VSO

England & Wales · Charity number 313757

Details

Other names	VOLUNTARY SERVICE OVERSEAS, VSO
Status	Registered
Legal form	Charitable company
Company number	00703509
Registered	1962-02-14
Register	View on the Charity Commission register

Contact

Address	Russell Cooke Solicitors 2 Putney Hill London SW15 6AB
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Website	www.vsointernational.org

Activities

Objects: THE OBJECTS FOR WHICH THE CHARITY IS ESTABLISHED ARE FOR THE PUBLIC BENEFIT TO:ADVANCE EDUCATION AND TO AID IN THE RELIEF OF POVERTY IN ANY PART OF THE WORLD;PROVIDE HUMANITARIAN ASSISTANCE IN ANY PART OF THE WORLD; PROMOTE THE EFFECTIVE USE OF RESOURCES FOR THE PURPOSES OF ADVANCING EDUCATION OR RELIEVING POVERTY IN ANY PART OF THE WORLD; AND PROMOTE THE VOLUNTARY SECTOR; AND FOR THOSE PURPOSES ONLY: TO SEND VOLUNTEERS TO OTHER COUNTRIES TO SHARE AND DEVELOP THEIR SKILLS AND UNDERSTANDING AND TO SHARE THEIR EXPERIENCE WITH OTHERS ON RETURN; TO UNDERTAKE OR ASSIST IN WORKS AND PROJECTS OF ALL KINDS; AND TO EDUCATE THE PUBLIC CONCERNING THE NATURE, CAUSES, AND EFFECTS OF POVERTY AND THE VALUE OF VOLUNTEERING;TO CONDUCT AND PURSUE RESEARCH CONCERNING THESE MATTERS AND TO PUBLISH OR OTHERWISE MAKE THE RESULTS OF SUCH RESEARCH AVAILABLE TO THE PUBLIC.

Activities: VSO IS THE WORLD'S LEADING INDEPENDENT INTERNATIONAL DEVELOPMENT AGENCY WORKING FOR CHANGE THROUGH VOLUNTEERS. VSO BRINGS PEOPLE TOGETHER TO SHARE SKILLS, CREATIVITY AND LEARNING TO BUILD A FAIRER WORLD. VSO HAS PROGRAMMES IN

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OVER TWENTY DEVELOPING COUNTRIES FOCUSING ON DELIVERING SUSTAINABLE CHANGE IN THREE THEMATIC AREAS: EDUCATION, HEALTH AND SECURE LIVELIHOODS.

Classification

- **How:** Provides Human Resources, Other Charitable Activities
- **What:** The Prevention Or Relief Of Poverty
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- **Area of benefit:** IN ANY PART OF THE WORLD
- Bangladesh
- Burma
- Cambodia
- Ethiopia
- Ghana
- India
- Ireland
- Kenya
- Malawi
- Mozambique
- Nepal
- Netherlands
- Nigeria
- Pakistan
- Philippines
- Rwanda
- Sierra Leone
- South Africa
- Tanzania
- Thailand
- Uganda
- Zambia
- Zimbabwe

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Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£24,673,000	£30,613,000	£7,879,000	407
2024-03-31	£32,059,000	£34,522,000	£16,047,000	473
2023-03-31	£40,397,650	£39,180,000	£18,510,000	500
2022-03-31	£33,310,000	£38,809,000	£17,292,000	518
2021-03-31	£49,434,000	£46,951,000	£21,637,000	660

Trustees

Name	Role	Appointed
Belay Addise Cheffik		2024-06-13
CHRISTOPHER MUWANGUZI		2019-09-19
Geoffrey Skingsley		2020-11-01
Janet Marie Muir		2023-02-01
Julia Lalla-Maharajh		2020-07-14
Mashaer Bashir-Ali		2024-07-23
Susan Laura Hickey		2020-07-14

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VSO

England & Wales - Charity number 313757

Accounts

Annual report and accounts

2024/25

VSO

Lasting change
through volunteering

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Foreword from our Chair

This year, the world has continued to face intersecting crises - from entrenched inequality and conflict to escalating climate shocks and fragile health systems. These compounding challenges are stretching communities and institutions alike.

At the same time, democracy itself is under threat. Around the world, we are witnessing rising authoritarianism, shrinking civic space, and increased attacks on the rights of women, minorities, and activists. The ability of citizens to organise, to speak out, and to shape decisions that affect their lives is being curtailed - sometimes violently, often systematically.

And yet, amid all this, something deeply human continues to shine through: the power of people. The courage and determination of individuals who are not only surviving adversity - but who are actively shaping change within their communities.

This is why I'm delighted that this year's Annual Report centres on voice and agency. The stories featured here are not case studies in the traditional sense. They are lived experiences - of volunteers, of community leaders, of young people stepping into their power. Their voices remind us that genuine development is not about delivering solutions to people but about standing with them.

In 2024/25, we continued to prioritise those who are often excluded or left behind. Through programmes that support resilience, improve inclusion, and hold institutions accountable, we are co-creating better futures - especially for women, girls, and marginalised communities. Across all our programming, we remain committed to citizen-led change, strengthening local leadership and amplifying community-driven solutions. Our impact in numbers this year reflects this commitment: VSO worked with communities in 19 countries, reaching 36.4 million people (nearly 5.4 million directly and over 31 million indirectly). Notably, 82% of those reached were youth aged between 15 and 24, 6% were people living with disabilities, and 52% were women.

This year, we took an important step in how we lead, appointing two exceptional women - Donné Cameron and Kathryn Gordon - as Co-Chief Executive Officers. Both bring deep knowledge of VSO and have long been part of our global community. This move reflects more than a change in leadership structure. It speaks to our belief in shared responsibility, inclusive decision-making, and leadership rooted in trust, collaboration, and experience. It's a natural evolution for an organisation built on partnership.

It was a privilege, this year, to represent VSO at the Regional Health Promotion Conference 2025 in Nairobi. VSO's work in strengthening people-powered health systems was warmly received and highlighted the critical role of volunteers, frontline workers, and citizen advocates in delivering health equity. Our health projects alone reached nearly 200,000 people this year.

VSO's voice has also been heard on global platforms this year - from the UN Commission on the Status of Women to the Africa Climate Summit. Time and again, our volunteers and primary actors have spoken truth to power, shared community solutions, and shown that the answers to many global challenges already exist - if we choose to listen. For instance, in Nepal, our ACTIVE project, funded by the UK government, supported 570,000 people to improve their access to quality, inclusive health services, particularly for women and girls, over the past 3 years.

We continue to invest in broadening our partnerships and income streams, and we are deeply grateful to supporters in the UK, Ireland and the Netherlands for standing with us.

As Chair of the International Board - and as someone who first volunteered with VSO nearly two decades ago and continues to do so today - I know that lasting change doesn't come from a single moment. It comes from sustained effort, from people showing up for one another, again and again.

In a world where justice, inclusion, and even truth are increasingly under threat, our work is not just about building a fairer world - it is about defending the very idea that such a world is possible. That is what VSO stands for. That is what our volunteers, our partners, and our primary actors do every day - with courage, with conviction, and with care.

Julia Lalla-Maharajh OBE
Chair VSO

Our impact in numbers

30,232 people volunteered with VSO

VSO worked with communities in 19 countries.

36.4 million

people were reached, more than 31 million indirectly and over 5.4 million directly including:

Nearly **4.7m** through our education projects

56% of all volunteers were youth

Nearly **0.2m** through our health projects

6% of the people we worked with were people living with disability

Over **0.5m** through our livelihoods projects

52% of the people we worked with were women

Numbers represent impact achieved in the first three years of VSO's current strategic plan.

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Joshua* struggled with social anxiety and learning. Let's Learn Through Play Rwanda seeks to transform learning at all levels of the early childhood education system. He loves drawing and painting.

**Pseudonym used to protect identity*

Our vision

A fair world for everyone

Our purpose

Creating lasting change through volunteering

Our values

Collaboration

- Empower poor and marginalised people to take charge of their own development
- Share skills and knowledge to create long-lasting, sustainable change
- Build collaborative partnerships that promote innovation, growth and impact

Knowledge

- Lead volunteering for development, setting the standard for ourselves and others
- Use evidence and insight to guide our actions
- Recruit the right people and work where we have the greatest impact

Inclusion

- Stand beside and advocate for those who have been denied choice and opportunity
- Promote diversity and equality throughout our work
- Encourage different, inquisitive perspectives

Integrity

- Commit to safeguarding and take a zero-tolerance approach to abuse and harm
- Treat others with respect, as equals
- Be open, transparent and accountable in everything we do

Changing the landscape for female health rights in Nepal

Aarati Patel, Female Community Health Volunteer and Advocate for Women's Rights

"Growing up in the heart of Madesh Province in Nepal, I witnessed the harsh realities that many women and girls in my community face daily. From early childhood, I saw how traditional practices like child marriage, the dowry system, and restrictions on girls' freedom impacted the futures of countless young girls. Education was often out of reach for them, and the dreams of many were stifled before they could even take root. It was heartbreaking to watch so many girls being forced into early marriages, deprived of their rights, and facing domestic violence with no safe outlet to speak out. This deeply ingrained gender inequality left many women without the tools to take control of their lives, limiting their opportunities and futures."

Health, and sexual and reproductive health in particular, is more than just physical well-being; it's about dignity, autonomy, and the right to shape one's future. For too many adolescent girls in Nepal, deeply entrenched social norms around gender continue to place heavy limitations on these rights, leaving them vulnerable to health risks, social isolation, and the burden of lifelong inequality.

©VSO/Smriti Basnet

From left to right: Aarati and Sarita, both female community health volunteers, with community volunteer Rekha, explaining contraceptive injections to local women.

Far right, Aarati, a female community health volunteer, counselling a new mother on her reproductive health, post-delivery health, and child care.

The Active Citizenship through Inclusive Volunteering and Empowerment (ACTIVE) project, funded by the UK government, gives marginalised girls and women in Nepal a second chance by improving the services provided by local health facilities and supporting the community to get involved in ensuring the health system meets their needs.

Volunteers like Aarati act as a vital connector between communities, health facilities and schools. They facilitate community discussions to build awareness on basic health rights. They work closely with female community health volunteers through on-site coaching and training to enhance the quality of health services.

Volunteers also strengthen the relationship between the health system and the community. They work alongside communities to implement the Inclusive Community Scorecard, a monitoring tool used by the community which enables health facilities to allocate budgets more effectively, set up youth-friendly information corners, and monitor and improve service quality.

"One of the most critical aspects of my work is addressing gender-based violence. In many communities, women and girls are subjected to violence, yet they are often too afraid to speak out due to fear of social stigma, legal barriers, or threats from perpetrators. I work to create safe spaces where survivors of gender-based violence can come forward, share their stories without judgment, and access the support they need. These spaces are vital in breaking the cycle of silence and ensuring that survivors can rebuild their lives with dignity and support."

Volunteers advocate for policy reforms that will ensure that girls and women are given equal access to education, healthcare and leadership roles. They mentor Youth Health Champions and create safe spaces for women and girls to discuss critical issues around sexual and reproductive health, gender-based violence, and youth leadership.

Through the work of over 500 volunteers under ACTIVE, VSO has supported 570,000 people in Nepal to improve their access to quality, inclusive health and other services.

"One of the most profound experiences of my work has been seeing the power of young women who, despite the odds, stand up to advocate for themselves and their peers. Through mentorship sessions, workshops, and community engagement, I've seen firsthand how educating young girls about their rights, and providing them with leadership training, can be transformative. I help them develop confidence, equip them with the skills to advocate for themselves, and create networks that allow them to support one another. These girls are not just learning to speak up—they are actively taking on leadership roles in their communities and advocating for changes that benefit everyone."

Aarati has also served as one of VSO's Digital Ambassadors, which gives her the opportunity to amplify the voices of the youth through digital platforms. These online discussions and campaigns are a powerful tool to bring these critical issues to a wider audience and spark meaningful conversations about societal change.

"I am proud to be working in the very community where I was born and raised, contributing to positive change in a place that shaped me. My vision is a world where every girl feels safe, empowered, and able to pursue her dreams without fear of discrimination or violence. A world where child marriage and gender-based violence are no longer a reality, and where girls have equal access to education, healthcare, and leadership opportunities. This vision drives me every day as I continue to work toward creating a society where gender equality is not just an ideal but a reality. Together, we can build a future where every girl is free to dream, lead, and thrive."

Educating for a future without conflict in Pakistan

Salma Rehmet: Community Volunteer and Trusted Bridge-builder

"My name is Salma Rehmet and I am from Afghanistan. I started volunteering with VSO in 2022 because of the struggles that women and children in the Afghan refugee population in Pakistan face in accessing learning. I wanted to bridge the gap between the Afghan refugee community, the wider Pakistani community and education institutions in Pakistan to get refugee children learning."

In Pakistan, nearly 23 million children are out of school, the second highest number of any country globally. Among them are thousands of Afghan children, who have fled conflict in their home country. Pakistan hosts the third largest refugee population in the world, including more than 1.4 million refugees from Afghanistan.

Afghan children face significant barriers to attending school in Pakistan. Families struggle with language barriers and navigating the enrolment process. Poverty means that many Afghan children work on the streets, collecting rubbish, selling plastic or polishing shoes to help their struggling families. Climate disasters, including the catastrophic floods in 2022, damage and destroy schools, and disrupt children's education. Some never go back to class.

Salma delivering a maths class to her students in the VSO learning centre.

©VSO/Akifullah Khan

"The Afghan refugee community has been adversely affected by flooding. They cannot afford to build concrete buildings for their homes, so live in mud houses instead. Schools are also mud houses, build in muddy areas. When the recent floods hit, all those living in mud houses were badly affected. Due to the unpredictable extreme weather and because of poverty and the lack of resources, they are not able to meet the basic needs of the children, who have suffered a lot.

"Girls are not allowed to go to school because of safeguarding and security issues. If you want to study you should be allowed. Some girls are forced into marriage because of cultural constraints. Some families are not even asking their girls for their consent. If the marriage is arranged, the girls have no choice. Girls futures are decided for them.

"When the girls get married, they will be living in someone else's house, they will be another family's responsibility so the girls are not given their due share of property and wealth. They are not treated the same as the boys.

"Education is the only way out. If we don't educate the girls about their rights, they can't claim them. We all want quality education for all, not only for boys."

The Multi-Year Resilience Programme (MYRP), funded by Education Cannot Wait, aims to sustainably improve access to inclusive and equitable quality education for refugee and vulnerable children across the north and west of Pakistan, on the border with Afghanistan.

Through this project, VSO has supported communities to establish Early Childhood Education and Catch up Learning Programme centres, providing accelerated learning opportunities for out-of-school children These have been set up in unused community spaces, hired rooms, courtyards, or volunteers' homes.

"Government schools can be a long way from people's homes and private schools are not affordable, explains Salma. "I teach in my basement so it is a short walk for the children. When we started these catch up classes in the community, and the children started learning, they felt so happy about it."

Community volunteers like Salma are trained by VSO as volunteer teachers or "education champions". They work within the community to identify children who are not in school and engage with parents to convince them of the value of education, especially for girls.

"We started community-based classes for Afghan children who were unable to access mainstream education and mobilised women to enrol their children in local community centres and catch up classes. We helped to link girls who had dropped out of school with the open university so they could continue their education.

"I have learnt so much from working with members of the community, and I am proud to have forged a link between the Pakistani and Afghan refugee communities. It's all possible because of VSO. I am pleased to be able to give something back, and to become a voice for the marginalised.

"My hope for the future is to open a big learning centre, not only for the Afghan refugees, but for the wider host community where many children can attend."

Through the efforts of over 100 trained community volunteers, VSO has facilitated learning support to over 37,440 marginalised children, including 64% girls, 6,125 Afghan refugees, and 2,000 children with disabilities.

Salma won the Volunteer Impact Award in 2023 for Education.

Queen Manjokwiro is a female smallholder farmer practicing agroecology in Biriri Village, Chimanimani District in Zimbabwe, a country where almost 70% of the population relies on agriculture as a source of livelihood.

Building resilience for life in Zimbabwe's farmlands

Queen Manjokwiro: Sustainable Farmer and Community Leader

The livelihoods of Queen and millions of other farmers like her are increasingly being threatened by climate change, resulting in prolonged droughts, uneven rainfall patterns and economic instability. Chimanimani District has faced 4 tropical cyclones in as many years, and 2 droughts, leading to multiple harvest losses affecting food availability, income and general household wellbeing.

Climate is not the only threat. Smallholder farmers face difficulties in accessing markets for their produce, often resulting in unfair pricing and unstable economic return for sustainable farming practices. Networking and advocacy with key stakeholders including government agencies and the private sector is mostly ineffective, and the voice of women and marginalised groups is largely absent from decision-making processes.

Active Citizenship Through Inclusive Volunteering and Empowerment (ACTIVE) project, funded by the UK government, works with rural communities in Zimbabwe, Eswatini and Mozambique to improve livelihoods, well-being and the environment in the most vulnerable areas of the region using agroecological practices.

Agroecology provides an increasingly well-recognised pathway for climate change adaptation to enhance the resilience of smallholder farmers. Sustainable farming practices, often based on indigenous knowledge, prioritise the conservation of biodiversity, the planting of drought resistant and sustainable crops, efficient water

use, and soil health. Together, these offer a promising community-based solution to the challenges of climate change, poverty and food insecurity.

Working closely with the relevant government ministries, civil society organisations, and smallholder farmer groups, VSO is supporting farmers to galvanise a movement for sustainable farming practices that enable communities and the environment to thrive.

Expert VSO volunteers provide training and ongoing technical support to farmers like Queen. In Chimanimani, together with local partner Towards Sustainable Use of Resources Organisation (TSURO) Trust, VSO is creating spaces for smallholder farmer groups to share their knowledge, support one another and advocate for improved agroecology policy and practice. In 2024 VSO brought government, civil society and farmers together in Harare for Southern Africa's first ever Regional Agroecology Conference.

With the learning gained from these interventions, Queen has transformed her farming practice, enabling her to diversify her crops, improve her yield, enhance her market access and increase her income.

Inspired by what she observed in seed diversity and conservation on an exchange visit to the Shashe Agroecology School and its Centres of Excellence in Masvingo Province, Queen brought back to her community drought resistant seeds, critical knowledge, and practical skills. Establishing her own seed bank at her homestead enabled her to store and conserve indigenous seed varieties, strengthening local seed sovereignty and ensuring planting even in difficult conditions. She also learnt water harvesting techniques that are crucial in a region facing increasing rainfall unpredictability.

At the Regional Agroecology Conference in Harare, Queen displayed her seeds and established relationships with other farmers. "The regional conference uplifted me...and opened a huge market base for me". VSO's training built her relationship with government extension officers, who invited her to train farmers in two other Districts on producing bio-fertiliser. They also supported her greatest achievement to date: a contract with a national chain of supermarkets to supply the tomatoes she is producing in the greenhouse she built on her farm.

Queen has established a demonstration plot where she continues to adopt and showcase a range of agroecological practices, most recently introducing aquaculture which adds a sustainable fish protein source to her family's diet.

Her resilience has the potential to uplift the livelihoods of other members in her community as she increases her production. Already, she is able to provide employment to young people from her village on market days.

Queen has been inspired to contribute to the spread of the agroecology movement across her district, confident that acceptance of the practices is gaining traction, both within the community and with government extension workers. She has taken on a leadership role in her community by organising a group of other smallholder farmers to learn from each other. The group makes bio-fertiliser together, collectively maintains their water source, and helps each other with issues that come up in their farming, building a sense of collaboration, unity and support.

The adoption of agroecological practices through the ACTIVE programme has translated into meaningful increases in household income and economic stability for 3,150 women and youth. Over 65% of smallholder farmers surveyed in the ACTIVE project reported an increase in income over the past year.

Ultimately, what matters most to Queen is the confidence that she is investing in the next generation. Not only can she put healthier food on her family's table whilst preserving the natural resources in her community, but her improved income means that she can finally afford the fees for her children to go to school.

Queen proudly showcasing her produce.

Elizabeth with her two sons outside their home in Dandora, Nairobi

Transforming waste and lives on Kenya's urban edges

Elizabeth Otieno: Green Entrepeneur and Dedicated Mother

Elizabeth Otieno lives with her parents and her two sons in the densely populated neighbourhood of Kibera, Africa's largest urban slum located outside Nairobi, Kenya. Her home is a small house made of metal sheets without running water. Every morning, she goes straight to the rubbish dump along with other women and young people to pick through hazardous waste, searching for plastic bottles and packaging to sell.

Rubbish is delivered daily onto the huge dumps, creating an environment for the rapid spread of disease. The people living in surrounding settlements are among society's most disadvantaged, but also most enterprising. The waste pickers are providing a solution to the problem of waste and supporting recycling. But the money they earn is barely enough to feed their families.

"I take my two sons with me because I can't pay 50 shillings each for nursery while I work. They are three and four. One sits. The other is on my back. There is broken glass, sharp bits of wire and needles. Trucks drive in and out and there have been terrible accidents. I watch my children all the time. I know they will get sick if they put their hands in their mouths, but I am here because we will only eat when I've found waste to sell for recycling. I stay until I've picked enough to buy food and tokens for electricity. I receive a lot of negative criticism from the community, mostly from other women who feel like they have better jobs than I do. Every morning, they mock me. They say I don't know what I'm doing and I should be serious about life."

VSO's From Waste to Work project funded by the IKEA Foundation supports young people like Elizabeth by providing them with a livelihood through waste picking initiatives. Many of these young people have children and family members that depend on them. Through training, they learn how to sort and recycle rubbish properly. The project also has an entrepreneurial component to it. From Waste to Work works with green youth-led start-ups and youth business groups. Waste pickers can join these groups and even become leaders. Here, they're connected with waste management businesses, so they can sell their rubbish to them. They're also trained in financial literacy, life skills and entrepreneurship.

Waste-picking is hazardous work. The project provides protective clothing to the waster-pickers and supports them to access vaccinations to protect them from disease. VSO volunteers provide vital training to young people to improve their safety and their incomes.

The From Waste to Work project has supported 4,249 young people to transform their livelihoods and provide for their families with a target to recycle 6,000 tonnes of waste.

Elizabeth wearing personal protective equipment provided by VSO.

"Thanks to VSO and the training, I have seen an improvement in my income as I have learnt how to separate waste properly. Also, initially, we used to work with brokers, but they weren't consistent, and their price was really unfair; we were selling PET bottles at 15 shillings per kilo. But thanks to VSO and Rooney (a VSO Volunteer), who is the individual running the buyback centre and who operates as the aggregator, it is now possible for us to sell PET bottles at 28 shillings a kilo, which is a significant growth from the previous price. We are still expecting the price to grow since we are looking into more markets with VSO's support. Initially, I had to walk quite a distance just to sell the plastics that I have collected, but now I'm happy that any day and at any time. I can bring the plastics to the aggregator here and I'll be able to make some money so my kids will never sleep hungry because I have access to the market. Thanks to VSO, I've also learnt about how to save, something I didn't know about before. As a result of this project, I feel like I've been given some independence even as being a parent."

Finding hope, purpose and power beyond displacement in Ethiopia

Emnet Mamo: Conflict Survivor and Youth Champion

In 2020, conflict erupted in northern Ethiopia, triggering one of the worst humanitarian crises the country had seen in decades. Millions were displaced by the violence. Among them was Emnet Mamo, a bright, determined 20-year-old from East Wollega in the Oromia region.

In October 2022, the violence reached Emnet's village. Her family fled with nothing. Their home was burned to the ground. Their livestock, 35 cattle, and 25 sheep, were stolen. Her education came to a halt.

> "Life became very hard. We lost everything overnight. I had to stop school. We didn't know what the future would bring."

After several months of uncertainty in Addis Ababa, Emnet and her family found their way to Debre Birhan, along with other internally displaced people (IDPs) seeking refuge from the trauma they had endured. City officials and local communities were unprepared for this unprecedented influx of people, with local services overwhelmed by the level of need. Like many young people in the area, Emnet found herself in a fragile and unsafe environment where youth are often invisible in humanitarian response.

In this kind of context, sexual and reproductive health (SRH) services are often inaccessible to displaced youth and other vulnerable groups. In Debre Birhan, youth faced a perfect storm of challenges: high rates of sexual and gender-based violence, poor access to SRH services, and deep-rooted stigma.

The Make Way project, funded by the Dutch Ministry of Foreign Affairs, has offered Emnet and other young people like her, a way forward. Implemented over five years by VSO and partners in Ethiopia, Kenya, Uganda, Rwanda, and Zambia, this project supports civil society organisations to dismantle the barriers preventing young people from accessing SRH services. The project uniquely recognises that a range of factors including gender, age, disability, and displacement have a compounding effect on discrimination for people in vulnerable environments.

©VSO

VSO, in collaboration with MakeWay partner YWCA, organised bi-monthly youth-led experience sharing and health education sessions in internally displaced people camps.

In Debre Birhan, VSO delivers Make Way in partnership with FAWE (Forum for African Women Educationalists), Redeem the Generation, and the Young Women's Christian Association (YWCA). Together, they are building a youth-led movement for SRHR justice by equipping young people like Emnet to lead the charge.

Selected as one of eight Youth Community Facilitators, Emnet received training in leadership, advocacy, and SRHR education. She also learned to use the Intersectional Community Scorecard (ICSC), an innovative tool adapted by VSO to evaluate and improve health services through the lens of young people's lived experience.

Through this process, Emnet helped amplify the voices of marginalised youth in identifying service gaps, advocating for youth-friendly care, and co-creating action plans with local authorities and health workers.

> "My self-confidence grew, and my hope returned. I now lead SRHR education sessions in the IDP camp, teaching other young people how to protect themselves, understand their rights, and speak out against gender-based violence."

Thanks to the Make Way project, tangible improvements were made in service quality and accessibility, namely the Availability, Accessibility, Acceptability and Quality (AAAQ) of SRH services:

- Clinic hours were adjusted to suit young people's schedules
- Health workers received SRHR and inclusion training
- Communication channels between youth and providers were strengthened
- 3,670 women served (including 348 with disabilities)
- 1,470 men reached (including 241 with disabilities)

Through Make Way, over 5,000 young people in Ethiopia, including almost 600 youth living with disabilities, have gained improved access to quality SRH services. Nearly 75% of these were young women and girls.

©VSO

A safe space established by VSO and YWCA, in the Chania IDP Camp in Amhara State. The safe spaces were used to organise 16 days of activism against Sexual and Gender-Based violence and celebrate World AIDS Day in 2024.

This growing movement is challenging discriminatory systems and delivering practical solutions for young people who are too often left behind.

In 2025, Emnet reached a milestone few displaced youth could ever imagine: she was awarded a fully funded scholarship to study Chemical Laboratory Technology at Addis Ababa Tegbareid Polytechnic College. The scholarship, offered by the Mastercard Foundation through FAWE, was highly competitive, and Emnet credits her success to the leadership and skills she gained through Make Way.

> "I sincerely thank VSO, our partners in Debre Birhan, and the Make Way team. I am who I am today because of your support and guidance."

At VSO, we believe young people are not passive recipients of our support, but leaders of change. With the right support, they rise to build just communities and to create hope for the future.

Discovering the joy of learning in Rwanda

Umiwana Donatha: Pre-primary Teacher and Classroom Hero

There are almost 2 million children in Rwanda under the age of five. Nurturing the development of these children at this foundational stage of their lives is crucial for securing their future success, as well as the well-being of their families, communities and Rwanda's development as a nation. Effective Early Childhood Development (ECD) promotes all aspects of a child's development and has been shown to support children staying in school and achieving academically.

Teacher Donatha uses her new skills and knowledge to promote play-based learning in outdoor spaces.

Rwanda's government has recognised these benefits and it's striving to integrate early learning and development opportunities into its schooling system. The country aims to "equip all children with basic literacy and numeracy, and to instil in them a love for learning from an early age when their brains are changing and developing rapidly" (Rwanda's National Foundational Learning Strategy).

Despite this commitment, schools and teachers across Rwanda have struggled to bring play-based approaches into their classrooms. Children in pre-primary classes were learning with limited creativity, movement and innovation in classrooms that were often dull and unwelcoming. Teachers had inadequate knowledge and skills to to make their lessons interactive and inclusive in crowded classrooms. At the same time, school leaders did not always recognise the pre-primary level as foundational to the education of children or provide the support or resources their teachers needed.

Over the past four years, VSO has supported the enhancement of school readiness and pre-primary education for 3-6 year olds in Rwandan schools through a project funded by the LEGO Foundation called 'Let's Learn to through Play' or 'Twigire Mumikino Rwanda' (TMR) in the national language. Based on research that demonstrates its effectiveness, TMR has promoted play-based approaches as a child's natural way of learning important knowledge and skills, especially in the early years.

VSO has now worked with over 2,000 pre-primary teachers in more than 600 government schools across all 30 districts of Rwanda to build teachers' capacity and confidence to support child development and deliver the national pre-primary curriculum using play-based approaches.

Through the TMR project, VSO volunteers provided mentoring and coaching to teachers inside the classroom to help them adapt play-based methodologies. Teachers were provided with tablets to access digital content on learning through play through the groundbreaking VSO School App to improve their competencies and inspire action. Volunteers promoted peer support through 'Communities of Practice' where teachers could identify challenges and solutions together, and supported the teacher-mentors in the schools to coach their peers. Volunteers also worked with school leaders to promote the importance of play-based pre-primary education and to support their teachers with essential tools and resources.

"When I began teaching in pre-primary, I had little knowledge of how to support children's learning. I wasn't familiar with important concepts like learning areas or corner play.

"After going through the modules on the App, I developed strong skills in managing a large classroom and improved my understanding of children's behaviour, child development, school readiness and corner play activities. I also learned how to support children who have different learning difficulties.

"Even though I didn't study ECD in Teacher Training College, I now clearly understand how to organise learning corners, have knowledge on the Competence Based Curriculum, and include both cross-cutting and generic competencies in my lesson planning. I've become skilled in using play-based approach methods to make learning more effective and enjoyable for young children with the support of the content in the App."

The TMR project has contributed significantly to the growing movement in play-based pre-primary education across Rwanda. Teachers' knowledge and skills have improved and they are using play-based approaches with improved teacher-child interaction. Crucially, lesson planning has improved significantly, making teaching and learning more effective and classrooms much more 'playful'. Teachers are creatively making teacher learning materials from locally available, low-cost resources.

Most importantly, children's learning outcomes are improving as teachers' skills improve.

Teachers, school leaders and local authorities have begun to set out strategies for how they will sustain the impact from the project. Teachers will continue to creatively make and use teaching and learning materials and focus on lesson planning. School leaders and local authorities will continue to prioritise lesson observation and school-level planning as key strategies for supporting play-based learning.

Play is now firmly on the agenda in Rwanda. The new Foundational Learning Strategy aims to accelerate change for the country's youngest learners and prioritises play-based pre-primary education. Through TMR, VSO has supported the development of the first National Strategy on Learning through Play.

Teachers just like Donatha across the country are at the heart of the change. VSO is proud to have played our part.

Teacher Donatha using play-based approaches to make learning more effective and enjoyable.

Looking forward

In September 2024, we – Donné Cameron and Kathryn Gordon – were honoured to begin our journey as Co-Chief Executives of VSO. Our shared leadership reflects VSO's deep commitment to inclusive governance, feminist principles, and the shifting of power closer to the communities we serve. With Donné based in South Africa and Kathryn in the UK, our co-leadership model strengthens VSO's identity as a truly global organisation – one that listens deeply, leads collaboratively, and acts with integrity and transparency.

Our commitment to volunteering is shaped by personal experience. For Donné, it was forged during South Africa's transition to democracy – working with communities to build trust, solidarity, and a shared vision for change. For Kathryn, it was shaped by witnessing the role of dialogue and collective action in Northern Ireland's peace process. These experiences instilled in both of us a lifelong belief in volunteering, not merely as service, but as a profound expression of solidarity and a driver of lasting, systemic change.

That belief is more vital than ever. Today, our world faces multiple, intersecting crises; from climate disruption, conflict and political instability all contributing to rising inequality. Instead of responding with collective resolve, we are witnessing a retreat from global cooperation, growing nationalism, and shrinking space for civil society and accountability. This is more than a political crisis; it is a moral one.

At VSO, we will continue to stand firm in our values and in the belief that transformational change must be rooted in compassion, justice, and collective action. We know that progress is possible when people come together in solidarity and communities are empowered to shape their own futures.

We have not been immune to the shifting realities of our sector. International development is navigating a volatile funding environment and a new future. Foreign assistance budgets are under pressure, priorities are shifting, and many communities are losing access to vital support. These challenges call for bold, future-focused leadership.

We will respond not by stepping back, but by stepping forward – building on VSO's 60+ year legacy to reimagine what volunteering can achieve in today's world. We will deepen relationships with long-standing partners and forge new alliances with those who recognise volunteering as a force to reconnect fractured communities, rebuild trust, and catalyse deep, systemic change from the ground up.

