:</b>							
Future overseas expenditure	414	-	-	-	(16)	-	398
Fixed assets fund	886	-	-	-	(113)	-	773
<b>Total Unrestricted Funds</b>	<b>7,199</b>	<b>22,135</b>	<b>(21,415)</b>	<b>392</b>	<b>(35)</b>	<b>252</b>	<b>8,528</b>
<b>Restricted funds:</b>							
Incoming resources from charitable activities	708	3,663	(3,695)	-	35	-	711
Josef Sowa	-	-	-	-	-	-	-
Rotary African Vision	-	48	(48)	-	-	-	-
Trachoma	-	53	(53)	-	-	-	-
Daruvala Bequest	-	-	-	-	-	-	-
Dr Sinha	-	-	-	-	-	-	-
Joseph & Betty Davis Memorial Fund	-	-	-	-	-	-	-
Distributed Gifts in Kind	-	140,371	(140,371)	-	-	-	-
<b>East, Central and Southern Africa:</b>							
Kenya	96	579	(592)	-	-	-	83
Tanzania	202	455	(576)	-	-	-	81
Uganda	1	218	(197)	-	-	-	22
Zambia	36	414	(284)	-	-	-	166
Malawi	67	279	(346)	-	-	-	-
Mozambique	5	154	(76)	-	-	-	83
South Sudan	10	8	(18)	-	-	-	-
Zimbabwe	-	25	(25)	-	-	-	-
<b>West Africa – East</b>							
Cameroon	112	121	(163)	-	-	-	70
Benin	-	30	(30)	-	-	-	-
Ghana	-	284	(284)	-	-	-	-
Nigeria	90	446	(455)	-	-	-	81
Togo	-	57	(57)	-	-	-	-
<b>West Africa – West</b>							
Burkina Faso	-	21	(21)	-	-	-	-
Guinea	14	22	(36)	-	-	-	-
Guinea Bissau	108	74	(133)	-	-	-	49
Liberia	13	97	(110)	-	-	-	-
Mali	-	18	(17)	-	-	-	1
Senegal	128	48	(108)	-	-	-	68
Sierra Leone	14	290	(304)	-	-	-	-
The Gambia	-	19	(19)	-	-	-	-
<b>South Asia</b>							
Bangladesh	40	644	(671)	-	-	-	13
Pakistan	32	809	(836)	-	-	-	5
Sri Lanka	-	211	(147)	-	-	-	64

	Balance at 1 January 2010 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Other Gains / Losses & Revaluations £'000	Balance at 31 December 2010 £'000
<b>Caribbean:</b>	-	163	(163)	-	-	-	-
<b>India:</b>	86	683	(735)	-	-	-	34
Head Office	-	10	(10)	-	-	-	-
SCB Seeing is Believing	173	1,022	(1,007)	-	-	-	188
<b>Total restricted funds</b>	<u>1,935</u>	<u>151,336</u>	<u>(151,587)</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>1,719</u>
<b>Endowment funds:</b>							
Josef Sowa	30	-	-	8	-	-	38
Dr Sinha	19	-	-	5	-	-	24
Daruvala Bequest	48	-	-	12	-	-	60
The Gibson Orr Bequest	30	-	-	7	-	-	37
Joseph & Betty Davis Memorial Fund	6	-	-	1	-	-	7
Mountjoy Trust	163	-	-	41	-	-	204
<b>Total endowment funds</b>	<u>296</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>370</u>
<b>Total Funds</b>	<u>9,430</u>	<u>173,471</u>	<u>(173,002)</u>	<u>466</u>	<u>-</u>	<u>252</u>	<u>10,617</u>

## Designated funds

The balance on future overseas expenditure represents cash held in overseas bank accounts at the balance sheet date. The balance on the fixed asset fund represents the net book value of tangible assets at the balance sheet date.

## Restricted funds

The transfer to restricted funds of £35,000 represents elements of unrestricted expenditure that were charged to restricted funds in 2010.

Significant restricted funds comprise:

- The fund balance for incoming resources from charitable activities represents funding from OPEC for a project in India (£32,000), funding from Irish Aid under a Block Grant covering multiple countries (£577,000), funding from Helen Keller for a project in Nigeria (£4,000), funding from EACO Light for the World for a project in Kenya (£7,000), funding from the Global Fund for a project in Ghana (£36,000), funding from BRAC for a project in Bangladesh (£8,000) and funding from Fred Hollows Foundation for a project in Bangladesh (£30,000) and in Kenya (£9,000). Plus other smaller balances (£8,000).
- Distributed Gifts in Kind represent Mectizan<sup>®</sup> tablets which have been shipped to our programme work overseas to support the Charity's river blindness work (note 4).
- The fund balance for Kenya represents funding from key supporters for the Kenya Ophthalmic Programme and the Kericho/Bomet Programme.
- The fund balance for Tanzania represents funding from key supporters for the Muhimbili Childhood Blindness Initiative and the Iringa CES Eye Care project.
- The fund balance for Uganda represents funding from key supporters for the Jinja Programme.
- The fund balance for Zambia represents funding from a corporate partner for Chainama Optometry Technologist Training programme.