We will invest in locally led approaches that reduce dependency on traditional aid flows and build long-term resilience. And we will welcome a new generation of volunteers and supporters to join us in creating a world where everyone – regardless of background or circumstance – can access the services and opportunities they need to thrive.

Looking ahead, we are especially energised by the UN General Assembly's declaration of 2026 as the International Year of Volunteers for Sustainable Development (IVY 2026). This milestone presents an extraordinary opportunity to recognise the power of volunteers and elevate their role in delivering the Sustainable Development Goals. For VSO, IVY 2026 is not just a moment of celebration – it is a call to action: to champion people-led development, renew our commitment to solidarity, and mobilise collective efforts for a more just and equitable future.

As Co-Chief Executives, we are proud to lead VSO into this new chapter. We remain steadfast in our belief that sustainable change is only possible when those most affected are at the heart of the solution – and when leadership is shared, inclusive, and grounded in our values.

Donné Cameron
Co-CEO

Kathryn Gordon
Co-CEO

Financial Review

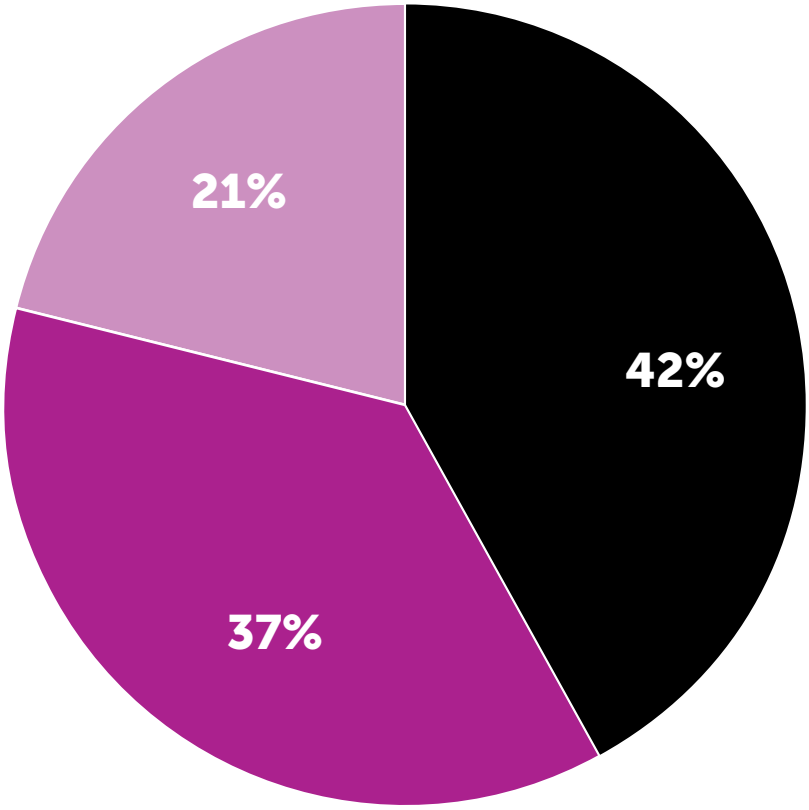
How we raised and spent money in 2024/25.

Income

VSO's income fell for the second year running in 2024/25. Several significant programmes came to an end during the financial year, including the two KFW grants in Malawi supporting primary education. The organisation also continued to face challenges in securing new grant funding due to government cuts in overseas aid, across Western Europe and the United States.

Where our income came from 2024/25

- Institutional Grants: 42%
- FCDO ACTIVE grant: 37%
- Other donations: 21%



TOTAL INCOME FOR THE YEAR **£24.7m**

Institutional grants

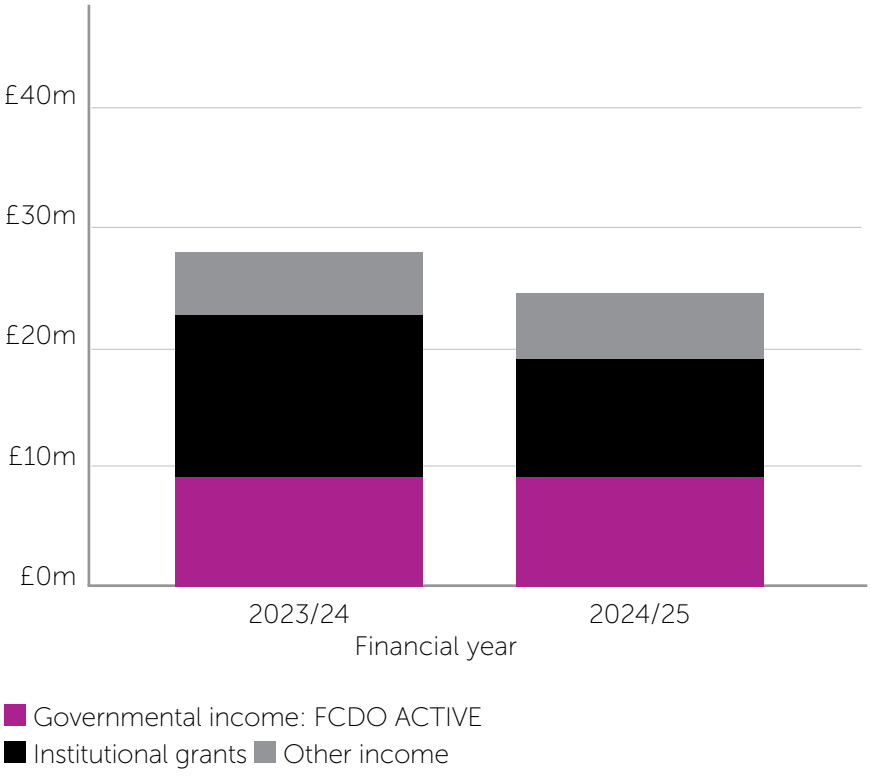
Governmental income: other (£2.3 million)
Government income has reduced to less than half of the amount raised in 2023/24 (£8.5m). This is mainly due to a very difficult grant fundraising environment as US and European governments have shifted money away from overseas aid towards domestic priorities and defence spending. The reduction in income is also due to activities and reporting being delayed in countries facing political unrest- most notably Bangladesh and Mozambique as well as the ending of significant grants, including the two KfW grants focusing on Primary Education in Malawi and the UNFPA Gender Based Violence grant in Nepal.

Apart from FCDO, the most significant government donors were the United Nations (£1.4m) and Global Affairs Canada (£0.9m).

Non-governmental bodies income: other (£6.9 million)
This income has increased from £5.2m in 2023/24 Significant donors include Imagine Worldwide, the Lego Foundation, Education Cannot Wait and VSO Netherlands.

VSO also work closely with a range of private sector partners to access funds as well as technical skills through corporate employee volunteering. VSO Netherlands has continued volunteering partnerships with Randstad through international volunteer placements and with the IKEA Foundation who fund the Waste to Work project in Kenya.

Income by type



Charitable activities

FCDO ACTIVE grant (£9.0 million)
The Volunteering for Development programme funded through an accountable grant over the past six years ended on 30 April 2025. The grant enabled the most marginalised (especially women and girls, the young and people with disabilities) and civil society to lead their own development by exercising the power of collective voice, claiming their rights to better services, and holding people in power and service providers to account.

VSO is pleased to have been awarded an extension of the ACTIVE grant from 1 May 2025 with £5m confirmed for the first year ending 31 March 2026. Funding for the second year will be communicated before the end of 2025. Although this necessitates some scaling down of activities, it allows VSO to continue this vital project where it is most needed. VSO is committed to continuing to work with partners and volunteer networks around the world to ensure that the great work started in the first three years of the ACTIVE grant continues.

Other donations

Individuals and legacies (£5.0 million)
VSO continues to have over 38,000 regular giving donors. Most of these supporters make consistent, monthly donations. In 2024/25 the VSO Board approved a 3-year public fundraising investment which came to an end on target, with higher legacy income and lower donation income than planned.

VSO's fundraising team continue to recruit new donors, ensuring long term sustainable income for VSO's work. As this income is unrestricted, it brings the organisation invaluable financial flexibility. This funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact.

Gifts in kind and pro bono services (£0.1 million)
VSO is the grateful recipient of £0.1m worth of professional services during the year.

For more information see the financial statements, note 2b. Other donations.

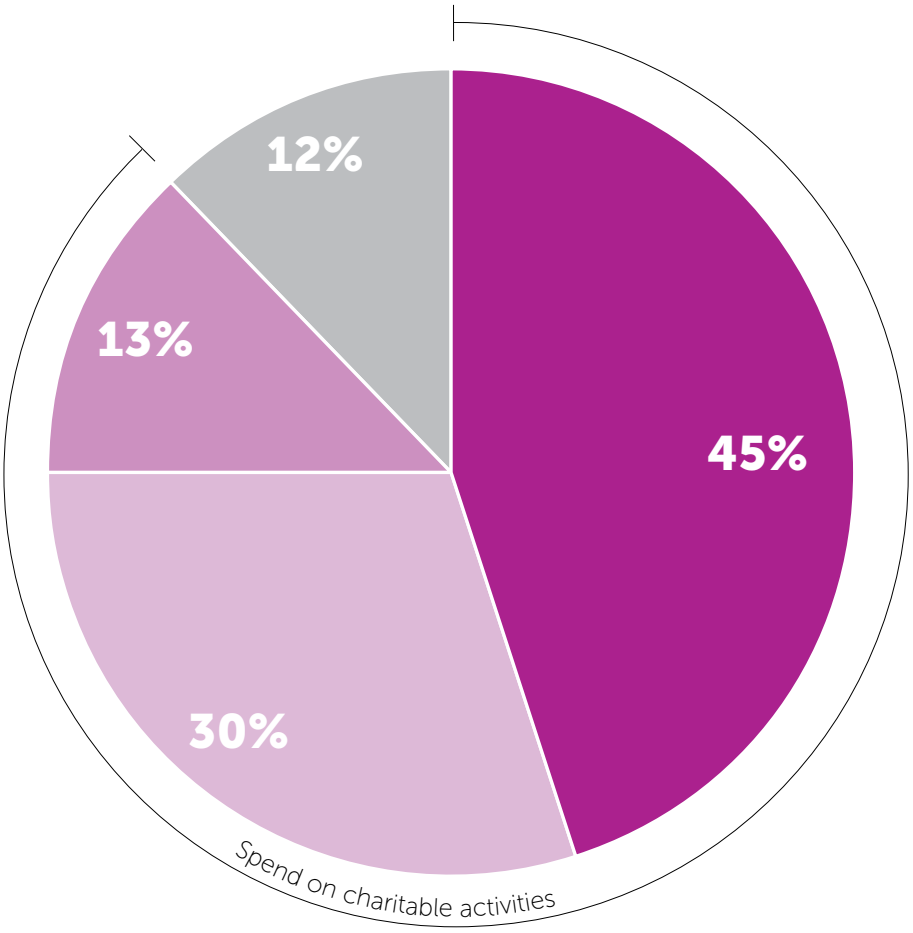
Salman* is an ex-MILF (Moro Islamic Liberation Front) commander turned VSO volunteer. VSO's work contributes to the normalisation track of the Bangsamoro peace process. It supports former MILF combatants and their families to access livelihood opportunities.

**Pseudonym used to protect identity*

Expenditure

How the money was spent 2024/25

- Inclusive Education: 45%
- Resilient Livelihoods: 30%
- Health: 13%
- Raising funds: 12%



TOTAL EXPENDITURE FOR THE YEAR **£30.6m**

Raising funds

Raising funds (£3.5 million): Expenditure on raising funds has remained at the same level since 2023/24 with continued investment in public fundraising. The final year of the implementation of the individual fundraising strategy continued to focus on practical, high return channels and products. The strategy was adapted, as necessary, according to results.

As described above, a 3-year investment programme in Public Fundraising was agreed by the International Board with the aim to recruit 14,000 new donors over the 3-year investment period and stop the decline in unrestricted income. Overall, the 3-year investment strategy successfully recruited 16,000 new donors.

Spend on charitable activities

Total spend on charitable activities in 2024/25 was £26.8m which is less than the £27.7m spent in 2023/24, reflecting the reduced level of income received.

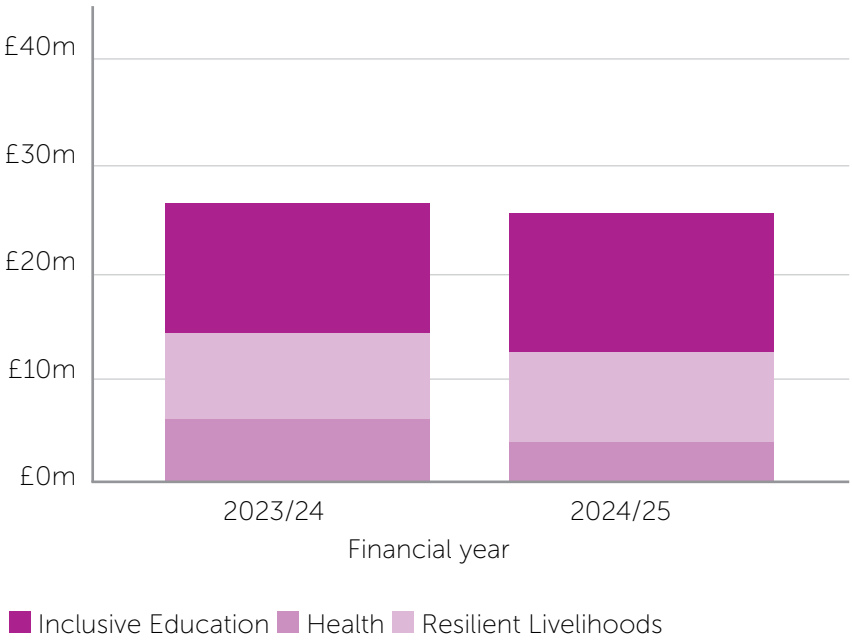
Expenditure on inclusive education has grown, representing 45% of VSO's portfolio of work (2023/24: 41%), with Resilient Livelihoods rising to 30% (2023/24: 28%).

Expenditure on inclusive education (£13.9 million) has risen slightly as VSO delivered a larger proportion of grants to this activity, including the Learning Through Play grant (Lego Foundation) in Rwanda, Empowering Adolescent Girls to Learn and Earn project in Mozambique (Global Affairs Canada), and Unlocking Talent (KfW) in Malawi.

Expenditure on health (£3.9 million) has fallen by £2.3m during the year, as less funding from ACTIVE was spend on health projects than in previous years.

Expenditure on resilient livelihoods (£9.0 million) has fallen by just £0.4m in the year. VSO continued to implement projects like the IKEA Foundation funded Waste to Work and Austrian Development Agency funded Integrated Peacebuilding, Development and Humanitarian Effort project.

Spend on charitable activities



Grant-making

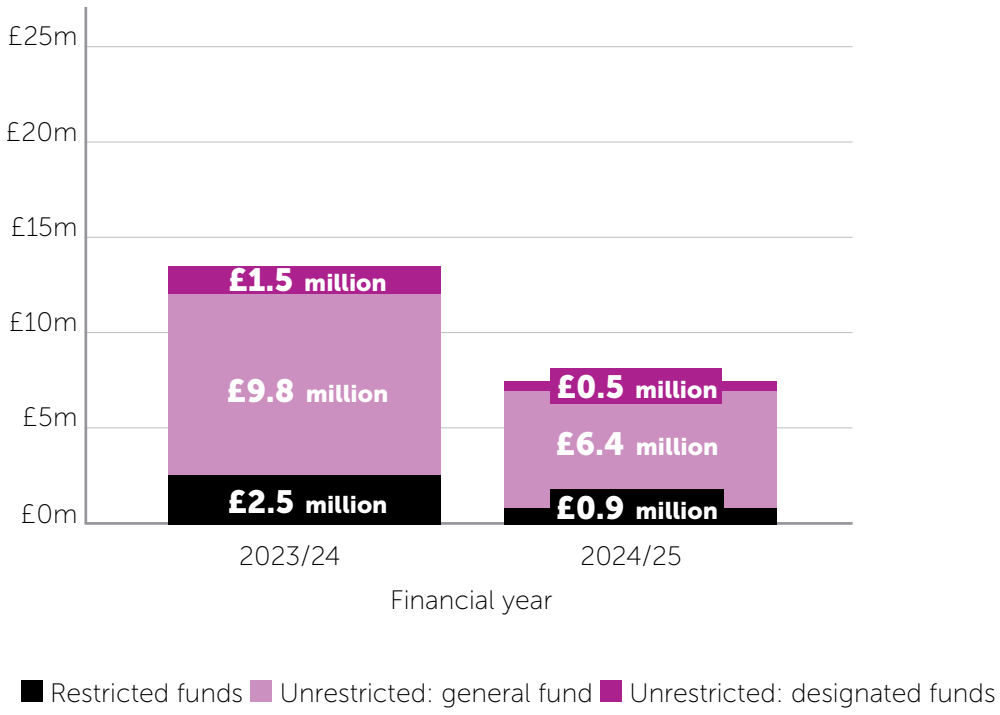
Throughout its programmes, VSO works with and funds in-country partner organisations, for them to undertake agreed activities in pursuit of VSO aims.

During the financial year, VSO spent £1.6m on grants to partners across 13 projects.

For more information, see the financial statements, note 3 Charitable activities.

Reserves

Funds



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps VSO deal with any setbacks and provides the flexibility to take advantage of strategic opportunities.

Closing reserves position	2024/25 £'000	2023/24 £'000
Restricted	929	2,523
Unrestricted: general fund	6,456	9.784
Designated: fixed asset fund	308	236
Designated: pension deficit	(393)	(169)
Designated: change programme	120	486
Designated: rapid response fund	316	316
Designated: income generation	143	643
Designated (total)	494	1,512
Total Reserves	**7,879**	**13,819**

At 31 March 2025, VSO's general reserves stand at £6.5m, which is as per the target level set out in VSO's reserves policy. This prudent level of reserves has helped us manage the multiple shocks and stresses encountered since March 2020, especially the reduction in available resources linked to the COVID-19 crisis and the political environment in the UK.

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan. This deficit arose in the 2023 Triennial Valuation as the Plan builds up a new expense reserve, consistent with the Pension Regulator's new Defined Benefit Funding Code which has recently come into force.

The designated change programme fund represents the unrestricted funds the trustees have earmarked for ongoing organisational change. This has been spent in 2024/25 to provide for restructuring announced in March 2025 which was enacted in Quarter 1 2025/26.

A designated rapid response fund was established in 2022/23 to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities. This has not been used since its establishment and has been redesignated in 2025/26 as change programme reserve to fund further restructuring.

The designated income generation fund is the small amount that remains from a £2.8m investment in Public Fundraising which has invested in unrestricted income generating activities.

For more information, see the financial statements:

- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Investments

The aim of VSO's investment policy is to preserve capital while holding reserves in liquid or near- liquid assets.

VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports to the Audit and Risk Committee at each meeting on the composition of investments held and their maturity profile.

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. VSO also aims to hold a third of deposits in environmentally friendly holdings. The Audit and Risk Committee reviews the policy regularly.

VSO's cash reserves have fallen during the year reflecting the decrease in restricted income. VSO's cash position remains appropriate for the size of the organisation and its level of activities.

VSO maintained most of its investments in short-term deposits to ensure that sufficient funds were held in liquid deposits to allow VSO to respond to significant changes in future funding. Where possible, cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available whilst monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Closing cash and investments position	2024/25 £'000	2023/24 £'000	Variance £'000
Short-term deposits	6.898	7,805	(1,405)
Cash at bank: UK	787	275	512
Cash at bank: overseas	1,239	1,572	(333)
Total	**8,924**	**9,652**	**(1,226)**

Going concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. VSO regularly scenario plans with any changes in restricted funding integrated into the management reporting at the time they occur. VSO's general reserves policy level is prudent and incorporates the cost of time to adapt to significant external shocks such as a major loss of funding. The senior leadership of VSO monitor the financial situation and adapt expenditure as necessary.

Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. Apart from the FCDO funding decision for the period 1 April 2026 to 31 March 2027, the trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Principal risks and uncertainties: 2024/25

Our Trustees recognise that VSO's role in civil society inherently carries risks. These risks are managed through the use of appropriate systems and processes. In this year, the operating context within government, market and environmental systems has heightened the need for strong civil society. Our ways of working are focused on being alert to the principal risks and uncertainties that might influence or derail the role we undertake.

Over the last year, we continued to face considerable financial risk from constrained official development assistance funding opportunities and greater competition for those opportunities that could restrict our ability to deliver our portfolio ambition. Whilst the UK governments' long strategic partnership with VSO, now through the Active Citizenship Through Volunteering and Empowerment project grant (ACTIVE) has been invaluable in helping us deliver our mission, identifying and attracting more funds to help deliver our mission is critical. However, the recent decision by FCDO to revise the contract extension on ACTIVE that was awarded in January 2025 from three years to two years has significantly increased the risk of sustainability of our programmes.

A key part of our long-term strategy to manage risk has been to create a more adaptable operating model building on the civil society asset of people capability, relationships and networks of expertise that VSO mobilised through the volunteering for development approach. This has helped us to manage the level of disruption caused by the impact of global geo political and climate instability, the unprecedented cuts to aid budgets and uncertainties around the wider global economy. VSO continues to operate through a globally dispersed leadership model and has developed resilience and a high degree of organisational comfort in online and remote working which are geared to withstand any future shocks in the environment in which we operate.

Through good strategic management and a long-standing focus on the sustainability of the organisation, VSO has the financial reserves in place to help it withstand shocks. Our operating culture and agile working also allow us to respond and adapt quickly to new risks as they emerge from a rapidly changing environment. These themes of adaptability and careful management of resources will enable us to continue to deliver our mission for the long-term.

The Executive Board manages the strategic risks facing VSO through our risk management process. This includes monthly Executive Board meetings to discuss existing and emerging risks, working alongside our strategic leaders to ensure mitigating actions are in place and effective in managing these risks, and updating the Board of Trustees as necessary.

Risk Management

In addition to holding responsibility for risk management within VSO, including risks related to the use of its funds globally, the Trustees are also responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that these are used only in the furtherance of VSO's objectives.

The system of internal control within which VSO operates is intended to manage risks appropriately, rather than eliminate them and to give reasonable, rather than absolute assurance. The following framework, approved by the Trustees, provides them with assurance that appropriate systems are in place to manage risk:

- The Board of Trustees receive regular reports on performance against the approved annual plans and budgets including a quarterly key performance indicator report. The Trustees also maintain oversight on the work of the Audit & Risk Committee and the Executive Board over their review and management of strategic risks.

- The Audit and Risk Committee reviews the strategic risk register at each meeting, assesses the significant risks facing VSO and the adequacy and effectiveness of measures put in place by management to mitigate them. The Committee reports its findings to the Board of Trustees at each Board meeting.

- Significant risks are monitored on an ongoing basis by the Executive Board, a process which includes a monthly review of the strategic risk register. The Co-CEO's regularly update the chairs of the Board of Trustees and the Audit and Risk Committee on any significant new risks that may emerge.

- Risk management is embedded across the organisation in all its operations, including programme implementation and duty of care, using risk registers and risk assessments. Once fully operational, the new Implementation Planning and Management System (IPMS) will provide additional visibility across the programme portfolio to identify and assess risks.

- VSO has in place security and business continuity plans and communication and reputation management processes that help ensure effective and timely management of risks. Each identified risk is assessed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.

- The Board of Trustees have agreed risk appetite statements that help set the framework within which VSO implements its strategy, and which informs decision making from a risk perspective.

The internal audit function performs risk based audits across all VSO operations. Their programme of work is based on an annual internal audit plan that aims to cover key risks, systems, processes and global policy compliance. The plan is approved annually by the Audit and Risk Committee.

The table below captures the principal strategic risks and uncertainties and the mitigating plans in place to manage these risks. Where the residual risk of other significant risks is considered lower than the risks presented here, the management actions relating to them are subject to regular review by the Executive Board and Audit and Risk Committee.

We are also clear about our duty of care responsibilities, ensuring that we have in place high standards of medical and security practice and consider safeguarding to be a principal risk. Ongoing cyber security threats are also assessed regularly with cyber security certifications in place and ongoing IT security training part of the essential training for VSO People. As a result of the mitigating controls we have in place, the residual risk in these areas is considered lower than the other strategic risks presented below.

Risks	Mitigation Strategy
Financial Sustainability	
There is a risk that VSO is not able to raise sufficient funds to continue to invest in its growing programme of work. In particular, the unprecedented official development assistance (ODA) cuts generates constrained institutional development funding opportunities, and greater competition for those opportunities, and is restricting our ability to deliver our portfolio ambition. This could also undermine the long-term sustainability of the organisation as we will not be able to support our programme work and achieve our objectives.	We have continued to invest in public fundraising and have strengthened processes and ways of working to increase unrestricted income and remain resilient to any challenges in the fundraising market. We continue to engage with our existing donors, recruit new regular givers, and focus on legacies and cash appeals. We will continue to nurture existing institutional donor relationships, cultivate new relationships, and further improve the quality of our bids to attract more restricted income to deliver our portfolio ambition. Our strong reserves position also helps us to continue operations without significant disruption and enables us to be prepared for any upscaling that is required when new funding opportunities materialise. We also continue to adapt our programme level leadership and technical resource teams to help provide better market intelligence, partner engagement and proposal development. In addition to working on mitigating the risks associated with the ACTIVE grant extension being reduced from three years to two years, we are also reviewing our strategy to build on the civil society asset of people capability, relationships and networks of expertise that VSO has mobilised through the volunteering for development approach.
Compliance	
Whilst we have embedded systems and processes for full cost recovery on grants, contracts and programmes, there remains a risk that cost recovery from donors on some projects is insufficient to meet all costs associated with the project. This impacts negatively on our general reserves, is not sustainable and is partly attributed to the need for maintaining operations in some contexts with reduced levels of restricted funding.	Key performance indicators are in place and are monitored on an ongoing basis. These include a periodic review of the percentage of cost recovery and overhead recovery over total project costs, unrestricted costs that are not recovered through overheads or direct charging to grants and margin on contracts. Our portfolio of work, cost management and potential to recover costs is also monitored. Our decision to increase the average value of opportunities we pursue has also enabled us to better cover our costs. In addition, our business pursuit strategy to continuously nurture, cultivate and maintain quality in our work will continue to guide us and help mitigate some of the risks associated with cost recovery.

Risks	Mitigation Strategy
Operations and implementation	
Whilst we have embedded new ways of working in programme implementation, we continue to monitor the risk that we may fail to realise the benefits of the changes due to poor design and implementation which then impacts on our ability to achieve planned outcomes, impact, and reach on our programmes and maintain the quality of our service.	VSO has embedded an effective planning and management system, standardised monitoring with new metrices in place, and has aligned core business processes across the organisation. A comprehensive implementation framework is in place to mitigate some of the risks associated with service quality and design. We have invested in our implementation project management systems to help further strengthen and streamline related processes. The new system will be become fully operational in 2025/26. We continue to review our operating model to ensure our business model remains effective and sustainable in all of the locations, portfolios and thematic areas in which VSO works.
Operating model and governance	
Our ability to grow, maintain financial stability and deliver Volunteering for Development programmes at scale could weaken because of national governance restrictions, organisational design, and failure to adhere to our policies and values. There is also a risk that a global event creates long-term disruption that impedes our ability to secure new income, deliver our programme of work, and undermine the well-being of VSO people.	We continue to monitor operating environments on an ongoing basis, responding as necessary and continuing to deliver our portfolio of work with minimal disruption. However, in view of the operating context within government and the markets, we continue to assess our portfolio and adapt as necessary. We are also satisfied with how we have been responding to the global economic crisis, including hyperinflation in some of the locations we operate in. This gives us confidence in our systems and our approach. We will ensure that VSO continues to learn lessons from this and that we are well prepared for any future shocks that could destabilise our operations.
Reputation	
VSO specific news coverage from a significant incident or public / social media or press scrutiny of charities and civil society could lead to reputational damage and compromise our leadership in the sector.	We continue to scan the horizon for potential risks that we think may impact on our reputation and put in place mitigating strategies, including communication plans and proactive measures as necessary. We learn from incidents, evaluations and feedback from stakeholders and adapt mitigating strategies to manage any associated risks. Our investment in integrity systems, processes and policies that are aligned to our values have also helped us reduce the likelihood of incidents that could impact on our reputation. Our compliance essential training pathway module on preventing criminal practice, safeguarding, data protection, procurement, and the VSO code of conduct is mandatory for all VSO people and is repeated annually.

Governance

Structure, governance and management

Our organisational structure

VSO a company limited by guarantee, registered in England and Wales (registration number 00703509) and registered as a charity in England and Wales (registration number 313757)

VSO operates internationally through branch offices. This structure of branch office and subsidiaries assists us to deliver VSO's mission globally by extending the reach of our work and building opportunities for income generation.

Appointment of directors to branch offices is subject to Governance Committee approval in compliance with VSO's Schedule of Delegations.

VSO is a subsidiary of Stichting VSO International ("the Foundation"), a foundation registered in the Netherlands (registration number: 40484676). The Foundation operates through VSO and the following subsidiary entities:

- Voluntary Service Overseas (Ireland) is a company limited by guarantee, incorporated and registered as a charitable entity in Ireland
- Stichting VSO Nederland BV, a Dutch charitable organisation
- Voluntary Service Overseas USA, Inc. a US corporation with US SOA (c) (ii) status
- VSO Trading Limited whose principal activity was the delivery of non-charitable activities for the purpose of raising funds. It is now dormant.

Our governance and management

VSO is governed by its Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation's values, and ensure we meet our objectives. Trustees duties are described in more detail on pages 35-37

Between July and October 2024, the International Board of Trustees transitioned from VSO to the Foundation. Most Trustees sit on both VSO and the Foundation Boards with two remaining on just the VSO Board and the Chair of VSO Nederlands sitting on just the Foundation Board.

The VSO Board met formally in 2024/25 three times virtually using an online platform and once physically. Board members receive management information on organisational performance on a quarterly basis.

Trustees

Trustees serve terms of office as provided by the Articles. They are usually appointed to the Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. There is provision in VSO's Articles for the Chair to serve a third three-year term if appointed as Chair when already a trustee. The Articles will be amended in 2025/26 to offer the provision for a third term extension to all Trustees.

Trustees are not remunerated but their expenses are reimbursed in accordance with VSO's expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office. Trustees participate in visits to VSO programmes and act as expert advisers to VSO working groups

VSO's trustees are committed to compliance with the Charity Governance Code and regularly review the group's charitable purposes as well as their roles and time commitment. Review of performance of the Board is a continuous process. Feedback on Board performance is regularly sought from Board members and the Executive. An annual review is undertaken by the Chair with individual trustees also making annual commitments to VSO over and above their responsibilities as directors and members.

Board of Trustees

Julia Lalla-Maharajh OBE *
Appointed 14 July 2020
Appointed Chair on 1 February 2023
Chair, Under One Sky; Founder of the Orchid Project.

Susan Hickey ^
Appointed 14 July 2020
Vice Chair, Honorary Treasurer and Chair of Audit and Risk Committee
Non-executive board member of The Good Economy Partnership; Saltaire Housing.

Janet Muir ^
Appointed 1 February 2023
Director, Procurement & Financial Management at UN International Fund for Agricultural Development (IFAD "Director of Vita Impact & Vita USA, Trustee of The Sustainable Nitrogen Foundation.

Monalisa Sibongile Zwambila ^
Appointed 27 February 2024
Resigned on 25 September 2025
Founder and CEO of Riverbed South Africa.

Vincent Mohau Motholo ^
Appointed 13 June 2024
Chief Financial Officer at the University of Cape Town.

Geoffrey Skingsley *
Appointed 1 November 2020
Vice Chair and Chair of Governance Committee
Executive in Residence and Member of the Global Leadership Council of the Said Business School in Oxford, Board of UK's French Chamber of Commerce.

Christopher Muwanguzi ^
Appointed 19 September 2019
Chief Executive, Child's i Foundation.

Maryam Abisola Adefarati ^
Appointed 28 February 2024
Chief Financial Officer with Microsoft Africa Regional Cluster. Co-owner of a foundation that is supporting the community in the areas of health, education and poverty alleviation.

Mashaer Bashir-Ali
Appointed 23 July 2024
Senior legal and governance professional in the insurance industry.

Belay Addise Cheffik *^
Appointed 13 June 2024
Regional Manager at the Global Partnership for Education covering East and Southern Africa. He is also a founding Board member of the Horn Center for Democracy.

*** Governance Committee member ^ Audit and Risk Committee member**

Trustees' duties

The trustees fulfil their duties both under charity law and company law through a formal governance framework which includes Board approval of the strategic direction, operating and expenditure plan, and key policies, formal review of risk and mitigations and monitoring performance data. They also approve and monitor constitutional change and the appointment of the Chief Executive role.

They delegate certain board functions to Board committees and through a Schedule of Delegations, daily decision making to the Co-Chief Executive Officers. VSO's formal organisation and Board Committee structure and membership is set out on pages 37-38.

Board capability is reviewed regularly considering how the organisation is adapting to the changing operating environment. As trustees come to the end of their maximum permitted terms of office, this presents opportunity for reviewing the need for new trustees, particularly where specific gaps in capability are identified and bearing in mind the need for board diversity.

A nominated Board trustee, Christopher Muwanguzi, has specific responsibility for supporting the Senior Leadership Group and Co-CEOs on issues of duty of care and in explicitly ensuring all board members are diligent in their attention to this issue. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

During their tenure with VSO, trustees are briefed on their duties by the Chair of the Board and where required, through professional advice. Trustees are supplied with online access to all relevant governance documents and contact details.

In keeping with our approach to learning, all trustees have permanent access to our VSO Learning Platform. They can access the key organisational documents from the trustee pathway: their role description, memorandum and articles, delegation of authority, organisation structure and committee terms of reference. This also signposts them to the most recent UK Charity Commission guidance for trustees.

During the year, trustees have fulfilled their duties regarding the following:

The likely consequences of any decision in the long term

All key strategic decisions with long-term impact on VSO's future are discussed in the relevant Board Committee and then by the Board as a whole. Each Board agenda gives time for an update on how long-term projects are progressing and all Board members are actively encouraged to raise their questions and concerns, so that appropriate actions can be taken under the Board's oversight.

The interests of the organisation's employees

The Board defines VSO people as inclusive of employees, volunteers, consultants, suppliers, and partners.

Phoebe has been attending VSO workshops where she's learnt about cultivating climate-resilient crops.

The Board ensures that the interests of the employees are considered through regular updates at Board and Committee meetings. The impact of major decisions on employees are discussed by the Board and its committees who also receive regular updates on employee pay, employee pensions schemes, health and safety, and safeguarding.

The Board seeks to engage with VSO's community of employees, volunteers and primary actors through briefing on key programme themes and attending the annual Volunteer Impact Awards as well as participation in fundraising events.

In line with VSO's inclusive approach, VSO global communications are available with captions to be inclusive of those who are hard of hearing.

Since the previous annual report, the Board has reviewed several of VSO's core policies including:

- Risk Management Policy (July 2024)
- Data Protection Policy (December 2024)
- Reserves Policy (May 2025)

The need to demonstrate inclusive ways of working between trustees

All Board members operate equally as trustees and directors and are given opportunity to raise questions and issues. All have access to the Co-CEOs, the Finance Director, Company Secretary, and one another. Communication directly between board members and members of the Executive or VSO colleagues is actively encouraged.

To contribute to the ongoing review of Board effectiveness, the Board Chair maintains regular contact with all trustees to ensure they can raise concerns and questions. A dedicated appraisal conversation happens at least annually.

The need to foster VSO's business relationships with supporters, implementing partners and suppliers

Our Knowledge, Evidence and Learning team systematically reviews and evaluates relationships with partners and primary actors and brings relevant issues to the attention of the Board through quarterly performance reviews. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. The Board discusses key partnerships, donor relationships, and strategic suppliers as part of its Board meetings.

Suppliers' interactions are supported by the Global Procurement Policy, ensuring transparent and fair selection processes. In addition to assessment through donor and statutory audits, VSO's internal audit function reviews procurement activity and shares outcomes with the VSO Board via the Audit and Risk Committee.

The impact of the organisation's operations on the community and environment

The organisation has a formal policy on environmental sustainability. As part of its ongoing programme of work, VSO trains its programme teams, volunteers, and partners to undertake risk assessments and resilience action planning to identify and reduce human, social, environmental, physical and economic vulnerabilities to climate change.

The Board is regularly updated on the positive impacts that are being made in communities, through our reporting on duty of care and our ability to deliver against the principle of "do no harm". As part of its annual reporting process, the Board reviews the environmental impact of VSO's activities.

The Board also continues to set and meet robust targets for reducing VSO's carbon footprint. The environmental impact of our work is captured in detail in the Environmental Impact Assessment detailed in the group annual report and accounts.

The desirability of the organisation maintaining a reputation for high standards of business conduct

High standards of business conduct are underpinned by VSO's value of integrity — taking a zero-tolerance approach to any form of wrong-doing, abuse, and harm, treating others with respect and being open, transparent and accountable in what we do. The Board is keenly aware of the moral requirements of our mission.

All key stakeholders, partner organisations, donors, employees, volunteers and consultants, are subject to a range of background checks prior to engagement. Strict procurement guidelines are in place for the selection of suppliers. These key processes are audited by the Internal Audit team.

Management through the Co-CEOs and the Strategic Leadership Group

The International Board delegates VSO's day-to- day management to the Co-CEOs (who alongside the Finance Director) have operational oversight of VSO's work globally.

The Executive meet at least weekly to oversee implementation of strategic and operational activity, allocate resources, set and monitor standards and determine core approaches to how VSO works. The Executive undertake a formal Quarterly Performance Review against VSO's operational and financial objectives. This is done with colleagues across the organisation and specifically the Strategic Leadership Group. The Executive reports back on quarterly performance to the International Board through a regular performance report.

Donné Cameron
Co-CEO from September 2024

Kathryn Gordon
Co-CEO from September 2024

Dr Philip Goodwin
CEO until September 2024

Bright Amisi
Finance Director from June 2025

Clare Sisson
Finance Director until June 2025

The members of the Strategic Leadership Group are:

Meet our Strategic Leadership Group

Alok Rath
Head of Knowledge, Evidence and Learning, working from India

Kaday Mansaray Sibanda
Director of Operations, working from South Africa

Shaleen Rakesh
Head of Engagements and Partnerships, working from India

Gillian Claugher
Head of Public Fundraising, working from the UK

Geoffrey Odaga
Programme Implementation Lead, working from South Africa

Papa Diouf
Practice Area Lead, Health, working from Cambodia

Tim Newman
Head of Business Pursuit, working from the UK

Ezekiel Esipisu
Head of Programme Development and Policy, working from South Africa

Martha Newman
Head of HR Business Partnering, working from the UK

Kirit Naik
Head of Internal Audit and Risk, working from the UK

Joyce Laker
Practice Area Lead, Inclusive Education, working from the US

Duty of care

One of VSO's key commitments in our role in civil society is to do no harm. VSO aims to find the appropriate balance between our moral and legal obligations whilst ensuring the safety and well-being of VSO's employees and volunteers and those who engage with VSO.

Our main methods for mitigating the duty of care risk are:

- Assessing the risk in the context of the programme and the location.
- Equipping the team with the necessary capability ensuring there is capacity within roles in a project team or support from the global team.
- Maintaining an environment that promotes reporting, covering not only significant incidents but also minor concerns.
- Insuring the costs of medical and health treatment for employees and volunteers – where there is no adequate government funded health service.
- Employers' liability insurance to cover the risk of legal action from employees or volunteers who incur injury or illness due to their working environment.
- Supporting managers to take responsibility for discussing risk, and risk mitigations with colleagues in planning travel.

We have strengthened our Health and Medical insurance by improving provisions and the coverage across our VSO People. We provide access to funds for medical services when employees need them most. VSO continues to use a professionally managed data source to assess security risk and support the business pursuit team to review opportunities for new programmes, both in locations where we currently work and where we may in the future. The duty of care focus on supporting resilience that arose from the global COVID-19 pandemic has become a cornerstone in our ongoing wellbeing offer.

Resilience initiatives continue and feedback is positive:

- Every year, during VSO week, VSO People are offered a "recharging" day to disconnect from the schedule of back-to-back meetings and conversations.
- Specific wellbeing sessions for those working in fragile spaces where there is no end to a specific incident in sight. Run by a combination of trained counsellors and peer supporters trained in psychosocial first aid.
- Regular series of resilience sessions for volunteers and employees.

We have introduced some specific capacity with our global implementation team to manage project start-up and programme inception. Assessing the safeguarding and security risks of operating and delivering work has been established as a key element of this with specific learning material developed.

As members of the Misconduct Disclosure Scheme, VSO recognises both the progress made and the continued requirement for regular reminders that operating in a respectful way, keeping primary actors safe and doing no harm is fundamental to our licence to operate. The next phase of work with the scheme members will be to engage and align with other initiatives to protect from sexual exploitation, abuse, and harassment and to promote understanding of the necessity for background checking with senior leaders and programme design teams. Our Nepal team in particular continues to engage across agencies and partners to strengthen participation and the culture of safeguarding.

Medical, Security and Safeguarding incident categories are defined at VSO to aid appropriate response and consistent reporting.

We continue to monitor the implications of the security situation and increased fragility of the environment in Ethiopia, the Northern Kenya border and Myanmar, adapting delivery and practice as appropriate.

In addition to this incident response, we have managed 889 medical cases and provided 399 medical clearances to VSO people.

Reporting and whistleblowing

VSO has zero tolerance of corrupt practices of any type or in any circumstances. We aim to maintain the highest standards of openness, decency, integrity, and accountability in our work.

Everyone who works with or for VSO must be vigilant for signs of wrongdoing or criminal activity and have the obligation to report suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work in accordance with our whistleblowing process.

Our Whistleblowing Policy encourages anyone to report any serious concerns they have, without fear of punishment or unfair treatment. VSO's systems to protect confidentiality and offer anonymity aim to keep a whistleblower safe. To ensure the safety of whistle-blowers, VSO treats all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's policy on Preventing Criminal Practices underpins our operational practice in the areas of fraud, bribery and corruption or any other wrongdoing. The Policy requires all such allegations to be reported regardless of financial materiality and ensures a consistent approach to fraud awareness, prevention, reporting, and investigations across VSO.

We have mandatory online training on preventing criminal practices and whistleblowing for all staff and volunteers. The Executive and senior managers often remind people of their duty to report any wrongdoing through various channels, so the process of reporting is fully understood.

Serious incidents are also reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with the VSO serious incident reporting protocol. Despite our enhanced approach to fraud prevention, the reality is that from time to time we will be victims of corrupt practices. During the year, 22 cases of potential irregularities were reported and investigated. Of these, 6 cases led to reported fraud and losses of £18,000.

Our approach to pay

VSO is committed to an approach to pay that upholds fairness, internal equity, and external competitiveness. At VSO, we believe that all employees should be compensated fairly for their role.

Fair Pay means that compensation is determined by the role on the local market and that VSO will not discriminate, in line with our equal opportunities policy and our approach to social inclusion. We have eradicated the dual pay system; all employees are hired on national terms and conditions in their place of work. We are a signatory to the principles of Project FAIR, supporting fair pay in the international development sector:
project-fair.business-school.ed.ac.uk/

- **Ethical reward:** reward policy is fully aligned with our mission and values, from non-discriminatory practices to our awareness of our responsibility as an actor on diverse employment markets.
- **Transparency:** reward policy is present, available to all, clearly explained, and applied consistently.
- **Equity:** reward is fair, consistent, and justifiable. VSO uses a robust job evaluation process, reward is contextualised and policies apply systematically. In those countries where inflation reaches excessive levels, VSO's policy provides immediate assistance to employees and volunteers to support their cost of living temporarily until the situation stabilises.
- **Sustainability:** reward reflects the stewardship of donor funds, supports long-term organisational financial sustainability, ensures sufficient wages for all. VSO is an accredited UK Living Wage employer, and we advocate for the living wage approach to be replicated in other countries.
- **Compliance and risk:** reward policies and practices meet local and international legal and regulatory requirements, while respecting broader organisational social responsibility.

VSO does not operate a bonus scheme.

Our leaders and managers work with our employees to support their performance and development in role. Our recruiters and hiring managers discuss with applicants the rationale behind the way in which our pay practice is linked to dismantling the broader historical and colonial dynamics of power and privilege within the sector.

We recognise and incentivise our people to perform by designing purposeful roles, creating a positive working environment with support for collaboration and discovery to maintain interest and fulfilment. Our operating model and organisation design have at their heart a distributed leadership model. In this model, leadership and accountability sit with post holders, collaboration being key to achieving high performance.

Gender pay gap reporting for UK employees

The UK government require gender pay reporting – the difference between pay to women and men, for organisations with more than 250 UK-based employees. VSO employed 71 people in the UK in April 2025.

To demonstrate transparency VSO has reported its gender pay gap in the UK, since 2017.

Because of our relatively small population in the UK, the departure of our former CEO (who was male) in September 2024 had a major impact on our Gender Pay Gap. On 5 April 2025, the average pay difference between female and male employees in the UK was 0.74% (compared to 8.57% on 5 April 2024). The difference in median (middle value) pay between female and male employees in the UK is 7.88% (compared to 4.76% on 5 April 2024). The increase of our median gender pay gap is due to the fact that senior females employees left and were not replaced.

The Gender Pay Gap amongst remaining employees has remain stable, the median has not moved at all while the mean has increased by 1.5%.

In line with our view of organisation design, and to ensure we are shaped to successfully deliver on our mission, VSO monitors our pay ratios in each operating location on a regular basis, aiming not to increase the current level when we apply pay benchmarking adjustments and pay awards. One of our Co-CEOs is employed on a UK contract, reported in the UK pay ratio. Therefore the ratio from CEO pay to lowest pay in the UK is 3.56:1 (compared to 3.78:1 in 2023/24).

Modern slavery statement

Modern slavery is appalling and inimical to all VSO is and stands for, whether it takes the form of forced labour, debt bondage, human trafficking or child labour. It is a global crime resulting in an abhorrent abuse of dignity and human rights which disproportionately affects women and children.

VSO takes a position of zero tolerance towards all forms of modern slavery and our zero tolerance position extends to all those working for, and in collaboration with, VSO. VSO is committed to taking proactive steps both at global and location level with the aim of ensuring that modern slavery does not exist at any level of the organisation and that the best possible support, care and compassion is provided to any victims of this crime with whom VSO comes into contact. VSO has in place policies, procedures and processes to combat the risk of modern slavery. However, VSO recognises that more can be done to combat this risk.

Further information about the framework VSO has in place to combat the risk of modern slavery and the actions VSO plans to take over the next financial year can be found in VSO's Modern Slavery Statement on our website: vsointernational.org/about/policies-and-statements/statement-on-modern-slavery

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's privacy policy can be found at vsointernational.org/privacy.

VSO adheres to the Charities (Protection and Social Investment) Act 20ló. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition, we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

VSO has a safeguarding policy which guides us on how to respect people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

VSO is committed to investing in fundraising and engaging with our thousands of supporters across the UK, Ireland and the Netherlands. We aim to inspire and motivate our supporters to help us tackle poverty. We do so via a range of fundraising channels, including face-to-face fundraising, telemarketing, direct mail, email and digital.

VSO is in a period of investing for sustainable fundraising growth — we must invest in our fundraising to achieve our plans to increase our scale, influence, and impact to create a fair world for everyone. We continue to make sound investments and regularly measure and monitor our impact and returns. Taking a holistic view of our supporters will enable us to ensure they receive appropriate and welcomed fundraising communications in line with their preferences and particular aspects of VSO's work.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector and has in place an Ethical Income Generation Policy, which was reviewed by the Board in March 2023.

VSO continues to report to the Fundraising Regulator on the number of complaints and feedback received in response to our fundraising activity. In 2024/25 this number of complaints totalled 68, a slight increase on last year due to increased acquisition activity. These were low level complaints which informed our future work. Our supporter care team examines every complaint, responding within three working days. We also complete the Fundraising Regulator's Annual Return. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2024/25.

Our approach to data protection

We are committed to protecting the personal data of all individuals whose personal data is processed by us. We ensure that we use it only for clear and stated lawful reasons, and that we store and transfer it safely in line with the requirements and principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of VSO induction, and we monitor compliance. All VSO people are required to renew their data protection training annually.

As part of our programme design process, we complete detailed privacy impact assessments prior to processing personal data in cases where that processing may give rise to high risks to data subjects. In this way we ensure that we know that the processing is lawful and that we can mitigate risks.

We integrate data protection into our programmes and, in so doing, we consider the likelihood and impact of our processing on the rights and freedoms of those we hold data on.

We monitor complaints and take on feedback to help us improve our fundraising approach, our systems, and internal processes, as well as the work undertaken for us through external agencies.

During the year, we discovered no reportable data breaches. In cases of minor breach, we always speak to The Information Commissioners Office to check that we have taken the correct approach. We record the details of all breaches on our data breach log and conduct learning sessions where relevant to mitigate the risks of a similar breach occurring in future and to embed learnings.

Haway (second from right) has made friends with women of different ethnic groups.

Reference and administrative details

Charity name: VSO (Previously known as Voluntary Service Overseas)
Charity registration: 313757 (England and Wales)
Company registration: 00703509
Registered office: 2 Putney Hill, London SW15 6HB
Company secretary: Jenny Owen

Objects

VSO's objects, for which the charity was established, are to:

- advance education and aid the relief of poverty in any part of the world
- promote the effective use of resources for the purpose of advancing education or relieving poverty in any part of the world
- promote the voluntary sector.

Public benefit

VSO is a registered charity which acts at all times in accordance with its Articles. The activities undertaken by VSO to further its purposes for the public benefit are described throughout this Report. The trustees have at all times had due regard to the Charity Commission's guidance on public benefit.

Governing document: VSO (limited by guarantee) is governed by its Articles of Association).
Royal patron: HRH The Princess Royal
Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP
Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

For more information

Website: www.vsointernational.org
Facebook: www.facebook.com/vso.international
X: www.x.com/VSO_Intl
Instagram: www.instagram.com/vsointernational
YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500
Email: enquiry@vsoint.org

Statement of Trustees' responsibilities

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice)

Company law requires the charity trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing the financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable group's transactions, disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, and the provision of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure to our auditors

In so far as each of the trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that they should have taken as a trustee in order to make themself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors. The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

By order of the Board of Trustees

Julia Lalla-Maharajh OBE
Chair VSO
27 November 2025

Financial Statements

Independent auditor's report

to the Trustees of VSO

Opinion

We have audited the financial statements of VSO for the year ended 31 March 2025 which comprise the statement of financial activities, the balance sheet, the statement of cashflow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 45, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the charitable company's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income and major donations and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date:18 December 2025

Statement of financial activities

for the year ended 31 March 2025

	Note	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Total 2025 £'000	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000
Income							
Donations and legacies							
Institutional grants	2a	251	9,866	**10,117**	(472)	14,186	**13,714**
Other donations	2b	5,102	10	**5,112**	4,733	15	**4,748**
Charitable activities							
FCDO ACTIVE grant	2c	-	9,000	**9,000**	-	9,000	**9,000**
Other trading activities	2d	101	-	**101**	221	5	**226**
Bank interest receivable and similar income		343	-	**343**	286	-	**286**
Total income		**5,797**	**18,876**	**24,673**	**4,768**	**23,206**	**27,974**
Expenditure	3						
Raising funds		**3,501**	**-**	**3,501**	**3,454**	**-**	**3,454**
Charitable activities							
Inclusive education		3,178	10,684	**13,862**	1,753	11,146	**12,899**
Health		906	3,046	**3,952**	970	5,231	**6,201**
Resilient livelihoods		2,059	6,922	**8,981**	1,168	7,430	**8,598**
Core approaches*		-	-	**-**	2	13	**15**
Operating expenditure		**9,644**	**20,652**	**30,296**	**7,347**	**23,820**	**31,167**
Redundancy provision	12	**317**	**-**	**317**	**-**	**-**	**-**
Total expenditure		**9,961**	**20,652**	**30,613**	**7,347**	**23,820**	**31,167**
Net movement in funds		**(4,164)**	**(1,776)**	**(5,940)**	**(2,576)**	**(614)**	**(3,190)**
Other recognised losses							
Loss on revaluation of subsidiary investments		-	-	-	(134)	-	(134)
Net movement in funds		**(4,164)**	**(1,776)**	**(5,940)**	**(2,710)**	**(614)**	**(3,324)**
Transfer of funds		(185)	185	-	31	(31)	-
Reconciliation of funds							
Total funds brought forward		11,299	2,520	13,819	13,978	3,165	17,143
Total funds carried forward		**6,950**	**929**	**7,879**	**11,299**	**2,520**	**13,819**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 52 to 68 form part of these financial statements.

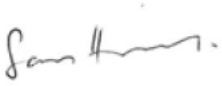
Balance sheet

As at 31 March 2025

	Note	Charity 2025 £'000	Charity 2024 £'000
Fixed assets			
Tangible assets	8a	40	65
Intangible assets	8b	268	171
Investments	9	495	2,434
Total fixed assets		**803**	**2,670**
Current Assets			
Debtors	10	1,874	3,876
Short-term cash deposits		6,898	7,805
Cash at bank and in hand:			
In the UK and held by group subsidiaries		787	275
Overseas		1,239	1,572
Total current assets		**10,798**	**13,528**
Liabilities			
Creditors: amounts falling due within one year	11	(2,977)	(2,174)
Net current assets		**7,821**	**11,354**
Total assets less current liabilities		**8,624**	**14,024**
Creditors: amounts falling due after one year	11		
Provisions for liabilities	12	(745)	(205)
Total net assets		**7,879**	**13,819**
Restricted funds			
Income funds	13,15	929	2,520
Unrestricted funds			
General fund	14,15	6,456	9,787
Designated funds	14,15		
Pension deficit repayment plan fund		(393)	(169)
Change programme fund		120	486
Fixed asset fund		308	236
Rapid response fund		316	316
Income generation		143	643
Total unrestricted reserves		**6,950**	**11,299**
Total funds		**7,879**	**13,819**

The notes on pages 52 to 68 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 27 November 2025.



Susan Hickey
Honorary Treasurer on behalf of the Trustees

Cashflow statement

for the year ended 31 March 2025

	Note	Charity 2025 £'000	Charity 2024 £'000
Cash flows from operating activities			
Net cash used in operating activities		**(468)**	**(2,982)**
Cash flows from investing activities			
Interest received		344	286
Accounts related to the defined pension scheme		(393)	-
Proceeds from sale of assets		60	14
Purchase of intangible and tangible assets	8	(271)	(214)
Net cash used in investing activities		**(260)**	**86**
Change in cash and cash equivalents in the reporting period		**(728)**	**(2,896)**
Cash and cash equivalents at the start of the reporting period		9,652	12,548
Total cash and cash equivalents at the end of the reporting period		**8,924**	**9,652**
Reconciliation of net income to net cash flow from operating activities			
Net loss for the reporting period (as per the statement of financial activities)		**(5,941)**	**(3,193)**
Adjustments for:			
Depreciation charges	8	200	30
Gains on disposal of fixed assets	2d	(60)	(14)
Gains on investments		1,939	135
Interest received		(343)	(286)
Increase in debtors	10	2,002	1,823
Increase/(decrease) in creditors falling due within one year	11	803	(53)
Increase/(decrease) in creditors falling due after one year and provisions	12	539	(1,424)
Accounts related to the defined benefit pension scheme included within the statement	19	393	-
Net cash provided by operating activities		**(468)**	**(2,982)**
Analysis of cash and cash equivalents			
Cash at bank and in hand		2,026	1,847
Short-term cash deposits		6,898	7,805
Total cash and cash equivalents		**8,924**	**9,652**

Notes forming part of

the financial statements for the year ended 31 March 2025

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the charity's ability to continue.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objections to, the use of exemptions by the Company's members and immediate parent.

The charity has taken advantage of the following exemptions:

- Disclosures in respect of the charity's financial instruments have not been presented as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Basis of consolidation

The ultimate parent undertaking and controlling party of the charity is Stichting VSO International as of 17th July 2024. It is exempt by virtue of s400 of the Companies Act 2006 from preparing consolidated financial statements. Consequently, these financial statements only present information about the Company.

Note 17 sets out details of the charity's subsidiaries and associate undertakings.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).

- Revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in income recognition accounting policy.

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves policies are given on page 25-26 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract.

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), the charity has chosen to report its charitable expenditure by the three thematic areas and core approaches as set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is apportioned across thematic areas based on the proportion of direct costs incurred across those practice areas.

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3).

Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. The charity also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

The charity is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to the charity each year.

Where the charity is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of the charity's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction.

Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are considered in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight-line basis over the term of the lease, adjusted for lease incentives where applicable.

Provisions

Provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Fixed and intangible assets and depreciation

Fixed and intangible assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is charged over the useful economic life of an asset on a straight-line basis as follows:

Assets held in the UK and subsidiaries	
Leasehold improvements	Length of the lease
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years
Assets held overseas	
All categories	Fully in the year of acquisition

The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use outside of the UK in the year of acquisition, in view of the uncertainty of conditions in the operating environment. It is the Charity's policy to record these assets as disposals after three years.

Investments

The only investments VSO UK currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas USA, Inc.	Stated at cost
100% ownership of Stichting VSO Netherlands This was transferred at net asset value to its parent company VSO Stichting International on 17 July 2024	

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Going Concern

We have set out in this report a review of the charity's financial performance, the reserves position and principal risks and uncertainties. The charity continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect the charity's operations in 2025/26 and going forward.

The charity demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, It remains alert to ongoing risks and uncertainties.

As detailed in our reserves policy, we hold a prudent level of general reserves to provide cover for unexpected financial changes and to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. The trustees continue to monitor progress on institutional fundraising including a two-year extension for UK government funded active citizenship and volunteering work.

Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Income analysis

a. Institutional grants	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Total 2025 £'000	Total 2024 £'000
Governmental bodies				
FCDO - other funding	-	-	**-**	79
European Union	-	370	**370**	50
Global Affairs Canada	-	934	**934**	1,556
KfW	-	344	**344**	1,848
Ministry of Education, Youth and Sport	-	15	**15**	268
UN Agencies	-	594	**594**	2,809
USAID	-	19	**19**	159
Total governmental bodies	**-**	**2,276**	**2,276**	**6,769**
Non-government bodies				
Companies	-	288	**288**	241
Trusts and Foundations	-	3,025	**3,025**	3,846
Other charitable organisations	251	4,277	**4,528**	2,858
Total non-government bodies	**251**	**7,590**	**7,841**	**6,945**
Total institutional grants	**251**	**9,866**	**10,117**	**13,714**

b. Other donations	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Total 2025 £'000	Total 2024 £'000
Individuals	3,640	-	**3,640**	3,780
Major Donors	-	-	**-**	-
Legacies	1,324	10	**1,334**	313
Gifts in kind and pro bono services	138	-	**138**	655
Total donations and legacies	**5,102**	**10**	**5,112**	**4,748**

c. Charitable activities	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Total 2025 £'000	Total 2024 £'000
Volunteering for Development	-	9,000	**9,000**	9,000
Total charitable activities income	**-**	**9,000**	**9,000**	**9,000**

d. Other trading income	Unrestricted funds 2025 £'000	Restricted funds 2025 £'000	Total 2025 £'000	Total 2024 £'000
Lettings	8	-	**8**	8
Sale of assets	60	-	**60**	18
Other	33	-	**33**	200
Total other trading income	**101**	**-**	**101**	**226**

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2025 £'000	Total costs 2024 £'000
By practice area						
Inclusive education	827	5,106	6,479	1,450	**13,862**	12,899
Health	236	1,456	1,847	413	**3,952**	6,201
Resilient livelihoods	536	3,308	4,197	940	**8,981**	8,598
Core approaches	-	-	-	-	**-**	15
Total	**1,599**	**9,870**	**12,523**	**2,803**	**26,795**	**27,713**

Charitable activities (excluding apportioned support costs) include pro bono services valued at £ 138,000 (2024: £655,000).

During the financial year, VSO spent £1.6m on grants to partners across 13 projects.

b. Analysis of support costs

	Governance costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2025 £'000	Total costs 2024 £'000
Inclusive education	218	34	263	598	337	**1,450**	1,992
Health	62	9	75	171	96	**413**	676
Resilient livelihoods	142	22	170	388	218	**940**	735
Core approaches	-	-	-	-	-	**-**	246
Apportioned support costs - charitable activities	**422**	**65**	**508**	**1,157**	**651**	**2,803**	**3,649**
Raising funds	48	8	57	135	76	**324**	468
Total apportioned support costs	**470**	**73**	**565**	**1,292**	**727**	**3,127**	**4,117**

4. Net incoming resources

Net movement in funds is stated after the following charges/(credits):

	2025 £'000	2024 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	32	48
Other	2	2
Total fees payable to the charity's auditors	**34**	**50**
Depreciation		
Assets in the UK	82	39
Assets held overseas	118	136
Total depreciation charges	**200**	**175**
Gain on exchange rate movements		
Realised gains	113	(243)
Unrealised gains	62	(55)
Total gain on exchange rate movements	**175**	**(298)**

Unrealised gains on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2024: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to £19,000 (2024: £1,000), paid to 8 trustees (2024: 5).

6. Employee benefits including the cost of key management personnel

	2025 £'000	2024 £'000
Salaries and wages	10,610	11,463
Social security costs	539	612
Pension costs	688	730
Other employee benefits	918	1,087
Total	**12,755**	**13,892**

The wages and salaries figure above does not include an amount of £32,000 (2024: £17,000) relating to termination costs, or the £317,000 redundancy provision.

The pension costs do not include long-term liability of £393,000 for the Pension Fund Trust (see note 19).

The table below shows the number of individual staff whose employee benefits, excluding employer pension costs, were in bands during the financial year:

	2025 £'000	2024 £'000
£60,001- 70,000	19	8
£70,001 - 80,000	10	9
£80,001 - 90,000	2	3
£90,001 - 100,000	1	-
£100,001 - 110,000	3	3
£110,001 - 120,000	-	3
£120,001 - 130,000	2	-
£130,000- £140,000	1	-
£140,001 - 150,000	-	1
Total	**38**	**27**

Total benefits, excluding employer pension costs, national insurance and social security, disclosed in the above bands include termination costs of £32,000 (2024: £17,000), and health benefits, housing, dependents' education, relocation / travel allowances totalling £142,000 (2024: £126,000).

The key management personnel are the executive leadership team which are appointed by the Board of trustees which includes the Co-CEO's and Finance director.

During 2024-25 the executive team has contained four members. The total compensation costs, including employer's National Insurance contributions, pension and termination costs were £504,000 (2024: £575,000).

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2025 Headcount	2025 FTE	2024 Headcount	204 FTE
UK based	77	72	81	77
Overseas based	330	328	366	365
Total	**407**	**400**	**447**	**442**

8. Fixed assets

a. Tangible fixed assets			IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2024	-		1,487	2,488	3,975
Additions	-	-	7	118	125
Disposals	-	-	(1,172)	(944)	(2,116)
At 31 March 2025	**-**		**322**	**1,662**	**1,984**
Accumulated depreciation					
As at 1 April 2024	-		1,422	2,488	3,910
Charge for the year	-	-	33	118	151
Disposals	-	-	(1,172)	(944)	(2,116)
At 31 March 2025	**-**		**283**	**1,662**	**1,945**
Net book value					
At 31 March 2024	**-**	**-**	65	**-**	**65**
At 31 March 2025	**-**	**-**	**40**	**-**	**40**

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2024	245	245
Additions	146	146
Disposals	(93)	(93)
As at 31 March 2025	**298**	**298**
Accumulated depreciation		
As at 1 April 2024	74	74
Charge for the year	49	49
Disposals	(93)	(93)
As at 31 March 2025	**30**	**30**
Net book value		
As at 31 March 2024	171	171
As at 31 March 2025	**268**	**268**

9. Investments

	2025 £'000	2024 £'000
Market value at the beginning of the year	2,434	2,568
Loss on Irish investment		(134)
Investment transferred to Stichting VSO International (parent company)	(1,939)	
Market value at 31 March 2025	**495**	**2,434**

Investments held by the charity at 31 March 2025 comprise £495k held in Voluntary Service Overseas (Ireland) Limited. The investment in VSO Netherlands was transferred to the parent company, Stichting VSO International on 17th July 2024. Voluntary Service Overseas USA, Inc and VSO Trading have nil value. See Note 20.

10. Debtors

	2025 £'000	2024 £'000
Trade debtors	511	1,846
Amounts due from subsidiaries	147	183
Other debtors	135	539
Accrued income	485	708
Prepayments	596	600
Total	**1,874**	**3,876**

All amounts above are due within one year, except for amounts relating to lease deposits £47,000 (2024: £116,000).

Legacies of which we have been notified, but not recognised as income, are valued at £667,000 (2024: £530,000).

11. Creditors

Amounts falling due within one year	2025 £'000	2024 £'000
Trade creditors	248	465
Amounts due to VSO Netherlands	61	104
Amounts due to parent charity	271	-
Amounts due to subsidiaries	539	-
Other creditors	451	401
Pension, tax and social security contributions payable	246	276
Accrued expenditure	758	497
Accrual for compensated employee leave	403	431
Total	**2,977**	**2,174**

12. Provisions for liabilities

	As at 1 April 2024 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2025 £'000
Pension deficit	169	393	(169)	-	**393**
Redundancy provision	-	317	-	-	**317**
Other	36	6	-	(7)	**35**
Total	**205**	**716**	**(169)**	**(7)**	**745**

Pension deficit

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 638 non-associated participating employers. The Plan is a defined benefit scheme in the UK which has been closed to new VSO entrants since October 2009. As at 31 March 2025, VSO employed 6 (2024:7) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid 169k (2024: £206k) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

New deficit and expenses contributions were agreed as part of the 2023 revaluation. The first contribution towards the Plan deficit and expenses will take effect from 1 April 2025 and will be payable for three years.