- The fund balance for Mozambique represents funding from key supporters for the Nampula Eye Department (Construction) Programme.
- The fund balance for Cameroon represents funding from key supporters for the Eye Care Programme – South West Province.
- The fund balance for Nigeria represents funding from corporate partners for Mectizan® Kogi and Cross River State Eye Care Programme, and funding from key supporters for Zamfara State Eye Care Programme.
- The fund balance for Guinea Bissau represents funding from key supporters for the South West Guinea Bissau Eye Care project.
- The fund balance for Mali represents funding from a corporate partner for Mectizan®.
- The fund balance for Senegal represents funding from key supporters for the Louga Regional Eye Care project.
- The fund balance for Bangladesh represents funding from key supporters for the Bangladesh Childhood Cataract Campaign and from a corporate partner for Comprehensive Eye Care Services.
- The fund balance for Pakistan represents funding from corporate partners for the Vihari Pediatric Unit Construction project.
- The fund balance for Sri Lanka represents funding from a key supporter for the Colombo Urban Eye Care Programme, Low Vision Project and the Primary Eye Care Programme
- The fund balance for India represents funding from trust partners for various eye care projects and funding from corporate partners for the Patiala Medical College and the Sankar Foundation – Ray of hope for Children.
- The fund balance for SCB Seeing is Believing represents funding for completion of Phase III and IV of the project.

## **Endowment funds**

The Josef Sowa Scholarship Fund was established by Dr Sowa, in memory of her husband Josef Sowa. The interest from the fund provides an annual scholarship for training of ophthalmic clinical officers in West Africa.

The fund established by Dr Sinha is invested and the interest earned is expended specifically on eye care projects in India.

The Daruvala Bequest is invested and the interest earned is expended specifically on cataract operations for people of India in accordance with the terms of the bequest.

Under the terms of the Gibson Orr Bequest, interest received after the first five years is to be accumulated for the next five years and added to the original sum. Interest earned in the third period of five years is available for the general purposes of Sightsavers. 2010 is the eighteenth year of the fund and therefore the interest from the investment amounting to £nil (2009: £nil) has been expended in accordance with the terms of the bequest

The Mountjoy Trust is invested and the interest earned is expended specifically for the benefit of the visually deprived, either blind or near blind, in accordance with the terms of the bequest.

Included within the incoming resources from charitable activities figure of £3,663,000 are the following grants:

		<b>£'000</b>
<b>Department for International Development:</b>		
In the year ended 31 December 2010 grants totalling £120,000 (2009: £112,000) were received by Sightsavers from the Department for International Development, as follows:		
Pakistan – CSCF grant	Including disabled people in social development projects in Punjab province.	120
We confirm that the CSCF funds have been spent in accordance with the terms in the Grant Funding Arrangements against the project CSCF 441 for the accounting period 1 January 2010 to 31 December 2010.		
		<b>£'000</b>
<b>European Commission:</b>		
Mali	Strengthening the programme for the control of blindness in Koulikoro Region.	380
Kenya	Reducing the prevalence of trachoma in 3 trachoma endemic districts.	316
Post HFPI – The Gambia, Guinea Bissau, Senegal	Reducing poverty through improved eye health in the 'Health for Peace Initiative' sub-region.	746
EACO – Kenya, Uganda, Tanzania	Promoting quality ophthalmology in East Africa (Kenya, Uganda and Tanzania).	130
CCB – Caribbean	Promoting Vision 2020 the Right to Sight to eliminate avoidable blindness through capacity building in the region.	424
Kenya – ECSA HRD	Piloting integrated comprehensive eye services and poverty alleviation for the blind and visually impaired persons and their families.	168
<b>States of Jersey:</b>		
Cameroon	To support the reduction in river blindness using the Community-Directed Treatment with Ivermectin (CDTI) strategy.	60
<b>Isle of Man Overseas Aid Committee:</b>		
Post HFPI – The Gambia, Guinea Bissau, Senegal	Reducing poverty through improved eye health in the 'Health for Peace Initiative' sub-region.	100
<b>Irish Aid (Civil Society Fund):</b>		
	A 3 year block grant to strengthen eye care services and education for the visually impaired in fragile states.	
Ireland	As above	49
Kenya	As above	9
Liberia	As above	108
Mozambique	As above	117
Pakistan	As above	90
Senegal	As above	9
Sierra Leone	As above	136
Sudan	As above	84
UK	As above	14
Zimbabwe	As above	42
<b>USAID:</b>		
Uganda	Strengthening refraction and low vision services for children in 4 regions.	78
<b>BRAC:</b>		
Bangladesh	Joint project aimed at providing eye care services for the ultra poor.	38
<b>Scottish Government:</b>		
Pakistan	Flood relief.	27
Sri Lanka	Provision of livelihoods for persons with disabilities.	36
<b>OPEC:</b>		
India	To provide tertiary eye care services to the population at Banswara district (Rajasthan).	32
<b>Light for the World:</b>		
Kenya, Uganda, Tanzania	Promoting quality ophthalmology in East Africa (Kenya, Uganda and Tanzania).	19
<b>AMREF:</b>		
Kenya	Reducing the prevalence of trachoma in 3 trachoma endemic districts.	(13)