Redundancy provision

On 26 March 2025 VSO launched a restructuring programme to downsize the organisation to reflect a smaller portfolio of work. The redundancy costs of £317,000 are shown as an exceptional item on the statement of financial activity.

13. Restricted funds

Movement on restricted funds	Donor	Opening balance 2025 £'000	Transfer 2025 £'000	Incoming resources 2025 £'000	Resources expended 2025 £'000	Closing balance 2025 £'000	Opening balance 2024 £'000	Transfer 2024 £'000	Incoming resources 2024 £'000	Resources expended 2024 £'000	Closing balance 2024 £'000
VSO Netherlands		**(1,338)**	230	4,070	(3,545)	**(583)**	**(733)**	0	2,708	(3,313)	**(1,338)**
ACTIVE	FCDO	**-**	1	9,000	(9,001)	**-**	**10**	(10)	9,005	(9,005)	**-**
Building Educational Foundations through Innovation and Technology	Imagine World Wide	**-**	-	1,258	(1,123)	**135**	**-**	-	756	(756)	**-**
Empowering Adolescent Girls to Learn and Earn	Global Affairs, Canada	**709**	-	934	(1,431)	**212**	**724**	-	1,556	(1,571)	**709**
Learning through Play	Lego Foundation	**608**	-	894	(970)	**532**	**457**	-	1,202	(1,051)	**608**
Education Cannot Wait	Education Cannot Wait	**775**	-	775	(1,188)	**362**	**504**	-	1,221	(950)	**775**
Education Cannot Wait	Education Cannot Wait	**114**	-	113	(168)	**59**	**-**	-	232	(118)	**114**
Inclusive Education in Baglung	Hempel Foundation	**300**	-	47	(347)	**-**	**494**	-	201	(395)	**300**
GREEN	Save the Children	**6**	-	388	(385)	**9**	**39**	-	202	(235)	**6**
MYRP	UNICEF	**26**	-	107	(122)	**11**	**-**	-	39	(13)	**26**
IPALSE	UNICEF	**-**	-	341	(341)	**-**	**-**	-	-	-	**-**
Inclusive Education in Baglung	Hempel Foundation	**459**	(7)	46	(498)	**-**	**7**	-	1,049	(597)	**459**
KFW - Unlocking Talent Primary Ed	KFW	**318**	-	229	(541)	**6**	**-**	-	1,513	(1,195)	**318**
Education Services Joint Fund	KFW	**174**	-	115	(259)	**30**	**221**	-	334	(381)	**174**
Robert Carr Fund Exceptional Funding Opportunity	Robert Carr Fund	**123**	-	166	(273)	**16**	**108**	-	315	(300)	**123**
Other grants	Various donors	**246**	(39)	393	(460)	**140**	**1,334**	(21)	2,873	(3,940)	**246**
Total restricted funds		**2,520**	**185**	**18,876**	**(20,652)**	**929**	**3,165**	**(31)**	**23,206**	**(23,820)**	**2,520**

The largest grants for 2024/25 and their prior year comparators are shown

Although VSO Netherlands had received funds, these funds have not been fully remitted to the UK as at 31 March.

14. Unrestricted funds

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Total £'000
As at 1 April 2023	**12,180**	**(361)**	**500**	**58**	**316**	**1,143**	**13,836**
Surplus / (deficit) for the year	(2,241)	192	(14)	16	-	(500)	**(2547)**
Transfer from restricted	31	-	-	-	-	-	**31**
Transfer between funds	(185)	-	-	162	-	-	**(23)**
At 31 March 2024	**9,785**	**(169)**	**486**	**236**	**316**	**643**	**11,297**
Surplus / (deficit) for the year	(3,144)	169	(48)	29	-	(500)	**(3,494)**
Transfer from restricted	(185)	-	-	-	-	-	**(185)**
Transfer between funds	-	(393)	(318)	43	-	-	**(668)**
At 31 March 2025	**6,456**	**(393)**	**120**	**308**	**316**	**143**	**6,950**

Designated funds:

Pension deficit repayment plan fund

The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 18).

A full actuarial valuation for the scheme was carried out at 30 September 2023. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme:

The first contributions towards the Plan deficit and expenses will take effect from 1st April 2025 and will be payable for three years. The contributions will be payable for 3 years, accumulating an expenses reserve and will accumulate an expenses reserve to cover pension expenses for subsequent 5 years.

Change Programme fund

The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country. In 2024-2025 this has been utilised to fund staff redundancies arising from an organisational restructure.

Fixed asset fund

Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Rapid response fund

Funds designated to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities.

Income generation fund

In March 2019, the trustees designated a £3.0m fund to support unrestricted income growth and income portfolio diversification. The priorities and programmes for this fund continue to be revised based on returns and the investment timeframe has been extended.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2024 are represented by:								
Tangible fixed assets	-	-	-	236	-	-	-	236
Investments	2,434	-	-	-	-	-	-	2,434
Current assets	9,563	-	486	-	316	643	2,520	13,528
Current liabilities	(2,174)	-	-	-	-	-	-	(2,174)
Long term liabilities and provisions	(36)	(169)	-	-	-	-	-	(205)
Total net assets	**9,787**	**(169)**	**486**	**236**	**316**	**643**	**2,520**	**13,819**

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2025 are represented by:								
Tangible fixed assets	-	-	-	**308**	-	-	-	**308**
Investments	495	-	-	**-**	-	-	-	**495**
Current assets	8,474	-	438	**-**	316	143	929	**10,300**
Current liabilities	(2,161)	-	(318)	**-**	-	-	-	**(2,479)**
Long term liabilities and provisions	(352)	(393)	-	**-**	-	-	-	**(745)**
Total net assets	**6,456**	**(393)**	**120**	**308**	**316**	**143**	**929**	**7,879**

16. Operating leases

As at 31 March 2025 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below.

	2025 £'000	2024 £'000
In the UK:		
Within one year	-	83
Overseas:		
Within one year	119	156
Within two to five years	47	116
Total	**166**	**355**
Lease expense	**318**	**934**

17. Related party transactions

There have been no related party transactions that require disclosure, apart from those with subsidiary and group entities

	VSO Ireland 2025 £000	VSO Netherlands 2025 £000	VSO USA 2025 £000	VSO Ireland 2024 £000	VSO Netherlands 2024 £000	VSO USA 2024 £000
Payments received for services	103	-	-	119	-	-
Sub-grants paid to	-	22	268	-	107	149
Sub-grants received from	124	4,343	-	107	1,611	-

In addition a grant was given to Stichting VSO International parent entity during the year for £400,000. This was loaned back to VSO. VSO owed Stichting £271,000 at year end.

18. Pension costs

The primary scheme for the charity's UK employees is a Scottish Widows defined contribution scheme. Auto-enrolment has been available for all eligible UK employees since February 2014. A variety of other suppliers provide schemes for staff based in the rest of the world.

The following table shows the impact to the statements of financial activities in 2025 and 2024.

	2025 £'000	2024 £'000
Contributions to defined contribution schemes	688	857
Contributions to defined benefit scheme - The Pension Trust	169	192
The Pension Trust – deficit reduction liability: unwinding of discounting	3	14
The Pension Trust – deficit reduction liability: impact of any change in assumptions	(2)	-
The Pension Trust – deficit reduction liability: amendments to the contribution schedule	393	-
Total	**1,251**	**1,063**

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 638 non-associated participating employers. The Plan is a defined benefit scheme in the UK which has been closed to new VSO entrants since October 2009. As at 31 March 2025, VSO employed 6 (2024: 7) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme, so it is treated as a defined contribution scheme.

The Plan is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

The rules of the Plan give the trustees the power to require employers to pay additional contributions to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as technical provisions. A full actuarial valuation for the scheme was carried out at 30 September 2023. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme :

The first contributions towards the Plan deficit and expenses will take effect from 1 April. The contributions will be payable for 3 years, accumulating an expenses reserve and will accumulate an expenses reserve to cover pension expenses for subsequent 5 years .

In addition Plan expenses of £282k per annum will be payable, also for 3 years

Future contributions for VSO as at 31 March 2025 are as follows:

Financial Year	£'000
2025/26	140
2026/27	140
2027/28	140

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed below. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2025 £'000	2024 £'000	2023 £'000
Present value of provision	393	169	361

Reconciliation of opening and closing provisions	2025 £'000	2024 £'000
Provision at start of period	169	361
Unwinding of the discount factor (interest expense)	4	14
Deficit contribution paid	(171)	(206)
Remeasurements – impact of any change in assumptions	2	-
Remeasurements – impact of any change in assumptions	389	-
Provision at end of period	**393**	**169**

Income and expenditure impact of defined benefit scheme	2025 £'000	2024 £'000
Interest expense	4	14
Remeasurements – impact of any change in assumptions	2	-
Remeasurements - amendments to the contribution schedule	387	-
Cost recognised in the SOFA	**393**	**14**

Assumptions

Assumed discount rate	2025 % per annum	2024 % per annum	2023 % per annum
Rate of discount	4.84	5.31	5.52

These discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Plan is classified as a 'last-man standing arrangement', so VSO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme although participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

19. Ultimate controlling entity

The Company is a wholly owned subsidiary of Stichting VSO International, a foundation incorporated in the Netherlands. Consolidated financial statements are available on VSO's website: www.vsointernational.org.

During the year there was a change in group structure and as of 17 July 2024, the ultimate parent undertaking and controlling party is Stichting VSO International (Chamber of commerce number: 40315953, Legal entities and partnerships number: 865606092), a Stichting registered in Amsterdam, Netherlands and situated at Weg der Verenigde Naties 1, 3527 KT Utrecht, Netherlands.

The largest group of undertakings for which group accounts have been prepared is that headed by Stichting VSO International. The consolidated financial statements can be obtained from the address referenced above as well as the VSO website.

20. Subsidiaries

VSO (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799. Registered address: 10 Earlsfort Terrace, Dublin 2, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

Voluntary Service Overseas (Ireland) Limited delivers its principal activity of advancing education and to aid in the relief of poverty in any part of the world, by providing unrestricted grants for VSO programme work in 19 countries through branch offices.

Stichting VSO Nederland

VSO Nederland Stichting Is a charitable foundation registration number 41155934. Registered address: Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company was a wholly owned subsidiary and ownership was transferred to Stichting VSO International on 17 July 2024. Stichting VSO Nederland raises funds both from the general public and institutional donors for programmatic work carried out by VSO.

VSO USA, Inc.

A US corporation with US 501 (c) (iii) status; registered in the state of Delaware; registration number 82-4699627. Registered address: 700 K Street NW, Suite 4-143, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018. Voluntary Service Overseas USA, Inc works on business development.

VSO Trading Limited

A dormant company limited by share capital incorporated in England and Wales (company number 02315724, 2 Putney Hill, London, SW15 6AB). VSO Trading Limited is wholly owned by VSO.

Thank you

Our work wouldn't be possible without the dedication and support of thousands of people, partners, and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising. From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work. The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you. Here are just some of the individuals and organisations who made a vital contribution to our work in 2024/25.

Africa Centre for Disease Control and Prevention
Africa Health Business
African Union
Afrika Mama wa Afrika
Amref Health Africa
Austrian Development Agency
Blue Ambition Fund
Brac International
Child Fund
Circle of Concerned African Women Theologians
Deaf Child Worldwide
Education Cannot Wait Consortium
European Commission
Eriks Development Partner
Errol & Glynis Pereira
Foreign, Commonwealth & Development Office
Forum for African Women Educationalists
Global Affairs Canada
GSRD Foundation
Hempel Foundation
Hennet under Gates Foundation funding
Hope Arthritis Foundation
IKEA Foundation
Imagine Worldwide
International Civil Society Centre
International Federation of Red Cross and Red Crescent Societies
International Forum for Volunteering in Development
KfW Entwicklungsbank
Lego Foundation
Liliane Fonds
Ministry of Education, Youth and Sports of Cambodia under the loan of Asian Development Bank
Ministry of Foreign Affairs of The Netherlands
Minister of Health Kenya under the support of Johnson and Johnson
Palladium
Pan African Climate Justice Alliance
Population Media Center
Randstad
Robert Carr Fund
Save the Children International
Southern Africa Network of Prisons
Thammasat University
The Worshipful Company of Grocers
UCL
UNFPA
UNICEF
UNV
Wemos
WHO
Women in Health International

We are deeply grateful to the supporters who left a legacy to VSO through gifts in their wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

Frank Gardner, Hilda Oultram, David Evans, Alan Clothier, Douglas Woodward, Christine Watkinson, Julie Gemmill, Patricia Williams, Brian Raper, Patricia Creek, Anthony and Fern Reay, Susie Barry, Robert Marriner, Jillian Castle, Ella Young, Dorothy Walker, Felicity Heath, Christopher Taylor, Murtaza Husaini, Gillian Robinson, Iris Page, Virginia Edwards, Stanley Chubb, David Steward, Gwyneth Gill, Denis Layton, Lorna Allatt, Dinah Staples, Nicholas Portch, William Edwards, Johanna Manley, Freda Addly, Elisabeth Prickett, Joyce Appleton, Rupert Thorp, John Almond, Pamela Cogan, Barbara Blossom, Glenys Pegg.

If you would like to know more about VSO's work worldwide, visit www.vsointernational.org

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Registered Office 2 Putney Hill, London SW15 6AB.
Charity Registration 313757 (England and Wales).

VSO

England & Wales - Charity number 313757

Accounts

Annual report and accounts

2023/24

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VSO

Lasting change
through volunteering

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Thank you 83

Foreword from our Chair

The past few years have been marked by significant global challenges, the conflicts in Ukraine and the Middle-East, the escalating impacts of the climate crisis and the COVID-19 pandemic. These events have underscored the fragility of our global community. We are all at risk but some are much more vulnerable than others.

VSO's purpose is to create a fair world for everyone. This means every person has an equal opportunity to realise their rights to a safe, healthy and purposeful life. Our commitment is to ensure that no-one is left behind. To meet that commitment, VSO promotes locally-led development using our Volunteering for Development method to increase local accountability, promote inclusion and build resilient people, communities and societies.

We support vulnerable and marginalised people – especially women and girls, the young and people with disabilities – to take action on development issues important to them by building their confidence, capability and voice.

We strengthen civil society by building a culture of volunteerism and civic engagement. At the same time, we build the capacity of governments and service providers to respond to the demands of marginalised and vulnerable citizens.

This is a whole-systems approach which recognises that, for those who are vulnerable, issues of education, health, livelihoods and climate change are all interrelated and cannot be approached in isolation. You can read more about what that looks like in practice in pages 6 to 8 in this report.

By enabling people, and in turn, their organisations and communities, to play a more active role in development, this locally-led approach provides the means to achieve more sustainable and equitable change. Above all, it inspires and ignites the potential for active citizens everywhere across the globe to step forward and drive the change that will create a fair world for everyone.

In 2023/24 we are proud that we have directly supported over 1m people through our work from places as far apart as Sierra Leone and Mongolia. We also celebrated a significant milestone this year with the deployment of our 100,000th VSO volunteer. Between 1958 and 2013, we have worked with 50,000 volunteers. Despite the challenging funding environment and the disruptions caused by the pandemic, over the last decade we have deployed the same number again and we will continue to expand our volunteer community in the years ahead.

We take particular pride in our efforts to promote volunteering and civic engagement around the world. Civil society space is increasingly under threat in many countries around the world. VSO is committed to working with governments, private sector partners and civil society organisations to promote active citizenship, especially among vulnerable and marginalised people. This is essential if we are to deliver positive, sustainable change for everyone. Details of this work can be found on pages 24 to 28.

We hope you enjoy reading this annual report and discovering more about the impact we have and how we achieve it. We sincerely thank you for your interest in and support for our work. Together, we can create a fairer world for everyone.

Julia Lalla-Maharajh OBE
Chair VSO

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Our strategy in numbers

11,459 people volunteered with VSO

VSO worked with communities in 36 countries.

24.8 million

people were reached more than 20.6 million indirectly and nearly 4.2 million directly including:

Nearly
3.6m
through our education projects

94%
being youth, aged between 15 and 24

Nearly
0.2m
through our health projects

3%
of the people we worked with were people living with disability

Over
0.4m
through our resilient livelihoods programme

52%
of the people we worked with were women

Numbers represent impact achieved in the first two years of VSO's current strategic plan.

Our vision

A fair world for everyone

Our purpose

Creating lasting change through volunteering

Collaboration

- Empower poor and marginalised people to take charge of their own development
- Share skills and knowledge to create long lasting, sustainable change
- Build collaborative partnerships that promote innovation, growth and impact

Knowledge

- Lead volunteering for development, setting the standard for ourselves and others
- Use evidence and insight to guide our actions
- Recruit the right people and work where we have the greatest impact

Inclusion

- Stand beside and advocate for those who have been denied choice and opportunity
- Promote diversity and equality throughout our work
- Encourage different, inquisitive perspectives

Integrity

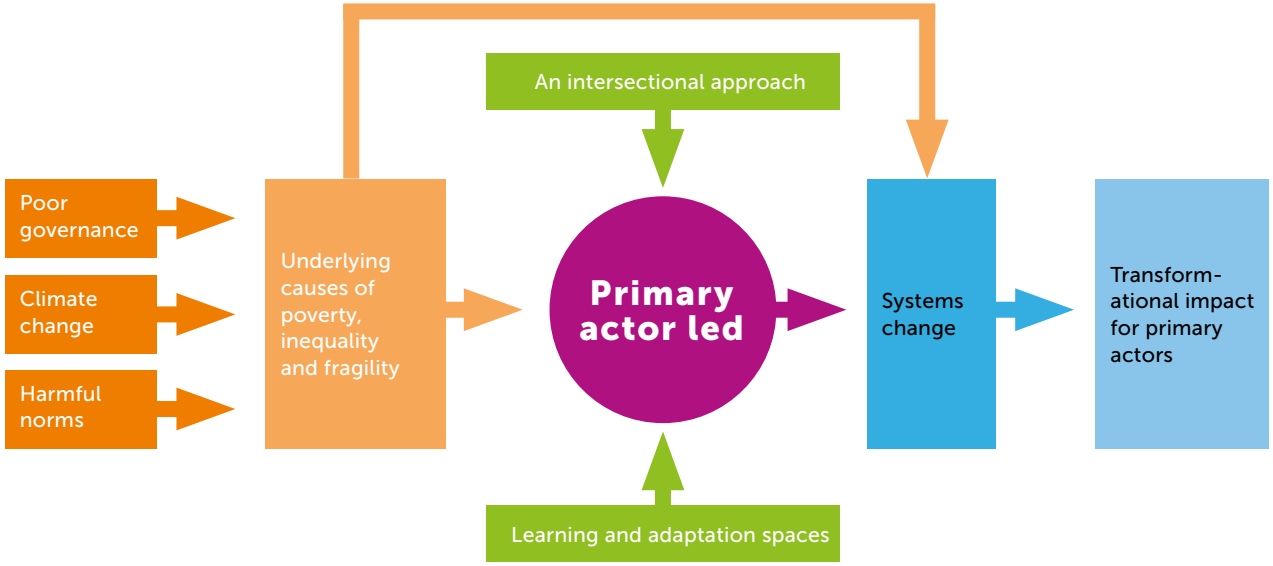
- Commit to safeguarding and take a zero-tolerance approach to abuse and harm
- Treat others with respect, as equals
- Be open, transparent and accountable in everything we do

Doing development differently

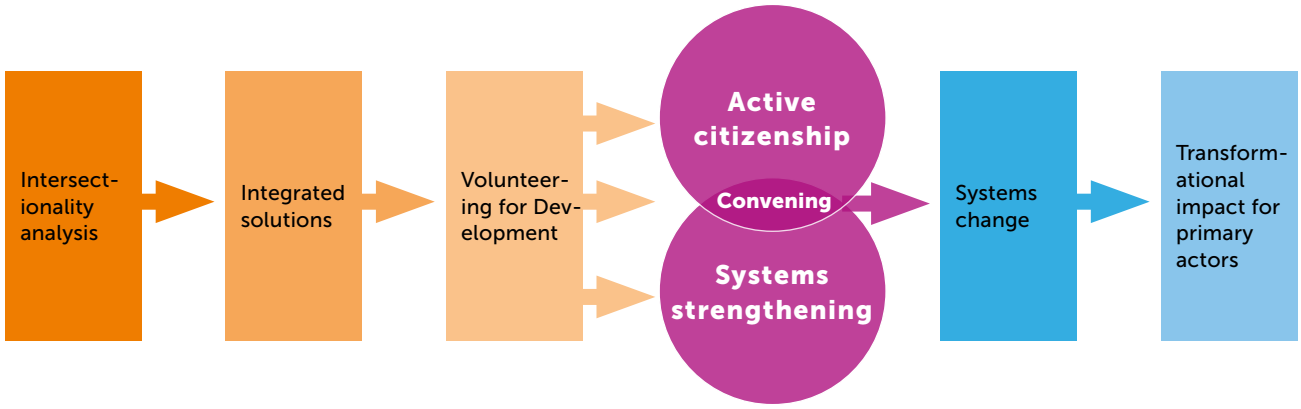
Our Volunteering for Development Approach

VSO's volunteering for development method provides opportunity for everybody to bring about lasting change.

The change we want to see... a systems approach



How it happens...VSO's value addition



It does that by focusing first on those who are left out by society – those living in extreme poverty, or with disability and illness, those who face discrimination and violence for their gender, sexuality or social status. These are not passive "beneficiaries" of aid. They are the "primary actors" at the heart of our work. It is from their viewpoint and actions that we seek to define the issues, opportunities, and solutions that deliver sustainable and locally led change.

What do we mean by primary actors?

Primary actors are those marginalised people in the communities we work with. They are the ones engaging in projects, helping us understand the community's needs, and working with volunteers to build a fairer world. Our responses are driven by demand from the poorest and most marginalised. We always work with local partners who can guide the most effective support.

Why do we use that term?

'Primary', because they are principal contributors to VSO's work and they shape the design and delivery of programmes. 'Actors', because they are active agents. VSO doesn't do development to communities, it works alongside them.

Our Volunteering for Development method recognises the importance of relationships in forging a shared understanding and commitment and building collective action for lasting change. Through teams of community, national and international volunteers, Volunteering for Development brings together a diversity of perspectives and experience to generate insights, innovate ideas and undertake actions that can address the underlying causes to complex problems facing our communities. It inspires and ignites the potential for active citizens everywhere to step forward and drive the change that will create a fair world for everyone. Together we are changemakers.

All our programmes address the root causes of marginalisation by focusing on three areas – what we call "core approaches" – that reliably tackle the structures, systems and conditions that make people vulnerable. These core approaches are fundamental to our Volunteering for Development approach, ensuring the people we work with have the confidence and capacity to bring about change in their own lives.

Social inclusion and gender

Millions of people face discrimination because of their gender, age, disability, cultural background and sexual orientation. VSO aims to dismantle the causes behind exclusion in all its forms.

Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. Those who are already vulnerable are most at risk. Our goal is to help communities and societies prepare and adapt to disasters, as well as reducing their vulnerability to shocks and stresses.

Social accountability

Many people around the world are denied their basic rights. Corruption, fear, and unequal power dynamics stop people from speaking up and demanding what they're entitled to. VSO works to support people exercising their voice, no matter who they are or where they are from. We also help authorities respond to the needs of the people they are there to serve.

Finally, our Volunteering for Development Method is underpinned by a set of guiding "People First" principles. These are informed by feminist leadership practice to ensure our work allows meaningful participation by primary actors to deliver inclusion and sustainable change. There are four principles:

People-centred
Primary actors are at the heart of everything we do. We dismantle all forms of bias that result from the advantages and disadvantages given by our societies and cultures to certain groups of people and not to others.

Accountable
We are each accountable for the decisions we make, what we say, how we act and how we make others feel.

Reflective in our Practice
We are aware of ourselves, the impact we have on others and the social and cultural context in which we operate. We continuously learn to improve our own practice and encourage others to do the same.

Evidence Based
In everything that we do, we base our decisions on research and evidence. We remain conscious that our bias and prejudice may influence our evidencing.

This beekeeping project is an Active-funded project which is supporting young people, women and people with disabilities find alternative sources of income in the Geita region in Tanzania.

Saadia, a 14 year old girl, dropped out of a local government school due to financial restraints and body shaming, Pakistan.

A country marked by fragility and a significant youth bulge, is grappling with a staggering 26 million out of school children, high rates of youth unemployment and a persistent challenge of unskilled labour.

VSO is supporting communities to rise to these challenges through the Multi-Year Resilience Programme (MYRP) funded through the Education Cannot Wait fund and the Active Citizenship Through Inclusive Volunteering and Empowerment (ACTIVE) project funded by the UK government. Together, these projects represent a strategic response to the country's educational barriers by fostering a community-driven empowerment approach, building active citizenship that is strengthening the education system and driving positive change at the grassroots level.

The MYRP project oversees the establishment of Early Childhood Education and Catch Up Learning Programme centres in crisis-affected communities, providing accelerated learning opportunities to out of school children. Community volunteers – or "education champions" as they are known locally – are trained to provide teaching support to children in the centres, not only bridging gaps in education service delivery but also promoting social accountability and resilience within the communities they serve.

In partnership with Peshawar University, ACTIVE exemplifies the ethos of volunteering and empowerment by mobilising youth as catalysts for change. Through capacity-building workshops, and youth engagement, university volunteers have built their confidence and skills in policy and advocacy, community development and stakeholder engagement. Working in the MYRP education centres, these volunteers have improved the learning environment for children, through enrolment campaigns in the community, and by providing support in the classroom with inclusive play-based learning. In doing so, they are enhancing the quality of education in their communities. And they are also building their own skills, capacity and employability. University volunteers' own words describe the catalytic impact of investing in young people as active citizens:

"I've seen firsthand the impact of community-based education, and I'm inspired to establish a similar initiative in my hometown. With support from organisations like VSO, I believe I can make a meaningful difference in the lives of children in undeserved areas."

"The practical experience and skills I've gained here will undoubtedly enhance my prospects in the job market. Employers value hands-on experience and the ability to work in diverse settings, both of which I've cultivated during my time as a university volunteer."

Transforming Education

Through Foundational Learning in Rwanda

The past year witnessed the closing of the 6-year UK government funded Building Learning Foundations (BLF) project in Rwanda. Over the life of this project, VSO and its partners have made significant strides in improving education for lower primary pupils across the whole of the country. 2.6 million children, with over half being girls, have had their educational horizons broadened through the BLF project.

260 national and international volunteers delivered this paradigm shift in Rwanda's primary education system, accompanying and developing school leaders, teachers, parents and local authorities with capacity building in teacher development, school leadership and inclusion.

Empowering Educators and Mentors

The BLF project boosted teaching competency by a remarkable 47%, fostering a nurturing environment for growth and learning. Our volunteers have ignited a spark in 30,000 teachers, a majority of whom are women, honing their competency in English and Mathematics. They have empowered 2,650 school-based mentors – again, predominantly women – alongside 40 school inspectors, elevating the capabilities of nearly 13,000 educational leaders and influencers. Finally, VSO volunteers have mentored, inspired and supported over 13,000 parents to champion quality learning outcomes for the most vulnerable children, especially girls, across Rwanda.

The BLF programme helps strengthen teacher development, school leadership and governance. It builds inclusive and impactful education for Rwandan children, no matter who they are, where they come from or what support they need.

Attending a BLF Community of Practice session, different teachers meet at least once a fortnight to share their experiences and practice in English and Mathematics. Each session is led or coached by a different teacher as part of the BLF mentorship programme, Rulindo, Rwanda.

Unleashing Positive Learning Outcomes

The project endline report showcases significant improvements in English and Mathematics proficiency among learners. With Mathematics proficiency soaring by 59% and English by an impressive 42%, we've achieved gender parity in results for both subjects, ensuring every child, regardless of gender, has an equal shot at success.

Championing Inclusion

Noteworthy strides have been made in identifying and supporting pupils with Special Educational Needs, with a remarkable 25% increase in teachers providing inclusive support. Through strategic partnerships and innovative methodologies, we've catalysed the adoption of inclusive education policies across 500 schools, paving the way for a more equitable and accessible educational landscape. There is more to be done in this area. Children with disabilities still face unique hurdles, with significantly lower proficiency rates compared to their peers, highlighting the urgent need for tailored support and inclusive practices.

Strengthening Systems and Future Plans

The journey doesn't end here – using our Volunteering for Development approach, VSO is strengthening education systems from the ground up. From community-driven learning groups to comprehensive coaching and mentoring, we're empowering teachers and education managers at every level. By institutionalising Special Needs Education Coordinators (SNECOs) and Inclusive Education Focal Teachers, we're laying the foundation for sustainable, inclusive education practices.

With the formal recognition of SNECOs by the Ministry of Education and with strategic partners like UNICEF and the World Bank supporting the approach, we hope this institutional platform will enable Rwanda to transform education by equipping teachers, empowering students and fostering inclusive education environments for all.

Expanding Youth Access

To Sexual and Reproductive Health and Rights in Africa

VSO, working in partnership with five consortium partners and over fifty collaborating partners, is changing the landscape of access to Sexual and Reproductive Health and Rights (SRHR) for young people across five countries in East and Southern Africa (Rwanda, Ethiopia, Uganda, Kenya and Zambia).

Recognising that young people face multiple, overlapping vulnerabilities in their lives, the Dutch Ministry of Foreign Affairs funded Make Way programme takes a progressive intersectional approach to identify and dismantle barriers that hinder marginalised youth from accessing SRHR services.

Building Accountability, Improving Access to Health Services

Drawing from our extensive experience in building healthy communities, strengthening inclusive systems, and promoting meaningful youth engagement, VSO has played a key role in the Make Way consortium. One of our standout contributions has been the development of the intersectional community scorecard (ICSC). Designed to hold duty bearers to account, this innovative tool empowers marginalised youth to assess, monitor, and evaluate the availability, accessibility, acceptability, and quality of SRHR services in their communities. It's not just about inclusion – it's about unravelling the complex web of power dynamics that dictate government performance outcomes, challenging the status quo with every data point.

With the support of our dedicated social accountability volunteers, the ICSC has been rolled out across all five countries, igniting change in over 25 health facilities. We have provided technical support to over 50 civil society organisations within the consortium, catalysing the implementation of the ICSC and amplifying its impact far beyond the project borders. The ripple effect is tangible – benefiting approximately 30,000 young people this year alone.

Amplifying Impact, Championing Change

A testament to the ICSC's power has unfolded in Rwanda, where Learn, Work, Develop (LWD), a Make Way partner, has integrated the tool into 110 safe spaces, empowering youth to champion SRHR issues. Through structured dialogue, youth raised critical concerns, including challenges with free SRHR services, lack of accessibility in rural areas, lack of access for people with disabilities and inadequate privacy and respect for young people in facilities. Using this evidence, VSO, LWD, and fellow Make Way partners organised a national dialogue in Kigali, uniting duty bearers and youth advocates in a common cause. The result? A seismic shift in policy, as national health policymakers pledge to enlist younger people as Community Health Workers in targeted districts.

Continuing the Advocacy Journey

Using our Volunteering for Development approach and fuelled by the transformative potential of the ICSC, VSO is continuing to amplify advocacy efforts on local, national, regional, and global stages, giving voice to our primary actors on the issues that affect their lives. It's not just about driving change – it's about sparking a positive revolution in SRHR outcomes, through community volunteer action.

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Community Volunteers trained by VSO meet with clinic staff to present their reports from their community activities and share this information with the clinic staff. They use Talking Books to kickstart the conversations and share standardised and accurate information on SRHR, Zambia.

In Zambia, as is common in many countries in the Global South, the young population surpasses that of older generations. Approximately 70% of the population are between 15 and 35 years old, and 53% are under 18. Zambia's future depends upon the participation of young people in building more inclusive, resilient and accountable communities. Yet barriers, such as limited access to SRHR information, harmful social norms, inadequate education, and prevalent early pregnancies and teenage marriages, obstruct young people's participation in national development. Gender inequalities disproportionately affect girls and women, impacting their access to essential SRHR information and services.

In the rural communities of Samfya and Congwe, VSO is working to equip young people to increase their engagement on issues that affect their well-being and to demand their rights. Over 30 young people have attended a series of workshops to increase their awareness of critical SRHR issues. These included antenatal health care, early marriage, preventing gender-based violence, contraception and safe abortion. A further 30 young people learned how to apply the Intersectional Community Score Card in their communities, so that they are empowered to increase local accountability and inclusion by facilitating their engagement with duty bearers. Representatives from the Ministry of Health, local councils and community leaders participated in these sessions, fostering effective lobbying and demonstrating collective action towards advancing health service provision in these regions. Active Citizen groups with over 70 youth participants use WhatsApp as a vital platform for coordinating efforts and sharing information and activities among members, amplifying the project's impact within the community. These groups have made specific efforts to include marginalised and vulnerable members of the community, including people with disabilities and teenage mothers.

Young people are now organising themselves into Youth Social Accountability Committees, using the Community Scorecard to evaluate the quality of SRHR services in their communities and enabling them to report their findings and concerns to the community and to the authorities in a structured way. Young volunteers have been shown to play a pivotal role in driving change within these communities. As a result of these dialogue and accountability mechanisms, health clinics in these communities are demonstrating significant higher service utilisation rates compared to communities who have not yet adopted this approach. Youth-friendly spaces have become more proactive, and individuals have demonstrated increased confidence in seeking health care services. Another example of how investing in youth participation in decision-making yields returns in shaping communities' health landscapes and driving positive health outcomes.

A Journey of Agency and Voice

For Women's Collectives in Kenya

VSO is committed to building the agency and amplifying the voice of primary actors, including that of rural women. Our work aims to strengthen rural women's capacity through collective action, fostering a ripple effect of positive change in their communities.

In communities across Kenya, persistent patriarchal norms mean that women often lack the confidence and the space to make the changes they want in their lives. With limited awareness on how to advocate for themselves and their rights, there are few opportunities for them to raise issues to duty bearers. Women are left reliant on men in their communities to provide and support their households. These are the issues the UK government funded, ACTIVE project is striving to address.

Creating the Spark: Women Coming Together

Women have clear ideas of activities they want to start and businesses they want to set up, but lack the power to create the foundations to build from and build relationships to secure hardware and financial assistance. To address this gap, VSO volunteers are working closely with women's collectives through training and advocacy sessions.

By creating a space in which women can come together to learn and take action, women's collectives stand as vibrant hubs of activity, each weaving a unique tapestry of empowerment within their local contexts. From the shores of Kilifi to the arid lands of Turkana and the fertile grounds of Makweni, these collectives engage in a myriad of initiatives to achieve positive change in their communities, showcasing resilience, creativity and determination.

Tending the Fire: Building Capacity and Confidence

Training, mentorship and accompaniment have boosted women's confidence and enabled them to articulate their ideas to duty bearers. Across the three counties where VSO is active, women are now sought after to provide their insights during the development of new policies by local government entities.

VSO volunteers have also provided collectives with professional skills training. Women's groups are now well-prepared to apply for government loans and grants when they become available. In Makueni, the Huruma Asili Women's Group successfully submitted a proposal for a modified solar drier to the Agriculture Sector Development Support Programme. This equipment has enabled the group to sell larger quantities of dried fruit and vegetables at local markets and to diversify their products, enhancing the collective's resilience to changing circumstances and climate change impacts.

Through VSO's entrepreneurship training, leaders within women's collectives including group treasurers have become more involved in community savings and loans initiatives and have developed their skills in managing finances. This enhanced financial literacy has contributed to their increased financial independence.

Fanning the Flames: Women Taking Action

With VSO's support, women's collectives have participated in diverse activities, including mangrove restoration, fish farming, food production, and table banking. The Kidundu Mtongani collective has successfully mobilised and trained 150 local youth in mangrove planting and restoration efforts, resulting in the planting of 10,000 mangroves every fortnight. The Ecodada collective has collaborated with the county government, VSO, and sub-county officers to provide inputs to the Climate Change Act.

Spreading the Fire: Strength in Unity

Women's collectives demonstrate the power of collective action and advocacy. They can also play an important role in supporting the most vulnerable people within their communities. No matter what brings women together, the holistic support provided by VSO volunteers to women's collectives with technical skills and rights awareness training is crucial to them addressing the multiple issues faced by women and girls. Through our Volunteering for Development approach, women's collectives everywhere stand a better chance to claim their rights and to ignite change in their communities to achieve the empowerment of women and girls, and gender equality.

Arise and Shine, has 15 active members. All are young women aged 18 to 35 years old. They have been affected heavily by climate change impacts that have resulted due to erratic weather patterns and prolonged droughts, making it hard to produce enough food from their farms.

Now the group has adapted to use climate friendly farming strategies using clean energy and a solar pump for irrigation. The group used to have to fetch water for three hours a day in order to irrigate the farm. This time has been saved by the use of the solar pump, giving them more time to engage in other economic activities to improve their income.

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Volunteer Adérito and community support teacher Pascoa discussing a digital literacy session. The EAGLE project aims to empower adolescent girls aged 15-18 years who dropped out of school for reasons such as early pregnancy, early marriage, chronic disease, disability and extreme poverty. Manica and Sofala provinces, Mozambique.

Empowering Adolescent Girls

To Learn and Earn in Mozambique

129 million girls around the world are out of school. At VSO we are tackling this issue head on through programmes such as the Empowering Adolescent Girls to Learn and Earn (EAGLE) project in Mozambique, funded by the Canadian government.

This project focuses on empowering vulnerable girls and young women through non-formal education providing them with the tools they need to thrive. Through innovative programming and strategic partnerships, we seek to break barriers, promote gender equality, and create a brighter future for all.

Educational Empowerment: Breaking Barriers, Building Futures

VSO's innovative approach to non-formal education centres on a model of Accelerated Learning, which paves the way for vulnerable girls and young women who are out of school to reclaim their educational journey. Through "catch-up" classes which allow them to re-enter formal education or through lifelong learning opportunities in entrepreneurship

and vocational skills training, we're rewriting the narrative of exclusion. The EAGLE project is more than just literacy and numeracy; it's a comprehensive journey of empowerment, addressing vital issues like sexual and reproductive health and rights and combating gender-based violence (GBV).

Through collaboration with Teacher Training Centres run by our Mozambican partner ADPP, we ensure our programmes are inclusive and gender transformative, equipping community teachers with the skills they need to support diverse learners. To support participation, we provide access to learning materials through the Social Action Fund, offering financial assistance for childcare and learning resources. But we don't stop there. Our Self-Help Groups empower girls economically, providing them with small grants to kickstart income-generating activities and foster financial independence.

Through partnerships with the District Health Directorate, we facilitate access to essential health services, including family planning and prevention of sexually transmitted infection. Moreover, our work has enabled hundreds of girls to obtain Poverty Certificates, granting them access to vital services that they would otherwise be unable to afford.

Impact Highlights: Shaping Futures, Sparking Change

In the past year alone, VSO has reached almost 2,000 girls and young women, providing digitalised literacy and numeracy training to 1,000 girls, with 95% securing financial support from the Social Action Fund. Over 650 girls are now enrolled in Teaching and Learning Centres, receiving advanced life skills and entrepreneurship training. But our impact stretches beyond the classroom – we're champions of health and well-being, combatting gender based violence, preventing early marriage, and promoting girls' right to education and sexual reproductive health and rights.

Through dynamic collaborations with Boys Clubs and local radio stations, we've ignited community-wide discussions on gender equality and girls' empowerment, engaging thousands in our mission. Our community-led awareness campaigns working in local languages with radio stations and with community theatre have facilitated positive behaviour change and empowered girls to become advocates for change in their communities. Almost half a million Mozambicans participated in 29 debates on radio.

Our community theatre partners and community volunteers have directly engaged over 4,000 people. VSO Community Facilitators referred 80 girls living with HIV/AIDS to access HIV/AIDS testing, clinical counselling, family planning and nutritional supplements. VSO also revitalised and built the capacity of 227 members of Child Protection Community Committees (CPCCs) to lead work with communities and government institutions to end early marriage. And during the year, the CPCCs rescued 35 girls from early marriage and reported 27 cases of school dropout due to sexual violence, family pressure and early pregnancies.

Livelihood Empowerment: Nurturing Economic Independence

But our journey doesn't end with education – we're committed to equipping girls and young women with the skills they need to thrive economically. Through personalised business and entrepreneurship training, we've empowered 658 girls to launch their own businesses and pursue income-generating activities. Our efforts in reusable sanitary pad production not only promote hygiene but also offer avenues for income generation. With Savings Groups, over 650 girls have access to capital for their ventures, fostering financial independence and resilience.

25% of girls who received small-scale business loans now boast savings of $949, a testament to their resilience and entrepreneurial spirit. At VSO, we're not just changing lives; we're shaping futures, one empowered girl at a time.

Continuing the Inclusive Education Journey

Making sure that girls have the educational foundation to build their confidence and pursue opportunities benefits not only the girls themselves, but has a positive ripple impact on the development and well-being of their families and communities. Using our Accelerated Learning model to bring out-of-school girls back into an educational journey, VSO is committed to igniting a process of transformation for whole communities, ensuring that everybody is moving towards a fair world for all.

“Young women are now empowered and can be selected to be committee members. They now have income through agroecology crop sales and can make important decisions in the household.”

Life is layered with vulnerabilities if you’re a woman living in the Manica province of Mozambique which borders Zimbabwe. Communities here bear the brunt of the cyclones that sweep through Mozambique. Declining land productivity affects food security and government instability means an inadequate response to communities’ needs. In a context where reliance on agriculture is high, traditional practices are causing deforestation and wildfires. Women experience social, cultural and economic barriers that limit their productivity and ability to fully participate in agricultural development, including unequal access to resources, and land ownership.

Agroecology, with its focus on natural inputs and sustainable farming methods, offers tangible pathways towards resilience and sustainability amidst the challenges posed by climate change and natural disasters. Recognising the critical role that women play in farming and the production of food for their families and communities, VSO is working with 60 small holder young women farmers to deliver the benefits of agroecology in the communities of Dombe and Rotanda. Expert volunteers from the Committee of National Volunteers are providing training in the use of organic fertilisers, sustainable farming practices to conserve water and increase production, and the use of local seeds. Women are also trained in resilience and disaster risk reduction to increase their ability to plan for, and manage, future shocks. To support the farmers getting started on their journey, VSO also delivers kits that contain seeds and the core equipment needed to farm.

Young women farmers in these communities have increased their families’ food security, are earning income from the sales of their produce, are redefining social norms in their communities and have gained confidence in bringing their issues to duty bearers.

“We now know how to approach (duty bearers) and air our issues because of training from the project. We are in constant contact with duty bearers, and this has improved the relationship between us...”

“We meet with the local authorities and the farmers and have monthly visits. The authorities interact with farmers. Authorities are mobile as they go to address problems. For example, last month (the authorities) distributed seed and had a meeting for end of year planning with the schools. Here we aired our needs. The community was there too, presenting their issues to the service bearers.”

Unleashing Potential

with the Girls Inclusive Education Network in Nepal

Harmful social norms and inadequate strategic efforts on gender responsive and inclusive education are compromising the future of a large proportion of Nepal's growing youth population.

To facilitate action to address these issues, VSO has forged a strong partnership between girls, government, Civil Society Organisations (CSOs) and schools to establish the Girls and Inclusive Education Network (GIEN). This network is not just an alliance, it's a pathway to empower girls and children with disabilities, ensuring their right to inclusive education, life skills, and livelihood is honoured.

Forging Strong Alliances: Building GIEN from the Ground Up

In a collaborative effort with the Ministry of Education, Science and Technology (MoEST) and the Ministry of Social Development (MoSD), VSO has laid the foundation for 218 GIENs across Nepal. VSO volunteers are the catalysts of change, igniting awareness and developing over 5,000 advocates for girls' and children's rights. As a result, these networks now boast 5,144 dedicated members, including students, youth mentors ("Big Sisters"), teachers, school management associations, parent teacher associations, CSOs, and government officials at various levels.

From Grassroots to Federal: A Network of Empowerment

At the federal level, GIEN thrives under the auspices of the Centre for Education and Human Resource Development (CEHRD). Provincial and municipal levels echo this commitment, with 7 networks hosted by MoSD and 41 networks at the municipality level. Additionally, 169 networks operate at the grassroots, ensuring education reaches every corner of the community. CEHRD takes the helm, spearheading strategic leadership and implementing the GIEN Strategy in alignment with the Nepal School Education Sector Plan (SESP). VSO's expert volunteers provide support and technical assistance to both the CEHRD and the GIEN, ensuring a seamless journey towards inclusive education for all. Working closely with VSO technical expert volunteers, CEHRD has developed the Inclusive GIEN Strategy 2024 and the GIEN Standard 2024 which has been officially endorsed and approved by the MoEST. VSO remains committed to supporting CEHRD and GEIN with volunteer technical assistance to ensure that all girls and children with disabilities have access to inclusive education, both in schools and community, free from any barriers.

Bridging the Gap: A Pathway to Inclusive Education

Through strategic partnerships, we've bridged the gap between government, marginalised communities, and CSOs, resulting in a surge in enrolment for girls and children with disabilities. Over 2,500 girls have gained access to inclusive education through GIEN engagements with the government, while 169 schools have become bastions of awareness, empowering girls and children with disabilities to claim their right to education with confidence. In our journey with GIEN, barriers dissolve, and opportunities multiply. Together, we're seeking to rewrite the narrative of education in Nepal.

Bringing people together: the VSO way

Convening the right people and institutions to dialogue and to take action on issues affecting the lives of marginalised people is a key pathway under VSO's approach towards systems change. VSO will continue to use the power of volunteering to create these trusted spaces, navigating solutions between primary actors and duty bearers that carry the potential for transformational and sustainable impact.

Agroecology Yielding Peace Dividends in the Philippines

In the Philippines, VSO with UK government support has been helping to provide stability and the normalisation of peace in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

Our work has supported the resettlement of ex-combatants and their families by addressing the economic and food security needs of internally displaced people and former combatants.

The project has also supported an eco-tourism initiative that will help the community adapt to climate vulnerabilities, ensure community resilience, and enhance communication and relationship building between communities who were previously in conflict. The project has had a particular focus on building women's empowerment through income earning opportunities. The work of VSO's community resilience volunteers has led to locally led solutions including agroecology and natural resource management as well as peace huts.

Agroecology as a Catalyst for Positive Outcomes

VSO has adopted an agroecological approach that focuses on identifying sustainable farming practices whilst also enhancing biodiversity and the natural environment. Evaluation of the project identified several positive elements that are intrinsically linked to agroecology in this post-conflict context. These include the opportunity to strengthen relations and trust between communities, improve livelihoods, ensure equitable profit-sharing, protect biodiversity resources, and promote the exchange of skills between the Moro and Christian communities. Amongst the notable project outcomes resulting from these activities was the enactment of a municipal ordinance designed to protect crucial resources like forests and marshlands.

> "There is now a better understanding and relationship between Muslims and Christians that has allowed us to work together. This is all because of the project."

Jovencia, Member, NAMAIBAY, Sultan Naga Dimaporo Lanao del Norte.

Promoting innovation for peace and climate action

Climate change will continue to exacerbate conflict and vulnerability in communities around the world. The support provided in this project by VSO's community resilience volunteers on locally led climate adaptation and peace planning is a clear signpost to the potential inherent in VSO's Volunteering for Development approach to enhance the agency of local communities. We will continue to support these communities, and others, to develop locally led solutions to manage climate and conflict risks, advance equitable control over resources, and contribute to long lasting solutions for peace.

Women Rising Up to Lead Change

In Tukuran Zamboanga Del Sur, women's groups have been established to manage ecotourism sites. Initially formed predominantly by women whose spouses were fishermen, these groups took charge of gathering shells while their husbands were out fishing. Despite facing obstacles and lacking support from local authorities, these women have exhibited resilience and determination in managing finances, making income-related decisions, and actively engaging in ecotourism endeavours. With the support of VSO community volunteers, women's involvement in managing these sites has improved their leadership skills and financial acumen, as well as fostering strong community engagement, contributing to greater empowerment of women within the organisation and the wider community.

Key Project Highlights

65%
of surveyed women decide how to spend their income, and 38% decide how to spend their income jointly, with their families.

60%
of surveyed women decide how to spend their income, and 38% decide how to spend their income jointly, with their families.

81%
of women surveyed mentioned that access to financial services, e.g., banks, savings groups and micro-finance improved because of VSO's interventions.

88%
of the women surveyed mentioned that the project helped improve financial literacy, financial independence, and control over income.

Aliya* is part of a women's group who have been trained in how to turn water hyacinth, a naturally occurring plant waste that is overgrown in her community, into biofertiliser, Philippines.

Pioneering Green Entrepreneurship in Kenya

The IKEA Foundation funded Waste to Work Project in Kenya is designed to reach the most vulnerable youth who are active in the waste sector.

The project is led by VSO and jointly implemented with our private sector partner TakaTaka Solutions and knowledge partner International Child Development Initiatives. Its aim is to strengthen youth-led, green startups that will create decent jobs through waste recovery and value addition.

Steps to Sustainability for the Planet and for Young People

The project has embarked on a transformative journey, guided by five core interventions:

- Organise and empower: through the Youth for Sustainable Development platform, national and community volunteers organise waste pickers and vulnerable youth into youth business clubs, with support to strengthen their agency, leadership capacity, and livelihood resilience.
- Entrepreneurship support: expert volunteers provide crucial technical support that equips grassroots green entrepreneurs with the tools to start operating new businesses successfully.
- Sustainability and viability: we support the strongest startups to innovate, learn and create more viable and sustainable business models.
- Market access: volunteers facilitate market opportunities through business fairs, meetings, and mentorship, helping to open doors for youth to showcase their businesses and build valuable connections.
- Process and pricing: we enhance the capacity of waste pickers and vulnerable youth to sell, sort and process more waste and secure a better price for their products by connecting them with a diversity of buyers, bolstering their economic prospects.

In its first year we have made significant progress, reaching over 2,000 youth and collecting 2,100 tonnes of waste.

Mike and Kevin, two waste pickers at a buy-back centre, where they collect recyclables from the community and sell them to companies. From VSO, they've been given PPE equipment. They've also received training on waste segregation so they can maximise profits, life skills and financial literacy. Kevin has applied this knowledge to his waste picking group.

Working Across the System

This project uniquely engages with the entire waste ecosystem. It is in the collaborative efforts of waste pickers, waste companies, VSO, and our learning partner that a foundation has been built for sustainable growth. Strong relationships have been forged with local government and municipalities. This recognises that addressing barriers such as access to childcare centres and establishing links with health facilities and social protection services will ensure equity of opportunity for the most vulnerable waste pickers.

Putting Primary Actors at the Centre

Of course, at the heart of the system, and our efforts, are the waste pickers themselves. Feedback mechanisms and tailored activities reflect our commitment to understanding and effectively addressing the needs and motivations of young waste-pickers. It is essential to ensure that our focus on the volume of waste recycled and successful enterprises doesn't overshadow the diverse circumstances and underlying barriers some waste pickers face. Providing diverse pathways for all individuals, including those who may face additional challenges, is imperative.

As VSO navigates this project journey, the dialogue and collaboration that are core to our Volunteering for Development approach will remain at the heart of our efforts to improve the lives of vulnerable young people in Kenya.

Youth and Active Citizenship:
Empowering Change Across Borders

Over the past year, VSO has continued to strengthen youth networks with over 5,000 members in 17 countries to enhance youth leadership in development.

These youth networks are a powerful demonstration of the impact of active citizenship. They have been central to advancing inclusion, accountability and resilience within communities, institutions and policies around the world.

Philippines: Building Resilience, Sustaining Peace

In the Bangsamoro Region and its adjacent provinces in the Philippines, persistent challenges of poverty, climate vulnerability and conflict have long cast a shadow over communities, affecting people's access to basic services and economic opportunities. Through the UK government funded ACTIVE grant, youth volunteers are working with other partners in leading the movement to build resilience and sustain peace. These young changemakers are not just catalysts for change; they're architects of hope. They have supported fisherfolk, ex-combatants, marginalised women, young people and people with disabilities (PWD) to develop income-generating social enterprises, protect natural marine resources and maintain social cohesion.

Ethiopia: Fostering Dialogue, Amplifying Voices

Straddling the Kenya-Ethiopia border, marginalised youth in the fragile Moyale and Miyo regions of Ethiopia live at the sharp end of the devastation caused by drought, food insecurity, vulnerable livelihoods and inter-communal conflict. Through the Austrian government funded Integrated Peacebuilding, Development and Humanitarian Efforts (IPDHE) programme, youth network members have been facilitating and leading dialogues with young people to understand the links between their limited livelihood opportunities, their lack of engagement in effective decision-making mechanisms, and the cycle of conflict in their communities. VSO volunteers have recommended livelihood interventions that could reduce the conflict in this region. They are also amplifying the voices of youth in conflict affected areas in national advocacy platforms and in their engagement with government decision makers on health, education and livelihoods.

Women Empowerment Movement - Rural Improvement Clubs (WEMRIC) members attend an interface meeting with VSO staff from the UK, in Mindanao, Philippines.

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A peace committee meeting. The border region of Ethiopia and Kenya is ravaged by armed conflict due to persistent drought and famine. The IPDHE project aims to empower local communities to identify the underlying problems that cause conflict and help them develop an action plan to solve these problems and support them in its implementation.

Sierra Leone: Advocating for Inclusion, Transforming Education

In Sierra Leone, youth network members have been leading the integration of the government's Radical Inclusion Education Policy that aims to ensure inclusive access and participation of the most marginalised communities in the education system. Through participatory research to look at the inclusivity and effectiveness of the policy towards PWD and engagement with communities, they are raising awareness of the policy and helping to make it effective in practice. They have organised meetings with local authorities and service providers to facilitate engagement with primary actors and have led awareness raising campaigns within communities to build wider understanding of the policy itself.

Cambodia: Mobilising for Policy Change, Tackling Environmental Challenges

In Cambodia, VSO-supported youth volunteers are mobilising to effect change at the district policy level, advocating for improved waste management plans and getting local authorities to commit to those plans. Their tireless efforts and unwavering dedication are reshaping policy landscapes and driving tangible impact in communities. From grassroots activism to policy advocacy, they're proving that youth voices are not just heard; they're heeded.

Sustaining Momentum: A Journey of Lifelong Engagement

For many youth volunteers, joining a youth network is just the beginning of a lifelong journey of active citizenship. In Myanmar, research conducted by VSO showcases that over 60% of volunteers continue to be engaged as active citizens in their communities, promoting environmental protection initiatives, and fostering community resilience. In volatile contexts like Myanmar, their enduring commitment underscores the sustainability of this investment in young people and the transformative power of youth engagement in building more resilient societies.

Raising the Bar:

Advancing the Volunteering for Development Standard

The essence of volunteering has always been grounded in service, solidarity, and mutual benefit. But as the world becomes more connected, there's a growing need for a cohesive and standardised approach to volunteering, especially when it transcends borders.

Teclah, Implementation Lead Zimbabwe, Eswatini and Zambia sharing remarks on the global volunteering standards, at the International Volunteers Day commemorations.

The Global Volunteering Standard is a response to this need, aiming to harmonise the practices of Volunteer Involving Organisations across the globe.

VSO is at the forefront of advocating for and implementing the Global Volunteering Standard. With our extensive experience in facilitating impactful volunteer work, we've played a pivotal role in its development, its dissemination and its operationalisation. So far, 90 organisations in 19 countries have adopted the Global Volunteering Standard. Our research shows that organisations are making particularly good progress in managing volunteers and designing and planning successful volunteering interventions and measuring impact.

Despite this progress, we know there's more work to be done beyond just adopting the Standard. Deeper policy discussions are needed to truly harness the momentum volunteering for development is gaining. Over the last year, we have been targeting governments at national and sub-national level, as well as NGOs to raise awareness of the crucial role of the Standard in responsible development. We have been organising training sessions and providing technical support through volunteers specialising in Volunteering for Development, to shape policies that support volunteering.

Our partnership with the African Union (AU) is a prime example of our commitment to embedding the Standard globally. Together, we've established a Volunteer Linkage Platform and formulated volunteering policies within AU Member States.

Our latest Review Paper on the Uptake of the Global Volunteering Standard explores volunteering practices and the adoption of the Global Volunteering Standard across both the AU and the Association of Southeast Asian Nations (ASEAN) regions. It sheds lights on how we can enhance the quality, impact and sustainability of volunteer efforts worldwide. For ASEAN nations, the Global Volunteering Standard presents a transformative opportunity drawing on the rich experiences and lessons learned from the AU. By adapting the Global Volunteering Standard to local contexts, engaging governments and policymakers, fostering partnerships, and focusing on capacity building and youth engagement, ASEAN countries can significantly enhance the quality, impact, and sustainability of their volunteer efforts. But it requires a collaborative approach, involving stakeholders from across the volunteer sector.

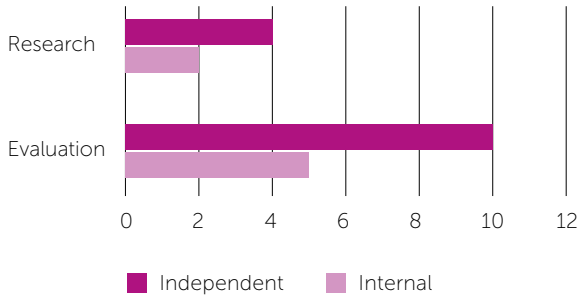
The Global Volunteering Standard offers an opportunity not only to elevate volunteering in particular contexts but also to contribute to a global movement for more effective, impactful, and universally recognised volunteering practices. As countries navigate the challenges and opportunities of adopting the Global Volunteering Standard, they stand to benefit from a more sustainable approach to volunteering, ultimately contributing to broader development goals and fostering national, regional and global community and cooperation.

VSO's Knowledge and Thought Leadership in 2023-24

At VSO, our commitment to knowledge generation and thought leadership on our Volunteering for Development approach and methodology continues to be a driving force behind our learning, programme improvements, and external visibility.

Through the year, we produced a total of 39 knowledge products. These include 15 evaluations of single or multi-project initiatives, six thematic research reports, and 18 evaluative case studies from VSO projects.

VSO Knowledge Products 2023-24



Our case studies highlight the impactful work of VSO particularly in areas such as active citizenship and service provider accountability, primarily arising from the global UK government funded ACTIVE programme. Notably these case studies received technical assistance from student researchers at the London School of Economics and Political Science.

The thematic areas covered in our knowledge products align with VSO's Theory of Change. These include youth involvement in climate action, green jobs and employment, sexual and reproductive health, tackling gender-based violence, foundational education, agroecological farming and disability inclusion. They span all VSO's practice areas of Health, Education, and Livelihoods.

Our evaluations and case studies have captured both tangible outcomes, such as increased literacy and numeracy rates, improved access to public services in education and health, enhanced agricultural production, as well as increased youth employment, and income. They have also captured softer outcomes such as shifts in social norms, reductions in gender-based violence, empowerment of youth and women, disability inclusion, and promoting responsible and impactful volunteering practices.

VSO's thought leadership in volunteering for development has expanded with our knowledge products being used externally. These include a paper on the 'effectiveness of the Volunteering for Development methodology for the Sustainable Development Goals' presented and published in the International Society for Third Sector Research, a VSO blog and presentation on agroecology featured at the first Accelerating Agricultural Adaptation in Africa conference in Nigeria, and a blog on VSO's Monitoring Impact for Learning and Empowerment methodology (MILE) published on the Evaluation Exchange of University College London. Additionally, our research on global inequality in volunteering was shared on FORUM, an international platform of volunteering organisations. Two knowledge products focusing on women's rights and gender issues were also presented at the Women Deliver 2023 conference in Rwanda, attended by over 6,000 participants in-person and over 200,000 globally online.

Looking forward

All of us at VSO are grateful to all those individuals, institutions and companies who've worked with us over the last year. Together we've shown how we can work alongside the most vulnerable to change our world for the better. Together we have been changemakers.

Over the last 10 years, we have shown how we can diversify and grow volunteer action around the world and in particular, how we can build the capacity of people in local communities to become volunteers. We know that volunteering, when well-managed and supported, becomes an essential part of the journey towards active citizenship. It instils agency, enhances personal value, and fosters skills, empathy and a sense of connection that in turn, creates a ripple effect that brings about positive change. Volunteering is not purely an act of kindness. It can be a transformational act leading to transformational outcomes.

Active citizenship is crucial in catalysing sustainable change on a larger scale. It is about individuals actively coming together within communities to contribute to their improvement. By becoming active participants in civic life, people stake a claim in society and are able to seize the opportunity to become drivers of change and progress. When governments are held accountable and supported to engage with citizens, it enhances their effectiveness in responding to people's needs and dreams. This incredible resource of volunteers around the world are making a vital contribution to the delivery of the Sustainable Development Goals, but they are also stepping up to question, to challenge, to hold decision makers to account for their actions.

Whilst this year we were thrilled to reach the milestone in deploying our 100,000th volunteer, we aim to have doubled that again in the next ten years and we will continue to work with multilateral and national partners to help them support millions more volunteers to take action in their communities and societies and become actors for positive change around the world.

Across VSO's programmes, we work from communities up to government ministries to connect the voices of the marginalised people we work with, to decision makers. Our volunteers are embedded in communities, working alongside people to realise their rights and build active citizenship.

They build the capability, agency and voice of marginalised people and civil society to demand better access to services and hold decision makers to account. At the same time, those volunteers build the ability of government agencies and service providers to respond to these demands. They contribute to a strengthening of the whole system - from those who use services to those who supply them. These twin themes of active citizenship and system strengthening sit at the heart of VSO's work and they will be our core focus in the next twelve months.

At the same time, we recognise that primary actors experience challenges that transcend sectors such as health, education, livelihoods and climate. We will be focusing on ways of successfully tackling and mitigating these challenges through an integrated approach that recognises the interlinkages between the challenges.

We continue to have a challenging funding environment for our work. Over the coming year, we hope to secure repeat funding from the UK government for the enormously successful work we have delivered on active citizenship and volunteering across 19 countries worldwide. We also hope to be able to expand funding for our work supporting youth action.

We are very proud of what we have achieved with your support. With your help, we can be confident about fulfilling our plans for the future to create a fair world for everyone.

Philip Goodwin
Chief Executive Officer

Financial Review

How we raised and spent our money in 2023/24.

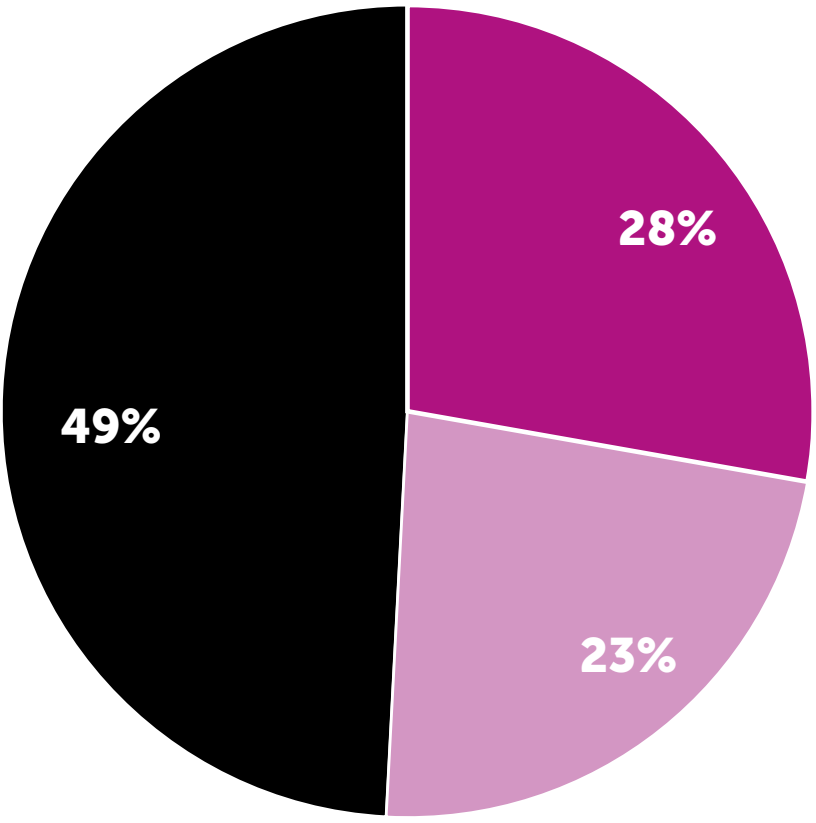
Income

After a successful year in 22/23, income fell in 23/24. Although this was partially impacted by donor payments falling in 22/23 for spend in 23/24, several significant programmes came to an end such as the FCDO funded Building Learning Foundations project that had successfully run for six years in Rwanda and the EU funded Collective Action for Rights Realisation in Extractives Industry (CLARITY) project in Tanzania.

To optimise cost effective business development, VSO now targets larger grants and contracts rather than a plethora of smaller pots, a move that has been successfully implemented in the past few years. However, this can make income less predictable and geographically focussed.