£'000

<b>CBM:</b>			
Kenya	Reducing the prevalence of trachoma in 3 trachoma endemic districts.		42
<b>Helen Keller:</b>			
Nigeria	Support for vitamin A distribution programmes in Kwara and Kogi state.		30
<b>Fred Hollows Foundation:</b>			
Bangladesh	To support the Bangladesh Childhood Cataract Campaign which aims to reduce the childhood cataract backlog and leave in place services and systems which can manage the incidence of cataract blindness in children in future.		24
Kenya	Reducing the prevalence of trachoma in 3 trachoma endemic districts.		74
<b>World Vision:</b>			
Ghana	Ghana Neglected Tropical Diseases Control Programme.		22
<b>Association for Social Advancement:</b>			
Bangladesh	Provision of comprehensive eye care services for poor people in 4 districts.		14
<b>Global Fund:</b>			
Ghana	To support the elimination of blinding trachoma.		114
<b>OES:</b>			
EACO – Kenya, Uganda, Tanzania	Promoting quality ophthalmology in East Africa (Kenya, Uganda and Tanzania).		9
<b>Merck:</b>			
Sierra Leone	Mectizan distribution programme.		5
<b>Lions Club:</b>			
Uganda	To support trichiasis surgery in Busogo.		7

## 23 Analysis of net assets between funds

	<b>Tangible fixed assets £'000</b>	<b>Investments £'000</b>	<b>Net current assets £'000</b>	<b>Pension liability £'000</b>	<b>Net assets £'000</b>
Unrestricted funds					
General		5,067	3,838	(1,548)	7,357
Designated	773		398		1,171
Restricted funds			1,719		1,719
Endowment funds		333	37		370
	<u>773</u>	<u>5,400</u>	<u>5,992</u>	<u>(1,548)</u>	<u>10,617</u>

## 24 Leasing commitments

Within the next year the charity is committed to making lease payments of £55,000 (2009: £42,000). The obligation to make these annual payments expires as follows:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
<b>Land and buildings</b>		
Expiring within 1 year	8	8
Expiring within 2-5 years	-	-
Expiring over 5 years (related party – Sightsavers International Ireland)	24	26
	<hr/>	<hr/>
	32	34
	<hr/>	<hr/>
	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
<b>Other</b>		
Expiring within 1 year	11	1
Expiring within 2-5 years	12	7
	<hr/>	<hr/>
	23	8
	<hr/>	<hr/>
Total	<u>55</u>	<u>42</u>

## 25 Forward exchange contracts

Sightsavers has entered into four forward exchange contracts during the year to hedge forward currency exposure on future programme expenditure. These contracts to purchase US Dollars (USD) using Sterling (GBP) are each for up to twelve months in duration, at USD/GBP rates between 1.5252 and 1.5827. At the balance sheet date a combined purchase value of USD 7.1 million remained on these four contracts representing around 37% of forecast USD correlated overseas charitable expenditure for 2011.

Security is required by the UK clearing bank counterparty for these contracts. A charge of £1.25 million was written over our Grosvenor Hall property in favour of our counterparty during 2010. This arrangement allows Sightsavers to hedge an element of its currency exposure through the use of forward exchange contracts, whilst not drawing on cash holdings to support collateral requirements.



Sightsavers  
Grosvenor Hall  
Bolnore Road  
Haywards Heath  
West Sussex  
RH16 4BX, United Kingdom

Tel 01444 446600

Fax 01444 446688

Email [info@sightsavers.org](mailto:info@sightsavers.org)

Sightsavers is an international organisation working with partners in developing countries to eliminate avoidable blindness and promote equality of opportunity for disabled people.

For further information about Sightsavers, or to contact our regional offices, please visit our website: [www.sightsavers.org](http://www.sightsavers.org)

**Front cover: Aissetou Toure from Guinea, West Africa had a sight-restoring cataract operation last year. Picture by Laura Crow/Sightsavers.**

Sightsavers is also known as The Royal Commonwealth Society for the Blind.

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