Where our income came from 2023/24

- Institutional Grants: 49%
- FCDO ACTIVE grant: 28%
- Other donations: 23%



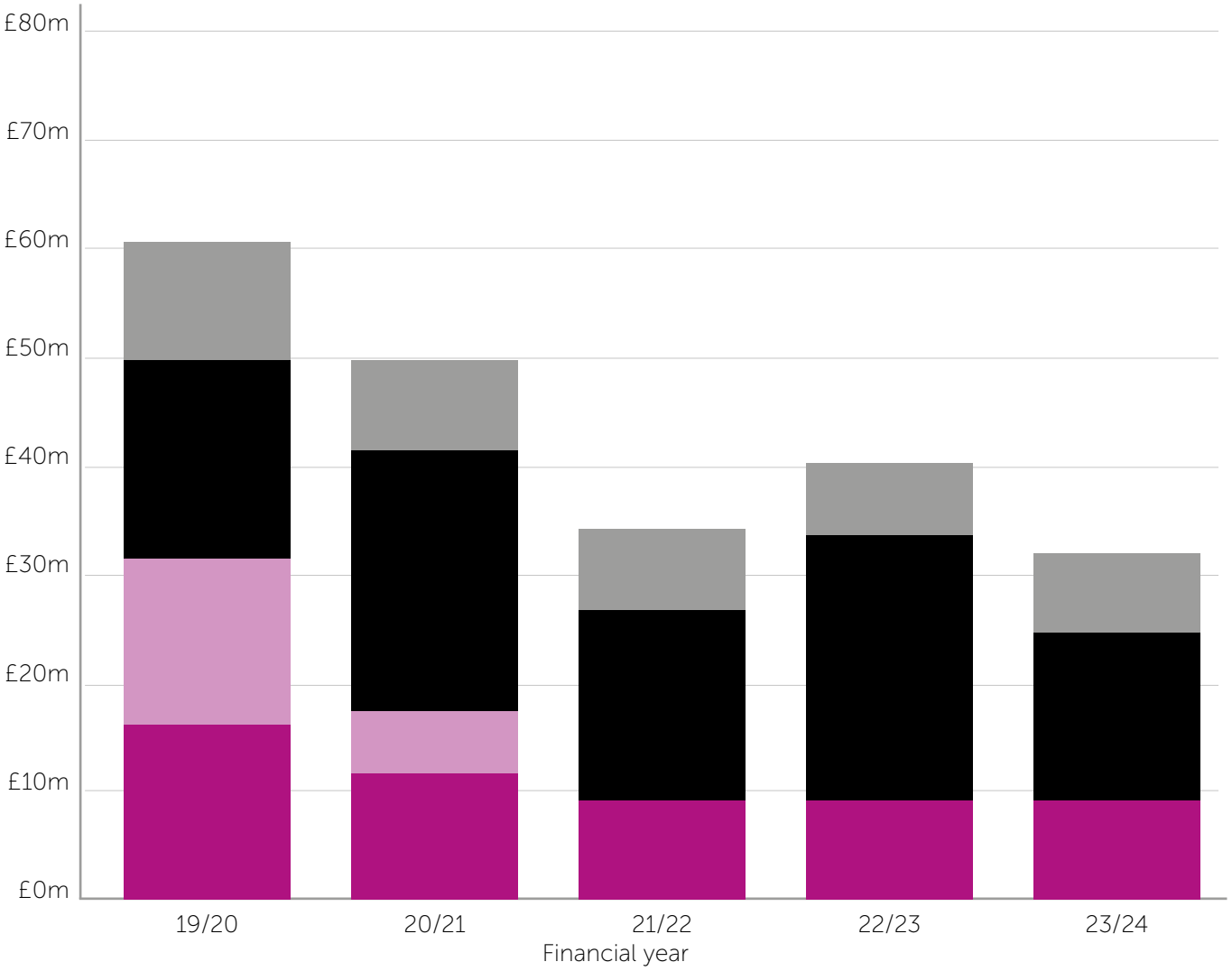
TOTAL INCOME FOR THE YEAR **£32.1 m**

Institutional grants

Governmental income: other (£9.5 million)
This remains a challenging sector in which to raise money with governments faced with elections and domestic priorities. Particularly the UK Government which has been a strong supporter of VSO's work historically. Government income has decreased during the year to £9.5m. The most significant government donors were UN Agencies (£2.8m), Ministry of Foreign Affairs of the Netherlands who are funding two projects (£2.3m), KfW who funded the Unlocking Talent educational programme in Malawi (£1.8m), and Global Affairs Canada who are funding the Empowering Adolescent Girls to Learn and Earn project in Mozambique, which has recently been extended. VSO's weighted pipeline is now maintained at its target level or above consisting of high quality, higher value proposals which target the areas where VSO can make a difference, aiming for diversity in its donors.

Non-governmental bodies income: other (£6.2million)
This category has seen an increase again in 2023/24 of £0.7m from £5.5m. Significant donors include Education Cannot Wait, the Lego Foundation, Imagine Worldwide, Robert Carr Civil Society Networks Fund, and the Hempel Foundation who have funded the Building Foundational Learning through Technology project in Sierra Leone.

Income by type



VSO also continues to work closely with a range of private sector partners to access funds, as well as technical skills through corporate employee volunteering. We have continued volunteering partnerships with Randstad through international volunteer placements.

Charitable activities

FCDO ACTIVE grant (£9.0 million)
The Volunteering for Development programme funded through an accountable grant over the past five years by FCDO continued with reviewed priorities and focus under the ACTIVE grant which will run to March 2025. The grant enables the most marginalised local people (especially women and girls, the young and people with disabilities) and civil society to lead their own development by exercising the power of collective voice, claiming their rights to better services, and holding people in power and service providers to account. Vulnerable and marginalised local people will be supported with the skills to volunteer, taking ownership and action on issues important to them.

Other donations

Individuals and legacies (£6.2 million)
Over 38,000 regular giving donors form the foundation of VSO's individual giving programme. Most of these supporters make consistent, monthly donations. In 2021/22, the VSO Board agreed a 3-year investment plan to first stabilise and then increase VSO supporter base and complement the ongoing recruitment of new donors to ensure long term sustainable income for VSO's work: individuals' income is unrestricted and brings the organisation invaluable financial flexibility. Their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact. VSO's public fundraising team successfully achieved their net income and return on investment goals in 2023/24.

Gifts in kind and pro bono services (£0.7 million)
VSO has received professional services pro bono during the year totalling £0.2m. Additionally, VSO received a donation of £0.5m worth of tablets from UNHCR in Pakistan.

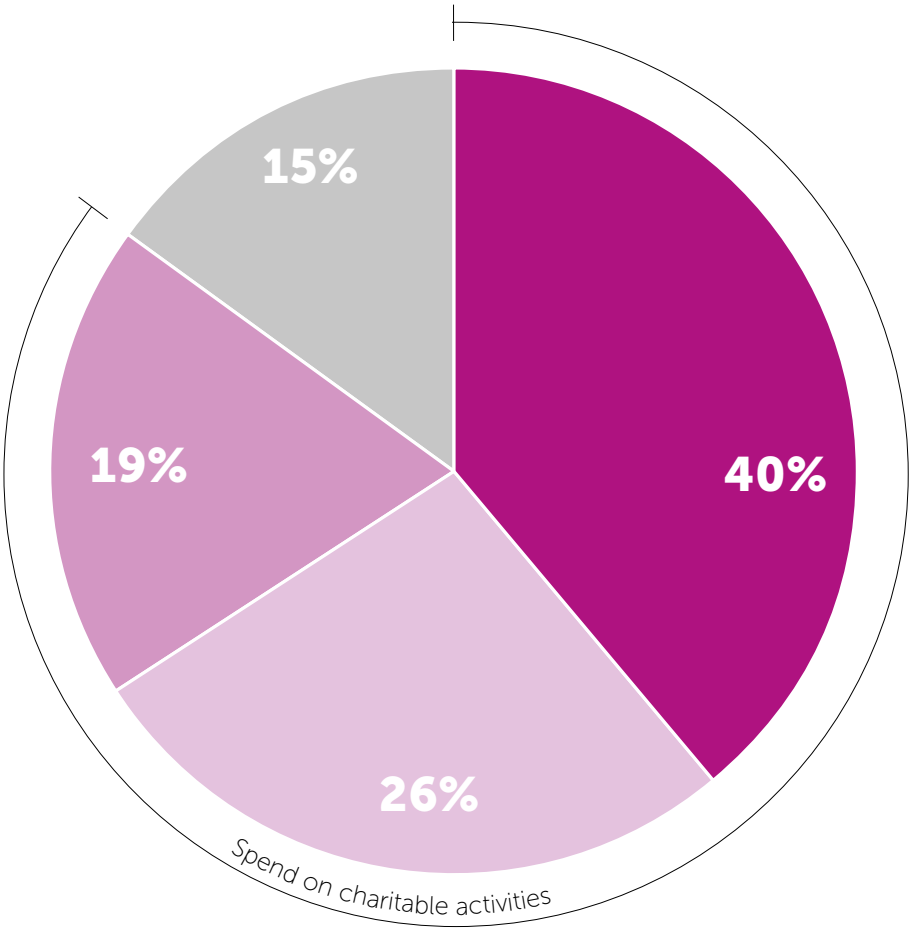
For more information see Financial statements, note 2 Income analysis.

VSO's work contributes to the normalisation track of the Bangsamoro peace process. It supports former Moro Islamic Liberation Front (MILF) combatants and their families to access livelihood opportunities, build peaceful and resilient communities and respond to the challenges of environmental degradation, Philippines.

Expenditure

How the money was spent 2023/24

- Inclusive Education: 40%
- Resilient Livelihoods: 26%
- Health: 19%
- Raising funds: 15%



TOTAL EXPENDITURE FOR THE YEAR **£34.5m**

Raising funds

Raising funds (£5.1 million): Expenditure on raising funds has remained the same as 2022/23 with a continued focus on portfolio diversification and investment in public fundraising. The implementation of the individual fundraising strategy continued to focus on practical, high return channels and products, responding to feedback from the market. Where results were not as expected, alterations to the strategy and spending were made to maximise net benefit of fundraising. As described above, a 3-year investment programme in Public Fundraising was agreed by the International Board with the aim to recruit 14,000 new donors over the 3-year investment period and stop the decline in unrestricted income.

Spend on charitable activities

Total spend on charitable activities in 2023/24 was £29.4m which is less than the £34.1m spent in 2022/23 reflecting the reduced level of income received overall.

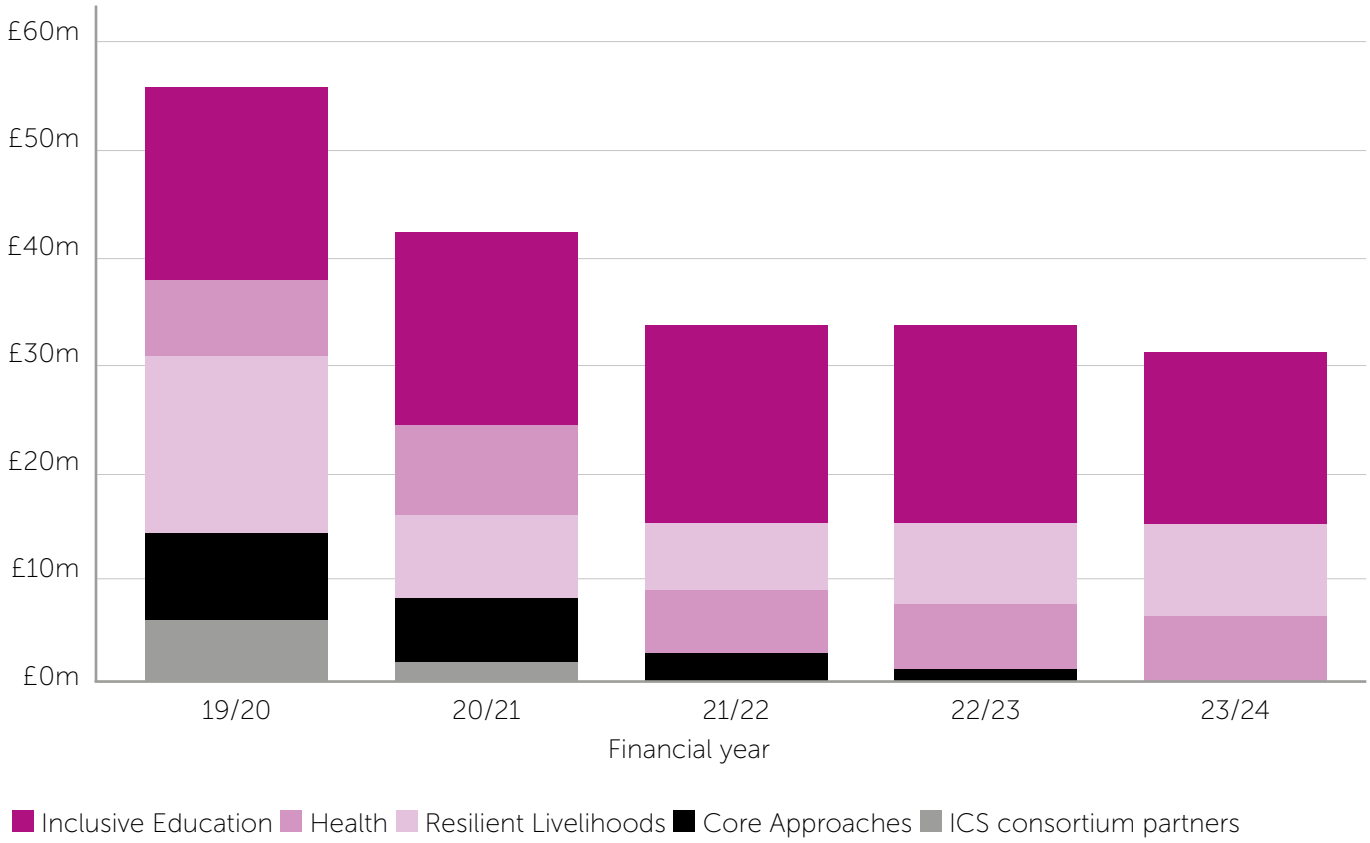
Expenditure on inclusive education continues to represent the highest portion of our portfolio of work at 40%, with Resilient Livelihoods rising for the second year to 26% (£9.1m).

Expenditure on inclusive education (£13.7 million) has fallen as we delivered on grants won in previous years including the Learning Through Play grant (Lego Foundation) in Rwanda, Empowering Adolescent Girls to Learn and Earn project in Mozambique (Global Affairs Canada), and Unlocking Talent (KfW) in Malawi with the Building Learning Foundations (FCDO) in Rwanda ending during the year.

Expenditure on health (£6.6 million) has grown by 0.2m during the year, funding projects like the multi-country Make Way grant aiming at strengthening civil society organisations in their role of lobbying and advocating for sexual and reproductive health rights funded by the Dutch government. Expenditure on health also represents expenditure on the Speak it Loud project in Zimbabwe funded by UN Women.

Expenditure on resilient livelihoods (£9.1 million) has grown again by £1.1m in the year as VSO implemented projects like the IKEA Foundation funded Waste to Work and Austrian Development Agency funded Integrated Peacebuilding, Development and Humanitarian Effort project. This latter project aims to reduce conflict and enhance resilience and peaceful co-existence of cross border communities at the Ethiopia-Kenya border. Other projects like the Challenge Fund Youth Employment funded by the Dutch Ministry of Foreign Affairs, which aim to empower youth in Africa and Middle East have continued.

Spend on charitable activities



Grant-making

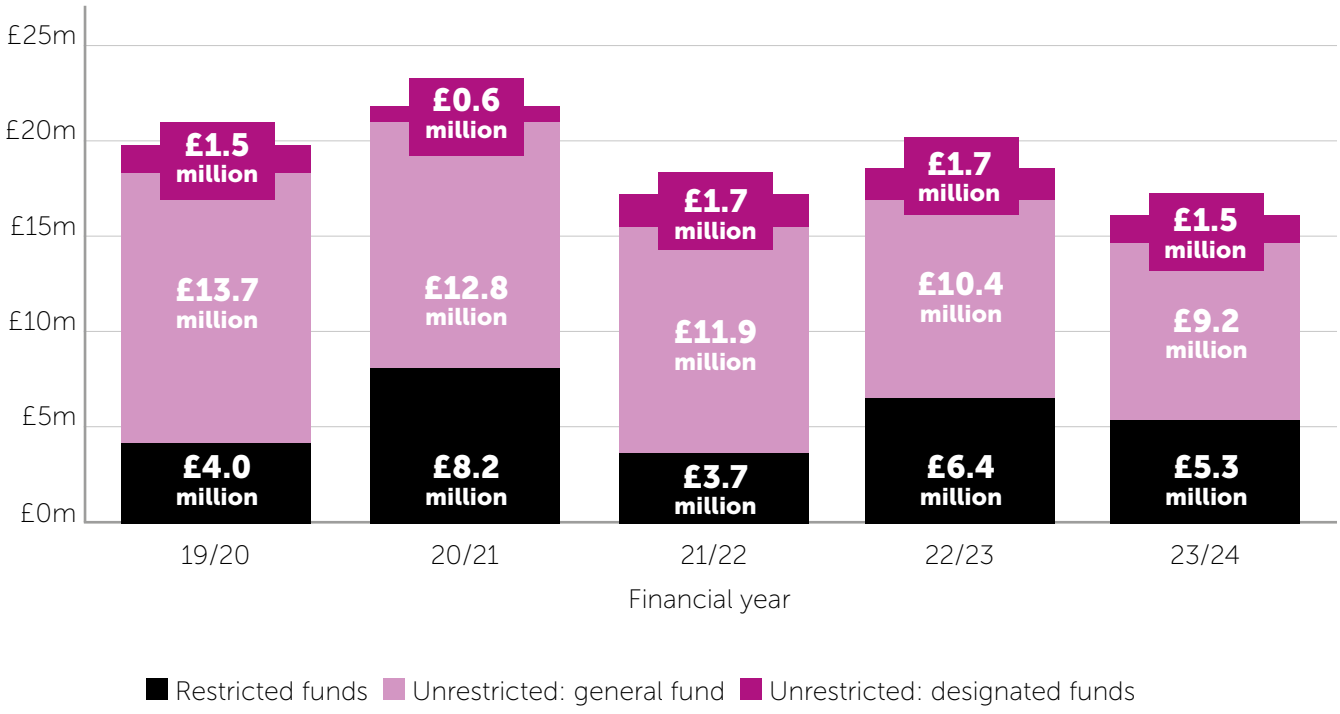
Throughout its programmes, VSO works with and funds in-country partner organisations, for them to undertake agreed activities in pursuit of VSO aims.

During the financial year, VSO spent £2.6m on grants to partners across 19 projects.

For more information: Financial statements, see note 3 Charitable activities.

Reserves

Funds – multi year view



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps us deal with any setbacks and provides the flexibility to take advantage of strategic opportunities.

Closing reserves position	22/23 £'000	23/24 £'000
Restricted	6,425	5,275
Unrestricted: general fund	10,429	9,237
Designated: fixed asset fund	58	259
Designated: pension deficit	(361)	(169)
Designated: change programme	500	486
Designated: rapid response fund	316	316
Designated: income generation	1,143	643
Designated (total)	1,656	1.535
Total Reserves	**18,510**	**16,047**

At 31 March 2024, VSO's general reserves stand at £9.2m, which is £0.2m above the £9.0m target level set out in VSO's reserves policy. This prudently high level has helped us manage the multiple shocks and stresses encountered since March 2020, especially the reduction in available resources linked to the COVID-19 crisis and the political environment in the UK. Trustees will use the surplus in the 2024/25 to invest in Public Fundraising and support the continued digitisation of key processes.

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan. The deficit had reduced significantly following the September 2020 triennial valuation. Preliminary results suggest the 2023 triennial valuation will show a further reduction driven by the rise in interest rates, the impact of past year contributions and the de-risking strategy put in place by the Pensions Trust on behalf of participating employers in the Plan (see note 19).

The designated change programme fund represents the unrestricted funds the trustees have earmarked for ongoing organisational change.

A designated rapid response fund was established in 2022/23 to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities. This was not used in 2023/24.

The designated income generation fund is the last year of a three year £2.8m investment in Public Fundraising which will invest in income generating activities. This fund will support unrestricted income growth.

For more information see the following notes to the Financial statements,
- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Investments

The aim of VSO's investment policy is to preserve capital while holding reserves in liquid or near-liquid assets.

VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports to the Audit and Risk Committee at each meeting on the composition of investments held and their maturity profile.

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. VSO also aims to hold a third of deposits in environmentally friendly holdings. The Audit and Risk Committee reviews the policy regularly.

VSO's cash position at the end of 2022/23 was higher than usual with several large grants received in advance in the last few months of the year, so the decrease at this year-end was expected. VSO's cash position remains appropriate for the size of the organisation and its level of activities.

VSO maintains most of its investments in short-term deposits to ensure that sufficient funds are held in liquid deposits to allow VSO to respond to significant changes in future funding. Where possible, cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available whilst monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Closing cash and investments position	22/23 £'000	23/24 £'000	Variance £'000
Short-term deposits	7,256	7,805	549
Cash at bank: UK	8,008	5,057	(2,951)
Cash at bank: overseas	2,024	1,572	(452)
Total	**17,288**	**14,434**	**(2,854)**

Going concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. VSO regularly scenario plans with any changes in restricted funding integrated into the management reporting at the time they occur. VSO's general reserves policy level is prudent and incorporates the cost of time to adapt to significant external shocks such as major loss of funding. The senior leadership of VSO monitor the financial situation and adapt expenditure as necessary. The trustees continue to monitor progress on institutional fundraising including a three-year extension for UK government funded active citizenship and volunteering work.

Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Binaya and Sumitra attended the couple sessions organised by Peacewin and VSO. The project aims to reduce all forms of gender-based violence and discrimination against women and girls in Nepal.

Principal Risks and Uncertainties: 2023-24

VSO's work in creating a fair world for everyone through volunteering carries risks. This is part of our work, especially in fragile and conflict-prone countries and in working with partners and volunteers. Our Trustees recognise that the acceptance and management of risk is necessary to achieve our mission. They have ensured that appropriate systems and processes are in place to help identify and manage risks.

Over the last year, we continued to face considerable financial risk from constrained institutional development funding opportunities and greater competition for those opportunities. These risks could restrict our ability to deliver our portfolio ambition. The UK government's strategic partnership with VSO through the Active Citizenship Through Volunteering and Empowerment project came at a critical time and has been invaluable in helping us deliver our mission.

A key part of our long-term strategy to manage risk has been to create a more adaptable operating model. This has helped us to manage the level of disruption caused by the impact of war in Ukraine, the disruption to the UK economy and the wider global economic downturn. VSO continues to operate through a globally dispersed leadership model and has developed a high degree of organisational comfort in online and remote working which are geared to withstand any future shocks in the environment in which we operate.

Through good strategic management and a long-standing focus on the sustainability of the organisation, VSO has the financial reserves in place to help it withstand shocks such as these. Our operating culture and agile working also allows us to respond and adapt quickly to risks from a rapidly changing environment. These themes of adaptability and careful management of resources, particularly our unrestricted spend, will enable us to continue to deliver our mission for the long-term.

The Executive Board manages the strategic risks facing VSO through our risk management process. This includes monthly Executive Board meetings to discuss existing and emerging risks, ensuring mitigating actions are in place and effective in managing these risks and updating the International Board of Trustees as necessary.

Risk Management

The Trustees are responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in the furtherance of VSO's objectives. The Trustees have ultimate responsibility for risk management within VSO, including risks related to the use of its funds globally.

The system of internal control within which VSO operates is intended to manage risks appropriately, rather than eliminate them and to give reasonable, rather than absolute assurance. The following framework, approved by the Trustees, provides them with assurance that appropriate systems are in place to manage risk:

- The International Board of Trustees receive regular reports on performance against the approved annual plans and budgets including key performance indicators. The Trustees also maintain oversight on the work of the Audit and Risk Committee and the Executive Board over their review and management of strategic risks.

- The Audit and Risk Committee reviews the strategic risk register at each meeting, assesses the significant risks facing VSO and the adequacy and effectiveness of measures put in place by management to mitigate them. The Committee reports its findings to the International Board of Trustees at each Board meeting.

- Significant risks are monitored on an ongoing basis by the Executive Board, a process which includes a monthly review of the strategic risk register. The Chief Executive Officer regularly updates the Chairs of the International Board of Trustees and the Audit and Risk Committee on any significant new risks that may emerge.

- Risk management is embedded across the organisation in all its operations, including programme implementation and duty of care, through the use of risk registers and risk assessments. There is also an online system for escalating significant global risks which are monitored in 'real time', reviewed by senior staff, and which inform the strategic risk register.

- VSO has security plans and business continuity, communication and reputation management processes in place to help ensure effective and timely management of risks. Each identified risk is assessed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.

- The International Board of Trustees facilitated the development of risk appetite statements. This has helped set the framework within which VSO implements its strategy and which informs decision making from a risk perspective.

The internal audit function perform risk-based audits across all VSO operations. Their programme of work is based on an annual internal audit plan that aims to cover key risks, systems, processes and global policy compliance. The plan is approved annually by the Audit and Risk Committee.

The table on the next page captures the principal strategic risks and uncertainties and the mitigating strategies in place to manage these risks. The residual risk of other significant risks is considered lower than the risks presented here and the management actions relating to them are subject to regular review by the Executive Board and Audit and Risk Committee.

We are also clear about our duty of care responsibilities, ensuring that we have in place high standards of medical and security practice and consider safeguarding to be a principal risk. Ongoing cyber security threats are also assessed regularly with cyber security certifications in place and ongoing IT security training for VSO People. As a result of the mitigating controls we have in place, the residual risk in these areas is considered lower than the other strategic risks presented on the next page.

Risks	Mitigation Strategy
Financial Sustainability	
There is a risk that VSO is not able to raise sufficient funds to continue to invest in its growing programme of work. In particular, declining or constrained institutional development funding opportunities and greater competition for those opportunities could restrict our ability to deliver our portfolio ambition. This could also undermine the long-term sustainability of the organisation as we will not be able to support our programme work and achieve our objectives.	We will maintain our strategic investments in public fundraising and increase unrestricted income by continuing to engage our existing donors, recruiting new regular givers, and focusing on legacies and cash appeals. We will continue to nurture existing institutional donor relationships, cultivate new relationships, and further improve the quality of our bids to attract more restricted income to deliver our portfolio ambition. We set, monitor and achieve annual budgets targeting a break even or better position before specific investments. A three year plan is presented to the Audit and Risk Committee and International Board in Quarter 3 to set the parameters for the budget. Our strong reserves position also helps us to continue operations without significant disruption and enables us to be prepared for any upscaling that is required when new funding opportunities materialise. We also continue to adapt our programme level leadership and technical resource teams to help provide better market intelligence, partner engagement and proposal development.
As a UK registered entity, VSO is finding it increasingly difficult to apply for European Commission (EC) funding under existing rules. Any changes to the rules will likely lead to more restrictions and impact on our eligibility to apply for EC funding. This will further restrict the pool of funds available for bidding and delivering our strategy.	VSO has registered a new global entity (VSO International) in the Netherlands, which once established, will be better positioned to understand EU priorities, showcase our track record, create new relationships and apply for EC funding.
Compliance	
Whilst we have embedded systems and processes for full cost recovery on grants, contracts and programmes, there remains a risk that cost recovery from donors on some projects is insufficient to meet all costs associated with the project. Insufficient cost recovery impacts negatively on our general reserves, is not sustainable and is partly attributed to the need for maintaining operations in contexts with reduced levels of restricted funding,	Key performance indicators are in place and are monitored on an ongoing basis. These include a periodic review of the percentage of cost recovery and overhead recovery over total project costs, as well as unrestricted costs that are not recovered through overheads or direct charging to grants and margins on contracts. Our portfolio of work, overall cost management and potential to recover costs is also monitored. Our decision to increase the average value of opportunities we pursue has also enabled us to better cover our costs. In addition, our business pursuit strategy to continuously nurture, cultivate and maintain quality in our work will continue to guide us and help mitigate some of the risks associated with cost recovery.

Risks	Mitigation Strategy
Operations and implementation	
Whilst we have embedded new ways of working in programme implementation, we continue to monitor the risk that we may fail to realise the benefits of these changes due to poor design and implementation. This would impact our ability to achieve planned outcomes, impact, and reach on our programmes and maintain the quality of our service.	Our global implementation team has embedded an effective planning and management system and standardised monitoring as well as aligning core business processes across the organisation. A comprehensive implementation risk and compliance framework is in place to mitigate some of the risks associated with service quality and design. We have invested in our implementation project management systems to help further strengthen and streamline related processes. We are continuing to review our operating model in some locations to ensure our business model continues to be effective and sustainable.
The nature of work VSO undertakes requires road travel in different geographies and very often in difficult and challenging conditions which increase the risk of a serious incident occurring.	To mitigate the risk of serious incidents in road travel, VSO undertook a review of current practices, specifically in relation to travel, and more generally on overall security plans and related processes. This helped inform an improvement plan including review of security plans, travel risk assessments for high-risk travel and a refresh of policies as applicable.
Operating model and governance	
Our ability to grow, maintain financial stability and deliver Volunteering for Development programmes at scale could weaken because of national governance restrictions, organisational design, and failure to adhere to our policies and values. There is also a risk that a global event creates long-term disruption that impedes our ability to secure new income, deliver our programme of work, and undermine the well-being of VSO people.	We continue to monitor operating environments on an ongoing basis, responding as necessary and continuing to deliver our portfolio of work with minimal disruption. We are also satisfied with how we have been responding to the global economic crisis, including hyperinflation in some of the locations we operate in. This gives us confidence in our systems and our approach. We will ensure that VSO learns lessons from this and that we are well prepared for any future shocks that could destabilise our operations.
Reputation	
VSO specific news coverage could lead to reputational damage and compromise our strong standard in the sector.	We continue to scan the horizon for potential risks that we think may impact on our reputation and put in place mitigating strategies, including communication plans and proactive measures as necessary. We continue to learn from incidents, evaluations and feedback from stakeholders and adapt mitigating strategies to manage any associated risks. Our investment in integrity systems, processes and policies that are aligned to our values have also helped us reduce the likelihood of incidents that could impact on our reputation. Our compliance training pathway module on preventing criminal practice, safeguarding, data protection, procurement, and the VSO code of conduct is mandatory for all VSO people and is repeated annually.

Governance

Structure, governance and management

Our organisational structure

VSO is a company limited by guarantee, registered in England and Wales (registration number 00703509). VSO is also registered as a charity in England and Wales (registration number 313757).

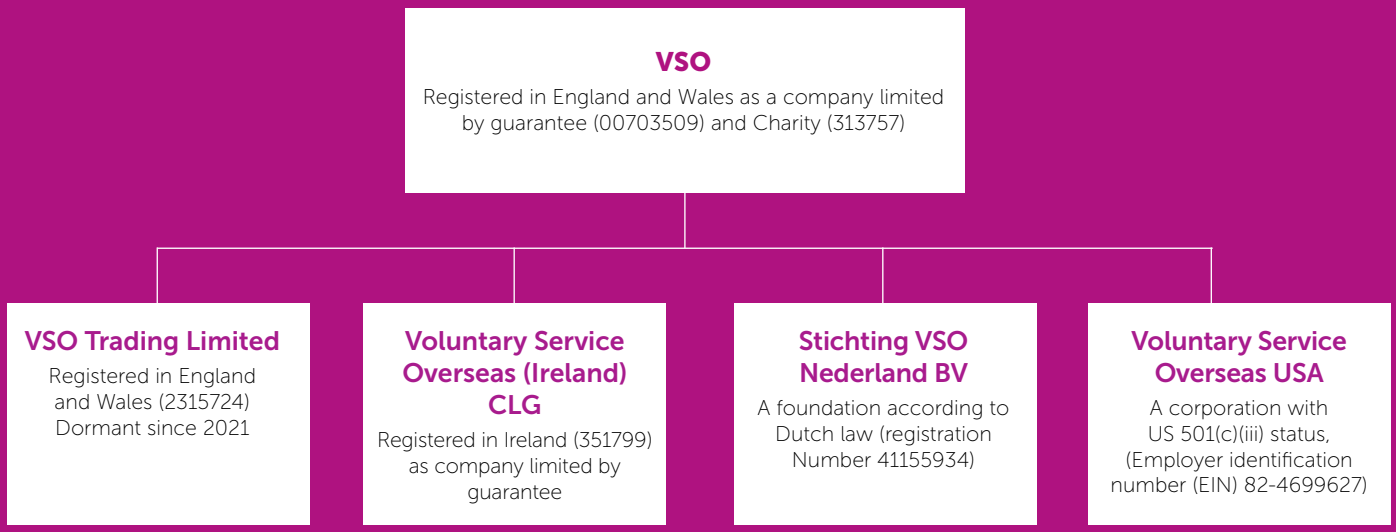
VSO operates through the following subsidiary entities:

- Voluntary Service Overseas (Ireland) is a company limited by guarantee, incorporated and registered as a charitable entity in Ireland.
- Stichting VSO Nederland BV, a Dutch charitable organisation
- Voluntary Service Overseas USA, Inc. a US corporation with US 501 (c) (iii) status.
- VSO Trading Limited whose principal activity was the delivery of non-charitable activities for the purpose of raising funds. It is now dormant.

Otherwise, VSO operates internationally largely through branch offices. This structure of branch offices and subsidiaries assists us to effectively deliver VSO's mission globally by extending the reach of our work and building opportunities for income generation.

VSO International has now registered itself as a foundation in the Netherlands. This will allow us to maintain access to European Union funding for our work globally including humanitarian finance and to continue to access bilateral donor funding from European Union member states.

We have binding agreements with our subsidiaries to govern their use of the VSO brand and trademarks and setting out how they operate within the global organisational structure. Appointment of directors to subsidiaries and branch offices is subject to Governance Committee approval in accordance with the VSO's Schedule of Delegations.



Our governance and management

VSO is governed by its International Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation's values, and ensure we meet our objectives. Trustees' duties are described in more detail on page 45.

The Board met formally in 2023/24 four times virtually using an online platform. Board members receive management information on organisational performance on a quarterly basis.

Trustees

Trustees serve terms of office as provided in VSO's Articles. They are usually appointed to the International Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. There is provision in VSO's Articles for the Chair to serve a third three-year term if appointed as Chair when already a trustee. Trustees are not remunerated but their expenses are reimbursed in accordance with VSO's expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office.

When travel permits, they participate in visits to VSO programmes and act as expert advisers to VSO working groups.

VSO's trustees are committed to compliance with the Charity Governance Code and regularly review VSO's charitable purposes as well as their roles and time commitment. Review of performance of the Board is a continuous process. Feedback on Board performance is regularly sought from Board members and the Executive. An annual review is undertaken by the Chair with individual trustees also making annual commitments to VSO over and above their responsibilities as directors and members.

International Board of Trustees

Julia Lalla-Maharajh OBE *
Appointed 14 July 2020
Appointed Chair on 1 February 2023
Interim Chief Partnerships Officer, Tostan; Chair, Under One Sky; Founder of the Orchid Project.

Susan Hickey ^
Appointed 14 July 2020
Vice Chair, Honorary Treasurer and Chair of Audit and Risk Committee
Non-executive board member of The Good Economy Partnership; LandAid; Saltaire Housing.

Janet Muir ^
Appointed 1 February 2023
Director of Finance & IT at ICARDA; Director of Vita Ireland and Vita USA; Trustee of Sustainable Nitrogen Foundation. Member of the Chartered Accountancy Association Ireland and Corporate Governance Institute.

Monalisa Sibongile Zwambila ^
Appointed 27 February 2024
Founder and CEO of Riverbed South Africa.

Vincent Mohau Motholo ^
Appointed 13 June 2024
Chief Financial Officer at the University of Cape Town.

Geoffrey Skingsley *
Appointed 1 November 2020
Vice Chair and Chair of Governance Committee
Non-Executive Board Member Médecins sans Frontières Foundation and Non-Executive Board Member North West London Integrated Care Board; Executive in Residence and Member of the Global Leadership Council of the Said Business School in Oxford, Board of UK's French Chamber of Commerce.

Christopher Muwanguzi ^
Appointed 19 September 2019
Chief Executive, Child's i Foundation.

Maryam Abisola Adefarati ^
Appointed 28 February 2024
Chief Financial Officer with Microsoft Africa Regional Cluster. Co-owner of a foundation that is supporting the community in the areas of health, education and poverty alleviation.

Belay Addise Cheffik *
Appointed 13 June 2024
Regional Manager at the Global Partnership for Education covering East and Southern Africa. He is also a founding Board member of the Horn Center for Democracy.

Former members International Board of Trustees

Guus Eskens (resigned 1 April 2023), **Aditi Thorat** (resigned 9 June 2023), **Maurice Makaloo** (resigned 9 November 2023)**, Sam Younger** (resigned 21 November 2023)

*** Governance Committee member ^ Audit and Risk Committee member**

Trustees' duties

The trustees fulfil their duties both under charity law and company law through a formal governance framework which includes Board approval of the strategic direction, operating and expenditure plan, and key policies; formal review of risk and mitigations and monitoring performance data. They also approve and monitor constitutional change and the appointment of the CEO.

They delegate certain board functions to Board committees and through a Schedule of Delegations, daily decision making to the Chief Executive Officer and the executive board (the "Executive"). VSO's formal organisation and Board Committee structure and membership is set out on page 43.

Board capability is reviewed regularly considering how the organisation is adapting to the changing operating environment. As trustees come to the end of their maximum permitted terms of office, this presents opportunity for reviewing the need for new trustees, particularly where specific gaps in capability are identified and bearing in mind the need for board diversity. Following a skills audit of the Board, we recruited two trustees this year to strengthen our Board capability - Maryam Abisola Adefarati, the co-owner of a Foundation that supports the community in the areas of health, education and poverty alleviation, who is the CFO of the Microsoft Africa Regional Cluster, and Monalisa Sibongile Zwambila who runs Riverbed South Africa, a large creative marketing and communications firm. Both were appointed by the Board as members of the Audit and Risk Committee. Both Sam Younger and Maurice Makoloo resigned as trustees in November 2023.

A nominated Board trustee, Christopher Muwanguzi, has specific responsibility for supporting the Executive on issues of duty of care and in explicitly ensuring all board members are diligent in their attention to this issue. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

During their tenure with VSO, trustees are briefed on their duties by the Chair of the Board and through professional advice either from the Company Secretary or if they judge it necessary, from an independent adviser. Trustees are supplied with online access to all relevant governance documents and contact details.

In keeping with our approach to learning, all trustees have permanent access to our VSO Learning Platform. They can access the key organisational documents from the trustee pathway: their role description, memorandum and articles, delegation of authority, organisation structure and committee terms of reference. This also signposts them to the most recent UK Charity Commission guidance for trustees.

We are in the process of recruiting additional trustees who will be appointed in the coming financial year. We are staggering the appointment of trustees to ensure we have continuity on the Board.

During the year, trustees have fulfilled their duties regarding the following:

The likely consequences of any decision in the long term

All key strategic decisions with long-term impact on VSO's future are discussed in the relevant Board Committee and then by the Board as a whole. Each Board agenda will give time for an update on how long-term projects are progressing and all Board members are actively encouraged to raise their questions and any concerns, so that appropriate actions can be taken under the Board's oversight.

The interests of the company's employees

The Board defines VSO people as inclusive of employees, volunteers, consultants, suppliers, and partners.

The Board ensures that the interests of the employees are considered through regular updates at Board and Committee meetings. The impact of major decisions on employees are discussed by the Board and its committees who also receive regular updates on employee pay, employee pensions schemes, health and safety, and safeguarding.

Over the last year, the Board has sought to engage with the wider VSO community of employees, volunteers, and primary actors through briefing on key programme themes and attending the annual Volunteer Impact Awards as well as participation in fundraising events.

In line with VSO's inclusive approach, VSO global communications are available with captions to be inclusive of those who are hard of hearing.

Since the previous annual report, the Board has reviewed several of VSO's core policies including:

- Preventing Criminal Practices Policy (September 2023)
- Reserves Policy (November 2023)
- Treasury Policy (November 2023)
- Whistleblowing policy (March 2024)

The need to demonstrate inclusive ways of working between trustees

All Board members operate equally as trustees and directors and are given opportunity to raise questions and issues. All have access to the CEO, the Executive Directors, Company Secretary, and one another. Communication directly between board members and members of the Executive or VSO colleagues is actively encouraged.

To contribute to the ongoing review of Board effectiveness, the Board Chair maintains regular contact with all trustees to ensure they can raise concerns and questions. A dedicated appraisal conversation happens at least annually.

The need to foster VSO's business relationships with supporters, implementing partners and suppliers

Our Knowledge, Evidence and Learning team systematically reviews and evaluates relationships with partners and primary actors and brings relevant issues to the attention of the Board through quarterly performance reviews. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. The Board discusses key partnerships, donor relationships, and strategic suppliers as part of its Board meetings.

Suppliers' interactions are supported by the Global Procurement Policy, ensuring transparent and fair selection processes. In addition to assessment through donor and statutory audits, VSO's internal audit function reviews procurement activity and shares outcomes with the VSO Board via the Audit and Risk Committee.

The impact of the company's operations on the community and environment

The organisation has a formal policy on environmental sustainability. As part of its ongoing programme of work, VSO trains its programme teams, volunteers, and partners to undertake risk assessments and resilience action planning to identify and reduce human, social, environmental, physical and economic vulnerabilities to climate change. The Board is regularly updated on the positive impacts that are being made in communities and through our reporting on duty of care, our ability to deliver against the principle of "do no harm". As part of its annual reporting process, the Board reviews the environmental impact of VSO's activities. The environmental impact of our work is captured in detail in the Environmental Impact Assessment detailed on page 54. The Board and the Executive have set and met robust targets for reducing VSO's carbon footprint.

The desirability of the company maintaining a reputation for high standards of business conduct

High standards of business conduct are underpinned by VSO's value of Integrity – taking a zero-tolerance approach to any form of wrong-doing, abuse, and harm, treating others with respect and being open, transparent and accountable in what we do. The Board is keenly aware of the moral requirements of our mission.

All key stakeholders, partner organisations; donors, employees, volunteers, and consultants are subject to a range of background checks prior to engagement. Strict procurement guidelines are in place for the selection of suppliers. The key processes are audited by the Internal Audit team.

Management through the Executive and the Strategic Leadership Group

The International Board delegates VSO's day-to-day management to the Executive. The Executive has operational oversight of VSO's work globally. There are four members of the Executive, the Chief Executive Officer, and three Executive Directors, who jointly hold accountability for the delivery of the VSO Operating Plan, leading across Programmes, People, Finance and Business Pursuit.

The Executive meet at least weekly to oversee implementation of strategic and operational activity, allocate resources, set and monitor standards and determine core approaches to how VSO works. The Executive undertake a formal Quarterly Performance Review against VSO's operational and financial objectives. This is done with colleagues across the organisation and specifically the Strategic Leadership Group. The Executive reports back on quarterly performance to the International Board through a regular performance report.

Dr Philip Goodwin
Chief Executive Officer

Donné Cameron
Executive Director VSO, Programmes

Kathryn Gordon
Executive Director VSO, People and Organisation Development

Clare Sisson
Finance Director

The Directors on the Executive form part of a wider Strategic Leadership Group who have collective responsibility for developing and delivering the VSO strategy and operating plan.

The members of the Strategic Leadership Group are:

Meet our Strategic Leadership Group

Duty of care

One of VSO's key commitments is to do no harm. VSO aims at finding the appropriate balance of moral and legal obligations whilst ensuring the safety and well-being of VSO's employees and volunteers and those who engage with VSO.

Our main methods for mitigating duty of care risk are:

- Assessing the risk in the context of the programme and the location.
- Equipping the team with the necessary capability ensuring there is capacity within roles in a project team or support from the global team.
- Maintaining an environment that promotes reporting, covering not only significant incidents but also minor concerns.
- Insuring the costs of medical and health treatment for employees and volunteers – where there is no government funded health service.
- Employers' liability insurance to cover the risk of legal action from employees or volunteers who incur injury or illness due to their working environment.
- Supporting managers to take responsibility for discussing risk, and risk mitigations with colleagues in planning travel.

We have strengthened our Health and Medical insurance by improving provisions and the coverage across our VSO People. We have provided access to funds for medical services at the time when employees need them most.

VSO continues to use a professionally managed data source to assess security risk and support the business pursuit team to review opportunities for new programmes, both in locations where we currently work and where we may in the future.

The duty of care focus on supporting resilience that arose from the global COVID-19 pandemic has become a cornerstone in our ongoing well-being offer.

Resilience initiatives continue and feedback is positive:

- Every year, during VSO week, VSO People are offered a "recharging" day to disconnect from the schedule of back-to-back meetings and conversations.
- Specific wellbeing sessions for those working in fragile spaces where there is no end to a specific incident in sight. Run by a combination of trained counsellors and peer supporters trained in psychosocial first aid.
- Regular series of resilience sessions for volunteers and employees.

We have introduced some specific capacity with our global implementation team to manage project start-up and programme inception. Assessing the safeguarding and security risks of operating and delivering work has been established as a key element of this with specific learning material developed.

As members of the Misconduct Disclosure Scheme, VSO recognises both the progress made and the continued requirement for regular reminders that operating in a respectful way, keeping primary actors safe and doing no harm is fundamental to our licence to operate. The next phase of work with the scheme members will be to engage and align with other initiatives to protect from sexual exploitation, abuse, and harassment and to promote understanding of the necessity for background checking with senior leaders and programme design teams. Our Nepal team in particular continues to engage across agencies and partners to strength participation and the culture of safeguarding.

Medical, Security and Safeguarding incident categories are defined at VSO to aid appropriate response and consistent reporting.

We continue to monitor the implications of the security situation and increased fragility of the environment in Ethiopia, the Northern Kenya border and Myanmar, adapting delivery and practice as appropriate.

In addition to this incident response, we have managed 462 medical cases and provided 755 medical clearances to people supported by our global network of medical practitioners.

Reporting and whistleblowing

VSO has zero tolerance of corrupt practices of any type or in any circumstances.

We aim to maintain the highest standards of openness, decency, integrity, and accountability in our work.

Everyone who works with or for VSO must be vigilant for signs of wrongdoing or criminal activity and have the obligation to report suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work in accordance with our whistleblowing process. Our Whistleblowing Policy encourages anyone to report any serious concerns they have, without fear of punishment or unfair treatment.

VSO's systems to protect confidentiality and offer anonymity aim to keep a whistle-blower safe. To ensure the safety of whistle-blowers, VSO treats all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's policy on Preventing Criminal Practices underpins our operational practice in the areas of fraud, bribery and corruption or any other wrongdoing. The Policy requires all such allegations to be reported regardless of financial materiality and ensures a consistent approach to fraud awareness, prevention, reporting, and investigations across VSO.

We have mandatory online training on preventing criminal practices and whistleblowing for all staff and volunteers. The Executive and senior managers often remind People of their duty to report any wrongdoing through various channels, so the process of reporting is fully understood.

Serious incidents are also reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with the VSO serious incident reporting protocol.

Despite our enhanced approach to fraud prevention, the reality is that from time to time we will be victims of corrupt practices. During the year, 8 cases of potential irregularities were reported and investigated. Of these, four cases led to reported fraud and losses of £5,000.

Our approach to pay

VSO is committed to an approach to pay that upholds fairness, internal equity, and external competitiveness. At VSO, we believe that all employees should be compensated fairly for their role.

Fair Pay means that compensation is determined by the role on the local market and that VSO will not discriminate, in line with our equal opportunities policy and our approach to social inclusion. To support this approach and practice, we rely on 5 Pay Principles:

- Ethical reward: reward policy is fully aligned with our mission and values, from non-discriminatory practices to our awareness of our responsibility as an actor on diverse employment markets.
- Transparency: reward policy is present, available to all, clearly explained, and applied consistently.
- Equity: reward is fair, consistent, and justifiable. VSO uses a robust job evaluation process, reward is contextualised, policies apply systematically. In those countries where inflation reaches excessive levels, VSO's policy provides immediate assistance to employees and volunteers to support their cost of living temporarily until the situation stabilises.

National Volunteer Manisha with Kima who received financial support from VSO's ACTIVE project to start a small shop, Nepal.

- Sustainability: reward reflects the stewardship of donor funds, supports long-term organisational financial sustainability, ensures sufficient wages for all. VSO is an accredited UK Living Wage employer, and we advocate for the living wage approach to be replicated in other countries.

- Compliance and risk: reward policies and practices meet local and international legal and regulatory requirements, while respecting broader organisational social responsibility.

VSO does not operate a bonus scheme. We have eradicated the dual pay system; all employees are hired on national terms and conditions in their place of work. We are a signatory to the principles of Project FAIR, supporting fair pay in the international development sector.

project-fair.business-school.ed.ac.uk/

Our leaders and managers work with our employees to support their performance and development in role. Our recruiters and hiring managers discuss with applicants the rationale behind the way in which our pay practice is linked to dismantling the broader historical and colonial dynamics of power and privilege within the sector.

We recognise and incentivise our people to perform by designing purposeful roles, creating a positive working environment with support for collaboration and discovery to maintain interest and fulfilment. Our operating model and organisation design have at their heart a distributed leadership model. In this model, leadership and accountability sits with post holders with collaboration key to achieving high performance.

Gender pay gap reporting for UK employees

The UK government require gender pay reporting – the difference between pay to women and men, for organisations with more than 250 UK-based employees. VSO employed 79 people in the UK in April 2024.

To demonstrate transparency VSO has reported its gender pay gap in the UK, since 2017.

On 5 April 2024, the average pay difference between female and male employees in the UK was 8.57% (compared to 5.93% on 5 April 2023). The difference in median (middle value) pay between female and male employees in the UK is 4.76% (compared to 0.88% on 5 April 2023). The main driver of VSO's gender pay gap increase is our leavers: male leavers were from amongst the lower quartiles while female leavers were amongst the higher paid employees.

The Gender Pay Gap amongst remaining employees has remain stable, and new starters had no impact on the Gender Pay Gap.

In line with our view of organisation design, and to ensure we are shaped to successfully deliver on our mission, VSO monitors our pay ratios in each operating location on a regular basis, aiming not to increase the current level when we apply pay bench-marking adjustments and pay awards. Our CEO is employed on a UK contract, reporting the UK pay ratio therefore identifies the ratio from CEO pay to lowest pay in the UK as 3.78:1 (compared to 4.5:1 in 2022/23).

Modern slavery statement

Modern slavery is appalling and inimical to all VSO is and stands for, whether it takes the form of forced labour, debt bondage, human trafficking or child labour. It is a global crime resulting in an abhorrent abuse of dignity and human rights which disproportionately affects women and children.

VSO takes a position of zero tolerance towards all forms of modern slavery and our zero tolerance position extends to all those working for, and in collaboration with, VSO. VSO is committed to taking proactive steps both at global and location level with the aim of ensuring that modern slavery does not exist at any level of the organisation and that the best possible support, care and compassion is provided to any victims of this crime with whom VSO comes into contact. VSO has in place policies, procedures and processes to combat the risk of modern slavery. However, VSO recognises that more can be done to combat this risk.

Further information about the framework VSO has in place to combat the risk of modern slavery and the actions VSO plans to take over the next financial year can be found in VSO's Modern Slavery Statement on our website:

vsointernational.org/about/policies-and-statements/statement-on-modern-slavery

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's policy can be found at vsointernational.org/privacy.

VSO adheres to the Charities (Protection and Social Investment) Act 2016. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition, we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

VSO has a safeguarding policy which guides us on how to respect people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

VSO is committed to investing in fundraising and engaging with our thousands of supporters across the UK. We aim to inspire and motivate our supporters to help us tackle poverty. We do so via a range of fundraising channels, including face-to-face fundraising, telemarketing, direct mail, email and digital.

VSO is in a period of investing for sustainable fundraising growth – we must invest in our fundraising to achieve our plans to increase our scale, influence, and impact to create a fair world for everyone. We continue to make sound investments and regularly

measure and monitor our impact and returns. Taking a holistic view of our supporters will enable us to ensure they receive appropriate and welcomed fundraising communications in line with their preferences and particular aspects of VSO's work.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector and has in place an Ethical Income Generation policy, which was reviewed by the Board in March 2023.

VSO continues to report to the Fundraising Regulator on the number of complaints and feedback received in response to our fundraising activity. In 2023/24 this number of complaints totalled 54, a slight increase on last year due to increased acquisition activity. These were low level complaints which informed future work. Our Supporter Care team examines every complaint, responding within three working days. We also complete the Fundraising Regulator's Annual Return. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2023/24.

Our approach to data protection

We are committed to protecting the personal data of all individuals whose personal data is processed by us. We ensure that we use it only for clear and stated lawful reasons, and that we store and transfer it safely in line with the requirements and principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of VSO induction and we monitor compliance. All VSO people are required to renew their data protection training annually.

As part of our programme design process, we complete detailed privacy impact assessments prior to processing personal data in cases where that processing may give rise to high risks to data subjects. In this way we ensure that we know that the processing is lawful and that we can mitigate risks.

We integrate data protection into our programmes and in so doing we consider the likelihood and impact of our processing on the rights and freedoms of those we hold data on.

We monitor complaints and take on feedback to help us improve our fundraising approach, our systems, and internal processes, as well as the work undertaken for us through external agencies.

During the year, we discovered no reportable data breaches. In cases even of minor breach, we always speak to the Information Commissioner's Office to check that we have taken the correct approach. We record the details of all breaches on our data breach log and conduct learning sessions where relevant to mitigate the risks of a similar breach occurring in future and to embed learnings.

Environmental impact assessment

VSO is committed to embedding resilience, including environmental resilience and sustainability throughout its programmes and organisational practices.

By measuring our carbon footprint, we seek to understand the impact we have on the environment with a commitment to reduce it. Because of this commitment, we have gone beyond the minimum reporting obligations under Streamlined Energy and Carbon Reporting (SECR). SECR requires us to report our UK energy use relating to gas, electricity, and transport fuel. But as a volunteer international organisation where two thirds of our carbon is attributed to air travel, we have also reported on carbon emissions from all our project locations across the world, including optional scope 3 emissions from business travel.

Ambitious targets

Using pre-pandemic (i.e. 2019/20) levels as a base, we aim to reduce our emissions by 66% for the same turnover over five years, a more ambitious target than the one we had previously worked to. We are seeing the impact the environmental crisis has on the most marginalised people we work with and want to reduce our own emissions to as little as our operations allow.

Because our carbon depends on the volume of work we deliver, a useful indicator of our performance in managing our footprint is the intensity ratio which considers our carbon emissions in relation to our income. This year's measurement of 40 tCO2e / £ million is a small increase on last year and a significant reduction relative to our 2019/20 base line of 107 tCO2e / £ million.

Calculating our carbon impact

To calculate our 2023/24 emissions, we have used the Green House Gases (GHG) Protocol which supplies the world's most widely used greenhouse gas accounting standards. The table below details the carbon emissions from the countries in which we worked this year. It includes:

- Business travel (road, rail and air travel for our staff and volunteers).
- Energy consumption (gas and electricity use from our global office locations).
- Fuel (petrol and diesel for VSO's owned and hired vehicles and for electricity generators).

The table below summarises VSO's GHG statement from 2020/21. Scope 1 emissions are caused by VSO's operations and released from directly controlled assets. Scope 2 emissions are indirect greenhouse gases released from the energy purchased from a utility provider. Scope 3 emissions are all other associated indirect emissions. Scope 3 emissions arising from business travel in rental cars where VSO purchases the fuel and upstream emissions from purchased fuel and energy are mandatory. Other scope 3 emissions from business travel – air, road and rail are optional and reported in the total emissions figure.

	20/21*	21/22	22/23	23/24
Energy consumption (GWh)	0.8	2.0	1.7	1.2
Scope 1 & 2 emissions (tCO2e)	263	589	447	302
Total mandatory reported emissions (tCO2e)	330	710	561	447
Total emissions including optional scope 3 (tCO2e)	461	1,293	1,485	1,279
Intensity ratio (tCO2e/£m)	7	21	14	14
Intensity ratio (tCO2e/£m) including optional scope 3	9	39	37	40

*In 2020/21 COVID-19 restricted travel.

VSO International's GHG statements (in tCO2e), as follows:

Streamlined Energy and Carbon Reporting	Current reporting year 2023/24			Comparison reporting year 2022/23		
Energy consumption: (MWh)	**UK '000**	**Non-UK '000**	**Global '000**	**UK '000**	**Non-UK '000**	**Global '000**
- Electricity	-	287	287	190	256	446
- Gas	-	5	5	48	10	58
- Transport Fuel	-	820	820	-	1,124	1,124
- Fuel for Electricity Generation	-	63	63	-	68	68
Total energy consumption	**-**	**1,175**	**1,175**	**238**	**1,458**	**1,696**
Emissions (tCO2e)	**UK**	**Non-UK**	**Global**	**UK**	**Non-UK**	**Global**
Scope 1						
Combustion of Gas	-	1	1	9	2	11
Combustion of Fuel for Transport Purposes	-	189	189	-	261	261
Combustion of Other Stationary Fuels	-	16	16	-	17	17
Scope 2						
Purchased Electricity - Location-Based*	-	118	118	37	121	158
Scope 1 & 2						
Total Scope 1+2 Emissions – Location-Based	-	324	324	46	401	447
Scope 3						
Category 6: Business Travel: Employee-Owned or Hired Vehicles Where Company is Responsible for Purchasing Fuel	-	28	28	-	6	6
Category 3: Upstream Emissions from Purchased Fuel and Energy - Location-Based	-	95	95	14	94	108
Total GHG Emissions for Mandatory Reporting - Location-Based	**-**	**447**	**447**	**60**	**501**	**561**
Intensity						
Revenue £m			32			40
Intensity ratio: tCO2e / £m (location-based)			14			14
Optional Scope 3 Emissions (tCO_2e)	**UK**	**Non-UK**	**Global**	**UK**	**Non-UK**	**Global**
Business travel - Air	219	577	796	115	470	585
Business Travel - Road and Rail	2	34	36	22	317	339
Total emissions from business travel (third-party vehicles)	221	611	832	137	787	924
Total GHG Emissions (Including Optional) - Location-Based	**221**	**1,058**	**1,279**	**197**	**1,288**	**1,485**
Intensity						
Intensity ratio: tCO_2e / £m - Location-Based			40			37

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Our continuous drive towards greater sustainability

In 2023/24 there has been fall in VSO's reported carbon emissions including the Scope 3 Optional from 1,485 tCO2e to 1,279 tCO2e with the closure of the UK office, ending of expatriate contracts, move to remote contracts and the cessation of a motorcycle intensive project in Rwanda. There was an increase in air travel, with specific global teams meeting in 2023/24 for the first time since the COVID-19 restrictions lifted. However, flights are significantly lower than our pre-pandemic levels of 4,703 tCO2e in 2019/20, due in part to the move to community and national volunteers. Only 35 international volunteers travelled during 2023/24. As a volunteer organisation VSO needs to get the right people in the right places to deliver the best impact for our primary actors, however we recognise there are now different ways of working including the use of digital platforms for communication and meetings and the mobilisation of community and national volunteers.

VSO have also improved the controls over the business travel emissions through annual budgeting and monthly tracking of the carbon used by the organisation for flights. Our travel policy encourages our travellers to make the most carbon efficient choice and carbon budgeting allows managers to consider the carbon impact of delivering programmes from project inception.

VSO's most significant environmental impact is not tracked through the annual SECR reporting but lies in embedding climate resilience in our programming.

Climate Resilience has become increasingly integrated within VSO's active interventions, as evidenced by the concerted efforts of primary actors to collectively influence climate change policies. Collaborating partners have joined forces to ensure the implementation of climate change strategies, actively participating in meetings, influencing processes, and identifying climate change risks impacting communities. Notably, the integration of resilience across Health, Education, and Livelihoods interventions has shown significant improvement, prioritising the continuity of essential services during emergencies within projects.

Livelihoods interventions have embraced resilience through various measures, including enhancing knowledge on climate resilience and disaster response, establishing savings and lending associations, conducting soft-skill building initiatives to address local development issues, promoting sustainable agricultural practices through local production of bio-fertilisers, and fostering social resilience through active participation in self-help group activities and collaborative action planning.

Similarly, Health interventions have incorporated resilience into their practices, ensuring the continuation of essential services during emergencies and promoting resilience through peer education models that include counselling, information sharing, and support groups.

Education interventions have witnessed increased parental engagement in creating supportive environments for children to attend school, facilitated by capacity-building workshops on resilience, disaster preparedness, and climate change awareness for various stakeholders, including parents, school governance bodies, headteachers, and students. Moreover, community engagement in the preparation of Local Disaster and Climate Resilience Plans has influenced local governments to integrate resilience into their annual and periodic plans, reflecting a positive trend in budget allocation.

To promote climate-smart, gender-responsive adaptation, it is imperative to deliberately target excluded groups, including the elderly, youth, persons with disabilities, women, and children, in advocacy training and interventions. This inclusive approach ensures that the needs and perspectives of all segments of society are considered in building resilience to climate change.

Reference and administrative details

Charity name: VSO (Previously known as Voluntary Service Overseas)
Charity registration: 313757 (England and Wales)
Company registration: 00703509
Registered office: 2 Putney Hill, London SW15 6HB
Company secretary: Jenny Owen

Objects

VSO's objects, for which the charity was established, are to:

- advance education and aid the relief of poverty in any part of the world
- promote the effective use of resources for the purpose of advancing education or relieving poverty in any part of the world
- promote the voluntary sector.

Public benefit

VSO is a registered charity which acts at all times in accordance with its Articles. The activities undertaken by VSO to further its purposes for the public benefit are described throughout this Report.
The trustees have at all times had due regard to the Charity Commission's guidance on public benefit.

Governing document: VSO (limited by guarantee) is governed by its Articles of Association.
Royal patron: HRH The Princess Royal
Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP
Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

For more information

Website: www.vsointernational.org
Facebook: www.facebook.com/vso.international
X: www.x.com/VSO_Intl
Instagram: www.instagram.com/vsointernational
YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500
Email: enquiry@vsoint.org

Statement of Trustees' responsibilities

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing the financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable group's transactions, disclose with reasonable accuracy at any time, the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, and the provision of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure to our auditors

In so far as each of the trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors. The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

By order of the Board of Trustees

Julia Lalla-Maharajh OBE
Chair VSO
17 July 2024

Financial Statements

Independent auditor's report

to the members and trustees of VSO (Previously known as Voluntary Service Overseas)

Opinion

We have audited the financial statements of VSO ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2024 which comprise the consolidated statements of financial activities, the consolidated balance sheet, the consolidated cashflow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and the charitable company's affairs as at 31 March 2024 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 58, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

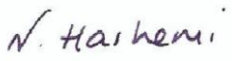
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income and major donations and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
22 July 2024

Consolidated statements of financial activities

for the year ended 31 March 2024

Income and expenditure	Note	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000
Income							
Donations and legacies							
Institutional grants	2a	-	15,647	**15,647**	68	24,660	**24,728**
Other donations	2b	6,881	15	**6,896**	6,236	3	**6,239**
Charitable activities							
FCDO ACTIVE grant	2c	-	9,000	**9,000**	-	9,000	**9,000**
Other trading activities	2d	221	5	**226**	292	3	**295**
Bank interest receivable and similar income		290	-	**290**	136	-	**136**
Total income		**7,392**	**24,667**	**32,059**	**6,732**	**33,666**	**40,398**
Expenditure	3						
Raising funds		**5,132**	**-**	**5,132**	**5,094**	**-**	**5,094**
Charitable activities							
Inclusive education		1,614	12,076	**13,690**	2,075	16,554	**18,629**
Health		893	5,667	**6,560**	667	5,624	**6,291**
Resilient livelihoods		1,076	8,048	**9,124**	725	7,260	**7,985**
Core approaches*		2	14	**16**	244	937	**1,181**
Total expenditure		**8,717**	**25,805**	**34,522**	**8,805**	**30,375**	**39,180**
Net operating income/(expenditure)		**(1,325)**	**(1,138)**	**(2,463)**	**(2,073)**	**3,291**	**1,218**
Net movement in funds		**(1,325)**	**(1,138)**	**(2,463)**	**(2,073)**	**3,291**	**1,218**
Transfer of funds	13	12	(12)	-	604	(604)	-
Reconciliation of funds							
Total funds brought forward		12,085	6,425	18,510	13,554	3,738	17,292
Total funds carried forward		**10,772**	**5,275**	**16,047**	**12,085**	**6,425**	**18,510**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 65 to 82 form part of these financial statements.

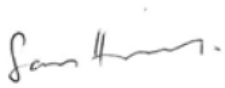
Balance sheet

As at 31 March 2024

	Note	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Fixed assets					
Tangible assets	8a	88	65	58	52
Intangible assets	8b	171	171	-	-
Investments	9	-	2,434	-	2,568
Total fixed assets		**259**	**2,670**	**58**	**2,620**
Current Assets					
Debtors	10	4,042	3,876	5,156	5,704
Short-term cash deposits		7,805	7,805	7,256	7,256
Cash at bank and in hand:					
In the UK and held by group subsidiaries		5,057	275	8,008	3,288
Overseas		1,572	1,572	2,024	2,024
Total current assets		**18,476**	**13,528**	**22,444**	**18,272**
Liabilities					
Creditors: amounts falling due within one year	11a	(2,483)	(2,174)	(2,364)	(2,116)
Net current assets		**15,993**	**11,354**	**20,080**	**16,156**
Total assets less current liabilities		**16,252**	**14,024**	**20,138**	**18,776**
Creditors: amounts falling due after one year	11c	-	-	(422)	(422)
Provisions for liabilities	12	(205)	(205)	(1,206)	(1,206)
Total net assets		**16,047**	**13,819**	**18,510**	**17,148**
Restricted funds					
Income funds	13,15	5,275	2,523	6,425	3,164
Unrestricted funds					
General fund	14,15	9,237	9,784	10,429	12,334
Designated funds	14,15				
Pension deficit repayment plan fund		(169)	(169)	(361)	(361)
Change programme fund		486	486	500	500
Fixed asset fund		259	236	58	52
Rapid response fund		316	316	316	316
Income generation		643	643	1,143	1,143
Total unrestricted reserves		**10,772**	**11,296**	**12,085**	**13,984**
Total funds		**16,047**	**13,819**	**18,510**	**17,148**

The notes on pages 65 to 82 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 17 July 2024.



Susan Hickey
Honorary Treasurer on behalf of the Trustees

Consolidated cashflow statement

for the year ended 31 March 2024

	Note	Group 2024 £'000	Group 2023 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities		**(2,785)**	**2,792**
Cash flows from investing activities			
Interest received		291	136
Proceeds from sale of assets		16	84
Purchase of property, plant and equipment	8	(376)	(1,077)
Net cash used in investing activities		**(69)**	**(857)**
Change in cash and cash equivalents in the reporting period		**(2,854)**	**1,935**
Cash and cash equivalents at the start of the reporting period		17,288	15,353
Total cash and cash equivalents at the end of the reporting period		**14,434**	**17,288**
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		**(2,461)**	**1,218**
Adjustments for:			
Depreciation charges	8	175	1,250
Gains on disposal of fixed assets	2d	(18)	(84)
Interest received		(291)	(136)
Decrease /(increase) in debtors	10	1,114	1,616
Increase/(decrease) in creditors falling due within one year	11a	119	(948)
(Decrease) in creditors falling due after one year and provisions	11c,12	(1,423)	(124)
Accounts related to the defined benefit pension scheme included within the statement	19	-	-
Net cash provided by operating activities		**(2,785)**	**2,792**
Analysis of cash and cash equivalents			
Cash at bank and in hand		6,629	10,032
Short-term cash deposits		7,805	7,256
Total cash and cash equivalents		**14,434**	**17,288**

Notes forming part of

the financial statements for the year ended 31 March 2024

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the group's ability to continue.

Group financial statements

The consolidated financial statements incorporate the financial statements of the charity, including overseas branches, and its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included line by line in the statement of financial activities. Balances and transactions between the charity and its subsidiary undertakings are eliminated on consolidation. The charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements. The net expenditure for the year to 31 March 2024 for the charity is £3,329,000 (2023: £532,000).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).
- Overseas tax liability – The charity has recognised a liability based on prudent estimations provided by tax advisers (see note 12).
- Revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in income recognition accounting policy.

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves policies are given on page 35-36 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 14 and 15).

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), VSO has chosen to report its charitable expenditure by the four thematic areas and core approaches as set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is apportioned across thematic areas based on the proportion of direct costs incurred across those practice areas.

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3).

Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. VSO also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

VSO is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to VSO each year.

Where VSO is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of VSO's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction.

Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are considered in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight-line basis over the term of the lease, adjusted for lease incentives where applicable.

Fixed and intangible assets and depreciation

Fixed and intangible assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is charged over the useful economic life of an asset on a straight-line basis as follows:

Assets held in the UK and subsidiaries	
Leasehold improvements	Length of the lease
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years
Assets held overseas	
All categories	Fully in the year of acquisition

The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use outside of the UK in the year of acquisition, in view of the uncertainty of conditions in the operating environment. It is the charity's policy to record these assets as disposals after three years.

Investments

The only investments VSO currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Netherlands) Limited	Stated at cost
100% ownership of Voluntary Service Overseas USA, Inc.	Stated at cost

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

VSO has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Provisions

Provisions are recognised where VSO has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Going Concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. VSO continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2024/25 and going forward. As described throughout this report, in 2023/24, as in 2022/23, VSO demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, VSO remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold a prudent level of general reserves to provide cover for unexpected financial changes and to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. The trustees continue to monitor progress on institutional fundraising including a three-year extension for UK government funded active citizenship and volunteering work. Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Income analysis

a. Institutional grants	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Governmental bodies				
Austrian Development Agency	-	408	**408**	572
British Council	-	-	**-**	24
Foreign Commonwealth Development Office - other funding	-	79	**79**	4,006
European Commission	-	50	**50**	1,725
Global Affairs Canada	-	1,556	**1,556**	1,397
Kreditanstalt fur Wiederaufbau	-	1,847	**1,847**	4,574
Ministry of Foreign Affairs of the Netherlands	-	2,277	**2,277**	3,365
Cambodian Ministry of Education, Youth and Sport	-	268	**268**	287
United Nations Agencies	-	2,840	**2,840**	3,106
USAID	-	160	**160**	191
Other public funding	-	-	**-**	22
Total governmental bodies		**9,485**	**9,485**	**19,269**
Non-government bodies				
Companies	-	416	**416**	236
Trusts and Foundations	-	4,163	**4,163**	4,573
Other charitable organisations	-	1,583	**1,583**	650
Total non-government bodies	**-**	**6,162**	**6,162**	**5,459**
Total institutional grants	**-**	**15,647**	**15,647**	**24,728**

2. Income analysis (continued)

b. Other donations	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Individuals	5,919	-	**5,919**	5,647
Major Donors	5	-	**5**	-
Legacies	302	15	**317**	399
Gifts in kind and pro bono services	655		**655**	193
Total donations and legacies	**6,881**	**15**	**6,896**	**6,239**

c. Charitable activities	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Volunteering for Development	-	9,000	**9,000**	9,000
Total charitable activities income	**-**	**9,000**	**9,000**	**9,000**

d. Other trading income	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Lettings	8	-	**8**	211
Sale of assets	13	5	**18**	84
Other	200	-	**200**	-
Total other trading income	**221**	**5**	**226**	**295**

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2024 £'000	Total costs 2023 £'000
By practice area						
Inclusive education	1,205	5,244	5,910	1,331	**13,690**	18,629
Health	564	2,455	2,766	775	**6,560**	6,291
Resilient livelihoods	803	3,497	3,939	885	**9,124**	7,985
Core approaches*	1	6	7	2	**16**	1,181
Total	**2,573**	**11,202**	**12,622**	**2,993**	**29,390**	**34,086**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

Charitable activities (excluding apportioned support costs) include pro bono services valued at £655,000 (2023: £29,000).

During the financial year, VSO spent £2,573,000 on grants to partners across 19 projects, the largest of which was funded by UNFPA under the Gender Based Violence project, where £365,000 was awarded to Peace Win in Nepal.

b. Analysis of support costs

	Governance costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2024 £'000	Total costs 2023 £'000
Inclusive education	279	101	267	415	269	**1,331**	2,274
Health	280	47	122	196	130	**775**	771
Resilient livelihoods	188	66	180	274	177	**885**	812
Core approaches	1	-	-	1	-	**2**	280
Apportioned support costs - charitable activities	**748**	**214**	**569**	**886**	**576**	**2,993**	**4,137**
Raising funds	81	29	75	123	79	**387**	534
Total apportioned support costs	**829**	**243**	**644**	**1,009**	**655**	**3,380**	**4,671**

Apportioned support costs include pro bono services valued at £141,000 (2023: £164,000).

4. Net incoming resources

Net movement in funds is stated after the following charges/(credits):

	2024 £'000	2023 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	48	43
Fees payable for the audit of the charity's subsidiaries	-	15
Fees payable for overseas tax consultancy	-	4
Other	2	-
Total fees payable to the charity's auditors	**50**	**62**
Depreciation		
Assets in the UK and held by group subsidiaries	39	331
Assets held overseas	136	919
Total depreciation charges	**175**	**1,250**
Gain on exchange rate movements		
Realised gains	(308)	(307)
Unrealised gains	178	(72)
Total gain on exchange rate movements	**(130)**	**(379)**

Unrealised gains on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2023: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to £1,000 (2023: £8,000), paid to 5 trustees (2023: 5).

6. Employee benefits including the cost of key management personnel

	2024 £'000	2023 £'000
Salaries and wages	12,813	13,675
Social security costs	795	908
Pension costs	857	910
Other employee benefits	1,123	979
Total	**15,588**	**16,472**

The 2024 wages and salaries figure above does not include an amount of £27,000 (2023: £74,000) relating to termination costs, nor do they include the provision for overseas tax (see note 12).

The table below shows the number of individual staff whose employee benefits, excluding employer pension costs, were in bands during the financial year:

	2024 £'000	2023 £'000
£60,001- 70,000	11	12
£70,001 - 80,000	12	7
£80,001 - 90,000	3	1
£90,001 - 100,000	1	2
£100,001 - 110,000	3	2
£110,001 - 120,000	3	2
£120,001 - 130,000	-	2
£140,001 - 150,000	1	1
Total	**34**	**29**

Total benefits, excluding employer pension costs, national insurance and social security, disclosed in the above bands include termination costs of £27,000 (2023: £13,000), and health benefits, housing, dependents' education, relocation / travel allowances totalling £126,000 (2023: £79,000).

The key management personnel comprise the trustees who make up the International Board, and the executive team led by the Chief Executive Officer. All trustees serve VSO voluntarily. They do not receive any employee benefits, only payment for reimbursement of out-of-pocket expenses (see note 5).

The executive team is made up of four members including the Chief Executive Officer. The total compensation costs, including employer's National Insurance contributions, pension and termination costs were £575,000 (2023: £605,000).

The Chief Executive Officer's salary, excluding pension contribution and taxes, for the year was £146,000 (2023: £142,000).

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2024 Headcount	2024 FTE	2023 Headcount	2023 FTE
UK and subsidiaries based	107	100	119	110
Overseas based	366	365	381	379
Total	**473**	**465**	**500**	**489**

8. Fixed assets

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and Fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2023	**-**	**42**	**1,702**	**3,595**	**5,339**
Additions	-	-	67	136	203
Disposals	-	-	-	(1,243)	(1,243)
At 31 March 2024	**-**	**42**	**1,769**	**2,488**	**4,299**
Accumulated depreciation					
As at 1 April 2023	**-**	**42**	**1,644**	**3,595**	**5,281**
Charge for the year	-	-	37	136	173
Disposals	-	-	-	(1,243)	(1,243)
At 31 March 2024	**-**	**42**	**1,681**	**2,488**	**4,211**
Net book value					
At 31 March 2023	**-**	**-**	58	**-**	**58**
At 31 March 2024	**-**	**-**	**88**	**-**	**88**
Held by parent charity	**-**	**-**	**65**	**-**	**65**
Held by subsidiaries	**-**	**-**	**23**	**-**	**23**

8. Fixed asset (continued)

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2023	72	72
Additions	173	173
As at 31 March 2024	**245**	**245**
Accumulated depreciation		
As at 1 April 2023	72	72
Charge for the year	2	2
As at 31 March 2024	**74**	**74**
Net book value		
As at 31 March 2023	-	-
As at 31 March 2024	**171**	**171**

Intangible assets are all held by parent charity.

9. Investments

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Market value at the beginning of the year	-	2,568	-	2,892
Impairment of investment	-	(134)	-	(324)
Market value at 31 March 2024	**-**	**2,434**	**-**	**2,568**

Investments held by the charity at 31 March 2024 comprise £492k held in Voluntary Service Overseas (Ireland) Limited and £1,939k held in Voluntary Service Overseas (Netherlands).

Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost. Voluntary Service Overseas USA, Inc and VSO Trading have nil value. (See note 17).

The net asset value of Voluntary Service Overseas (Ireland) has decreased following grants made to parent charity in line with its charitable objective and the subsidiary reserves policy. As a result, the value of the investment in the Charity only balance sheet has been impaired.

10. Debtors

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Trade debtors	2,074	1,846	2,912	3,555
Amounts due from VSO Ireland	-	35	-	54
Amounts due from VSO USA	-	148	-	-
Other debtors	558	539	489	18
Accrued income	754	708	1,530	1,488
Prepayments	656	600	225	589
Total	**4,042**	**3,876**	**5,156**	**5,704**

All amounts above are due within one year, except for amounts relating to lease deposits (2024: £Nil, 2023: £37,339).

Legacies of which we have been notified, but not recognised as income, are valued at £972,000 (2023: £529,881).

11. Creditors

a. Amounts falling due within one year	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Trade creditors	548	465	876	871
Amounts due to VSO Netherlands	-	104	-	102
Other creditors	545	401	311	106
Pension contributions payable	91	69	36	17
Tax and social security	203	207	167	173
Accrued expenditure	505	497	603	595
Accrual for compensated employee leave	591	431	371	252
Total	**2,483**	**2,174**	**2,364**	**2,116**

b. Amounts falling due after one year	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Other creditors	-	-	422	422
Total	**-**	**-**	**422**	**422**

No interest is incurred on any creditors.

12. Provisions for liabilities – group and charity

	As at 1 April 2023 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2024 £'000
Overseas tax	**320**	-	-	(289)	**31**
Volunteer flights	**33**	(28)	-	-	**5**
Dilapidations	**492**	248	(740)	-	**-**
Pension deficit	**361**	-	(192)	-	**169**
Total	**1,206**	**220**	**(932)**	**(289)**	**205**

Overseas tax

A liability across VSO's global portfolio has been identified in relation to overseas taxes. This has been provided for and is being managed with relevant authorities and expert services.

Volunteer flights

Provision is made in the financial statements for the cost to the charity of return airfares for volunteers on placement at the end of the financial year.

Dilapidations

The provision for dilapidations has been fully utilised. Our main building lease in Kingston ended in May 2023, dilapidations worked started during the period and ended in May 2023.

Pension deficit

VSO participates in the Pensions Trust Growth Plan, a multi-employer defined benefit scheme in the UK. The rules of the Plan give the trustees the power to require employers to pay additional contributions to ensure the scheme has sufficient assets to meet its past service liabilities. The deficit will be fully paid by January 2025.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid £206k (2023: £206k) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

13. Restricted funds

a. Movement on restricted funds		Opening balance 2024 £'000	Transfer 2024 £'000	Incoming resources 2024 £'000	Resources expended* 2024 £'000	Closing balance 2024 £'000	Opening balance 2023 £'000	Transfer 2023 £'000	Incoming resources 2023 £'000	Resources expended 2023 £'000	Closing balance 2023 £'000
ACTIVE	FCDO	**-**	-	9,005	(9,005)	**-**	**-**	-	9,003	(9,003)	**-**
Unlocking Talent Primary Education	KfW	**-**	-	1,513	(1,195)	**318**	**-**	-	2,900	(2,900)	**-**
Make Way	Dutch MOFA	**655**	-	1,711	(1,910)	**456**	**376**	-	2,412	(2,133)	**655**
Empowering Adolescent Girls to Learn and Earn	Global Affairs Canada	**724**	-	1,556	(1,571)	**709**	**517**	-	1,398	(1,191)	**724**
Education Cannot Wait	Education Cannot Wait	**503**	-	1,221	(949)	**775**	**-**	-	976	(473)	**503**
Learning through Play	Lego Foundation	**456**	-	1,202	(1,050)	**608**	**456**	-	928	(928)	**456**
Building Foundational Learning through Technology	Hempel Foundation	**-**		1,049	(590)	**459**	**-**	-	-	-	**-**
Preventing Gender Based Violence	UNFPA	**100**	-	1,088	(1,178)	**10**	**29**	-	1,096	(1,025)	**100**
IKEA Foundation – Waste to Work	IKEA	**1,514**	-	780	(1,241)	**1,053**	**-**	-	1,760	(246)	**1,514**
Building Educational Foundations through Innovation and Technology	Imagine Worldwide	**-**	-	756	(755)	**1**	**-**	-	-	-	**-**
Challenge Fund for Youth Entrepreneurship	Dutch MOFA	**(68)**	-	573	(827)	**(322)**	**(41)**	-	982	(1,009)	**(68)**
Integrated Peacebuilding, Development & Humanitarian Efforts across borders	Austrian Development Agency	**373**	-	408	(664)	**117**	**-**	-	572	(199)	**373**
Education Services Joint Fund	KfW	**221**	-	334	(381)	**174**		-	1,673	(1,452)	**221**
Robert Carr Fund Exceptional Funding Opportunity	Robert Carr Fund	**107**	-	315	(300)	**122**	**-**	-	357	(250)	**107**
Youth and Women Empowerment through Skills	GSRD Foundation	**12**	-	311	(300)	**23**	**-**	-	67	(55)	**12**
RECOVER	DanChurchAid	**125**	-	205	(330)	**-**	**20**	-	410	(305)	**125**
Other grants	Various donors	**1,703**	(12)	2,640	(3,559)	**772**	**2,381**	(604)	9,132	(9,206)	**1,703**
Total restricted funds		**6,425**	**(12)**	**24,667**	**(25,805)**	**5,275**	**3,738**	**(604)**	**33,666**	**(30,375)**	**6,425**

The top sixteen grants for 2023/24 and their prior year comparators are shown.

The Dutch MOFA funded Challenge Fund for Youth Entrepreneurship project had a closing deficit of £322,000. The project is ongoing and payment milestones are expected to be materially met in future years.

14. Unrestricted funds

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Total £'000
As at 1 April 2022	**11,882**	**(567)**	**365**	**231**	**-**	**1,643**	**13,554**
Surplus / (deficit) for the year	(1,693)	206	(86)	-	-	(500)	**(2,073)**
Transfer from restricted	67	-	221	-	316	-	**604**
Transfer between funds	173	-	-	(173)	-	-	**-**
At 31 March 2023	**10,429**	**(361)**	**500**	**58**	**316**	**1,143**	**12,085**
Surplus / (deficit) for the year	(1,019)	192	(14)	16	-	(500)	**(1,325)**
Transfer from restricted	12	-	-	-	-	-	**12**
Transfer between funds	(185)	-	-	185	-	-	**-**
At 31 March 2024	**9,237**	**(169)**	**486**	**259**	**316**	**643**	**10,772**

Designated funds:

Pension deficit repayment plan fund
The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 19).

Change Programme fund
The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country.

Fixed asset fund
Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Rapid response fund
Funds designated to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities.

Income generation fund
In March 2019, the trustees designated a £3.0m fund to support unrestricted income growth and income portfolio diversification over the next three years. The priorities and programmes for this fund continue to be revised based on returns and the investment timeframe has been extended.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2023 are represented by:								
Tangible fixed assets	-	-	-	58	-	-	-	58
Current assets	14,058	-	500	-	316	1,143	6,427	22,444
Current liabilities	(2,362)	-	-	-	-	-	(2)	(2,364)
Long term liabilities and provisions	(1,267)	(361)	-	-	-	-	-	(1,628)
Total net assets	**10,429**	**(361)**	**500**	**58**	**316**	**1,143**	**6,425**	**18,510**

	General fund £'000	Pension deficit Repayment Plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2024 are represented by:								
Tangible fixed assets	-	-	-	-	259	-	-	259
Current assets	11,756	-	486	316	-	643	5,275	18,476
Current liabilities	(2,371)	-	-	-	-	-	-	(2,371)
Long term liabilities and provisions	(148)	(169)	-	-	-	-	-	(317)
Total net assets	**9,237**	**(169)**	**486**	**316**	**259**	**643**	**5,275**	**16,047**

16. Operating leases

As at 31 March 2024 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below.

	2024 £'000	2023 £'000
In the UK:		
Within one year	36	83
Overseas:		
Within one year	146	156
Within two to five years	11	116
Total	**193**	**355**
Lease expense	**52**	**1,020**

As at 31 March 2024 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2024 £'000	2023 £'000
In the UK		
Within one year	-	13
Total	**-**	**13**

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building which terminated in May 2023.

17. Subsidiary companies

	VSO Ireland 2024 £'000	VSO Netherlands 2024 £'000	VSO USA 2024 £'000	VSO Ireland 2023 £'000	VSO Netherlands 2023 £'000	VSO USA 2023 £'000
Income	300	5,672	952	288	7,889	-
Expenditure	(431)	(5,602)	(150)	(528)	(5,937)	(287)
Retained profit/(loss) for year	**(131)**	**70**	**802**	**(240)**	**1,952**	**(287)**
Total assets	533	4,670	2	628	4,566	35
Total liabilities	(41)	(405)	(119)	(5)	(341)	(954)
Total funds	**492**	**4,265**	**(117)**	**623**	**4,225**	**(919)**

As at 31 March 2024, the VSO Group comprises the parent charity (VSO), three active subsidiary undertakings and one dormant subsidiary undertaking.

Voluntary Service Overseas (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799. Registered address: 10 Earlsfort Terrace, Dublin 2, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

Voluntary Service Overseas (Ireland) Limited delivers its principal activity of advancing education and to aid in the relief of poverty in any part of the world, by providing unrestricted grants for VSO programme work.

VSO Nederland Stichting

A charitable foundation VSO Nederland Stichting: registration number 41155934. Registered address: Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company is a wholly owned subsidiary and was acquired on 1 April 2019. VSO Nederland Stichting raises funds both from the general public and institutional donors for programmatic work carried out by VSO.

Voluntary Service Overseas USA, Inc.

A US corporation with US 501 (c) (iii) status; registered in the state of Delaware; registration number 82-4699627. Registered address: 700 K Street NW, Suite 4-143, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018. Voluntary Service Overseas USA, Inc works on business development.

VSO Trading Limited

A company limited by share capital incorporated in England and Wales (company number 02315724, 2 Putney Hill, London, SW15 6AB). VSO Trading Limited is wholly owned by VSO.

The principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO. The net taxable profit of the subsidiary is transferred by Gift Aid to VSO. In 2021, this company was made dormant, as this type of activity is not planned for the foreseeable future.

18. Related party transactions

There have been no related party transactions that require disclosure, other than the transactions between the Charity and subsidiary companies detailed below:

	VSO Ireland 2024 £'000	VSO Netherlands 2024 £'000	VSO USA 2024 £'000	VSO Ireland 2023 £'000	VSO Netherlands 2023 £'000	VSO USA 2023 £'000
Payments received for services	119	-	-	118	-	-
Sub-grants paid to	-	107	149	-	66	295
Sub-grants received from	107	1,611	-	270	1,405	-

£952k of intercompany debt held by VSO USA was written off by VSO.

19. Pension costs

The primary scheme for the charity's UK employees is a Scottish Widows defined contribution scheme. Auto-enrolment has been available for all eligible UK employees since February 2014. A variety of other suppliers provide schemes for staff based in the rest of the world.

The following table shows the impact to the consolidated statements of financial activities in 2024 and 2023.

	2024 £'000	2023 £'000
Contributions to defined contribution schemes	857	910
Contributions to defined benefit scheme - The Pension Trust	192	206
The Pension Trust – deficit reduction liability: unwinding of discounting	14	10
The Pension Trust – deficit reduction liability: impact of any change in assumptions	-	(10)
The Pension Trust – deficit reduction liability: amendments to the contribution schedule	-	-
Total	**1,063**	**1,116**

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 638 non-associated participating employers. The Plan is a defined benefit scheme in the UK which has been closed to new VSO entrants since October 2009. As at 31 March 2024, VSO employed 6 (2023: 8) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme, so it is treated as a defined contribution scheme.

The Plan is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

The rules of the Plan give the trustees the power to require employers to pay additional contributions to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as technical provisions.

Whilst the last full actuarial valuation for the scheme was carried out on 30 September 2023, the results have not been finalised. The valuation prior to that was at 30 September 2020 showing assets of £800m, liabilities of £832m and a deficit of £32m. To eliminate this funding shortfall, the trustee asked the participating employers to pay recovery plan contributions to the scheme, in line with their estimated share of the Series 1 and Series 2 scheme liabilities, until 31 January 2025. Where a scheme is in deficit and the employer has agreed to a deficit funding arrangement, the employer must recognise a liability for the full obligation.

Future contributions for VSO as at 31 March 2024 are as follows:

Financial Year	£'000
2024/25	169

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed below. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2024 £'000	2023 £'000	2022 £'000
Present value of provision	169	361	566

Reconciliation of opening and closing provisions	2024 £'000	2023 £'000
Provision at start of period	361	566
Unwinding of the discount factor (interest expense)	14	11
Deficit contribution paid	(206)	(206)
Remeasurements – impact of any change in assumptions	-	(10)
Provision at end of period	**169**	**361**

Income and expenditure impact of defined benefit scheme	2024 £'000	2023 £'000
Interest expense	14	10
Remeasurements – impact of any change in assumptions	-	(10)
Cost recognised in the SOFA	**14**	**-**

Assumptions

	2024 % per annum	2023 % per annum	2022 % per annum
Rate of discount	5.31	5.52	2.35

These discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Plan is classified as a 'last-man standing arrangement', so VSO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme although participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

19. Post balance sheet event

On 6 September 2023, Stichting VSO International, a Foundation registered in the Netherlands, was established (RSIN 8650692). On 17 July 2024 following adoption of the revised articles, the schedule of delegation and the appointment of the current VSO directors, the Stichting became the parent company of the VSO group.

Thank you

Our work wouldn't be possible without the dedication and support of thousands of people, partners, and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising. From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work. The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you. Here are just some of the individuals and organisations who made a vital contribution to our work in 2023/24.

African Union
Austrian Development Agency
Avert
British Council
Civil Society and Indigenous People's Mechanism of the Committee on World Food Security
Deaf Child Worldwide
Education Cannot Wait Consortium
Education Development Trust
European Commission
Eriks Development Partner
Errol & Glynis Pereira
Foreign, Commonwealth & Development Office
Global Affairs Canada
Global Campaign for Education
Global Partnership for Education
GSRD Foundation
Hempel Foundation
IKEA Foundation
Imagine Worldwide
International Civil Society Centre
International Forum for Volunteering in Development
International Health Coverage
Johns Hopkins University
KfW Entwicklungsbank
Lego Foundation
Ministry of Education, Youth and Sports of Cambodia under the loan of Asian Development Bank
Ministry of Foreign Affairs of The Netherlands
Norwegian Refugee Council
Onebillion
Palladium
Pan African Climate Justice Alliance
Population Services Kenya
Randstad
Robert Carr Fund
Civil Society Networks Fund
Royal Norwegian Embassy
Save the Children International
Southern Africa Network of Prisons
Standard Chartered Foundation
Thammasat University
The Worshipful Company of Grocers
UCL
UNESCO
UNFPA
UNICEF
UNGEI
UNOCHA
UN Trust Fund
UNV
UNWOMEN
USAID
Weeshuis der Doopsgezinden
Wees een Kans
Wemos
WHO

We are deeply grateful to the supporters who left a legacy to VSO through gifts in their wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

Andrew Baillie, Brenda Bray, Bryan Clark, Anthony Corcoran, Marjorie Corcoran, Pauline Davies, Christine Eastmond, Joan Glass, Anne Hazelton, Mary Mundy, Rosalind Norris, Brian Raper, David Simpson, Fiona Scott, Richard Tunstall.

If you would like to know more about VSO's work worldwide, visit www.vsointernational.org

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VSO

England & Wales - Charity number 313757

Accounts

Annual report and accounts

2022/23

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VSO

Lasting change
through volunteering

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Thank you 77

Foreword from our Chair

This year, many of the global COVID-19 pandemic restrictions were gradually lifted. For countries and communities already facing considerable challenges, there is a huge job to be done to make up lost ground in health, education, and livelihoods. As a result of school closures around the world, some children have lost two years of education. There are risks that many children, particularly girls, may never return to school. The war in Ukraine has highlighted the challenge of food security globally but especially in sub-Saharan Africa. Unemployment continues to rise in many of the countries in which we work, particularly among the young. Critically, the pandemic has had a disproportionate impact on the most vulnerable. Its impact on women and girls' socio-economic welfare threatens to reverse the hard-won gains in advancing gender equality and women's empowerment.

This is the context in which we delivered our work in 2022/23. It is why our work continues to focus on the most marginalised and why we explicitly focus on building resilience for vulnerable communities, inclusion for those who have been left out and more accountable institutions that can respond to people's needs.

In Nepal, I met with communities living in remote regions along the Bheri river. They spoke of the changes they had seen to an already fragile climate, including swarms of locusts, increased pollution, and raging forest fires. All of these threaten their slender incomes and make daily life difficult. I heard first-hand from teachers, staff, and pupils of a school for hearing impaired children. Some children were accessing education for the first time. The social norms on how they were treated in the community were changing for the better. I also learned more about child marriage – with 37% of all girls in Nepal being married before they are eighteen – and VSO's work to prevent this happening through the UK-government-funded Empowering a New Generation of Adolescent Girls with Education (ENGAGE) project.

This year, we launched the Active Citizenship through Inclusive Volunteering and Empowerment (ACTIVE) project. This is an exciting new initiative, covering 18 countries around the world, supported by the UK government, that builds on work we have done under the UK-government-funded, Volunteering for Development (VfD) programme.

Throughout the year, we were also able to showcase our work and provide a platform for volunteers and primary actors to share their experience at a range of global and regional events. These included: the United Nations Commission on the Status of Women, where we were able to demonstrate the use of education technology to promote gender equity in education, health and livelihoods; the International Conference on Family Planning, where we shared innovative technology to deliver integrated reproductive health and family planning services to marginalised young people; and the Commonwealth Heads of Government Meeting in Rwanda, where along with a range of world-leading youth organisations, we signed the non-formal education alliance with the Commonwealth Secretariat to promote and recognise informal learning.

These are just a few examples of the kind of work that VSO does across the world – working with people who are vulnerable and marginalised, their communities, and local and national authorities, to make sure there is a fair world for everyone.

From a financial perspective, our overall income has stabilised after the significant cuts in UK government funding over the last two years. We are hopeful that by continuing to diversify our funding sources and demonstrating the impact of our work, our income will start to increase over the coming years, enabling us to reach more people in more places. We are enormously grateful to the general public in Ireland, the Netherlands and the UK who have continued to generously support us despite the cost-of-living crisis. We say more about our finances in the Financial review on p24.

As Chair, I am proud to be part of an organisation that this year alone has supported over 10.9m vulnerable people through its work. This annual report gives an insight to how we have reached those people and the difference it has made to them and their communities.

Julia Lalla-Maharajh OBE
Chair VSO

Our year in numbers

7,786 people volunteered with VSO

VSO worked with communities in 35 countries.

10.9 million

people were reached nearly 7.4 million indirectly and over 3.5 million directly including:

More than

3.2 million

through our education projects

Over

87,000

through our wider work on resilience, inclusion and social accountability. To help people prepare for disaster, build peaceful communities, tackle gender-based violence, and create inclusive societies for people with disabilities.

Almost

90,000

through our health projects

4%

of the people we worked with were people living with disability

Almost

200,000

through our resilient livelihoods programme

51%

of the people we worked with were women

©VSO

Our vision

A fair world for everyone

Our purpose

Creating lasting change through volunteering

Our values

Collaboration

- Empower poor and marginalised people to take charge of their own development
- Share skills and knowledge to create long lasting, sustainable change
- Build collaborative partnerships that promote innovation, growth and impact

Knowledge

- Lead volunteering for development, setting the standard for ourselves and others
- Use evidence and insight to guide our actions
- Recruit the right people and work where we have the greatest impact

Inclusion

- Stand beside and advocate for those who have been denied choice and opportunity
- Promote diversity and equality throughout our work
- Encourage different, inquisitive perspectives

Integrity

- Commit to safeguarding and take a zero-tolerance approach to abuse and harm
- Treat others with respect, as equals
- Be open, transparent and accountable in everything we do

Doing development differently

Our volunteering for development approach

VSO's volunteering for development method provides opportunity for everybody to build a more equitable society.

We do that by focusing first on those who are left out by society – those living in extreme poverty, or with disability and illness, those who face discrimination and violence for their gender, sexuality, or social status. These are not passive "beneficiaries" of aid. They are the "primary actors" at the heart of our work. It is from their viewpoint and actions that we seek to define the issues, opportunities, and solutions that deliver sustainable and locally led change.

What do we mean by primary actors?

Primary actors are those marginalised people in the communities we work with. They are the ones at the heart of our projects, helping us understand the community's needs, and working with volunteers on delivering the most impactful solutions. Our responses are driven by demand from the poorest and most marginalised. We always work with local partners who can guide the most effective support.

Why do we use that term?

'Primary', because they are principal contributors to VSO's work, and they shape the design and delivery of programmes. 'Actors' because they are active agents. VSO does not do development to communities; it works alongside them.

Our VfD method recognises the importance of relationships in forging a shared understanding and commitment to, and building collective action for, lasting change. Through teams of community, national and international volunteers, it brings together a diversity of perspectives and experience to generate insights, innovate ideas and undertake actions that can address the underlying causes to complex problems facing our communities. It inspires and ignites the potential for active citizens everywhere across the globe to step forward and drive the change that will create a fair world for everyone.

All our programmes address the root causes of marginalisation by focusing on three areas – what we call "core approaches" – that reliably tackle the structures, systems and conditions that make people vulnerable. These core approaches are fundamental to our VfD method, ensuring the people we work with have the confidence and capacity to bring about change in their own lives. These core approaches are the ones through which we define our programmes.

Social inclusion and gender

Millions of people face discrimination because of their gender, age, disability, cultural background or sexual orientation. VSO aims to dismantle the causes behind exclusion in all its forms.

Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. Those who are already vulnerable are most at risk. Our goal is to help communities and societies prepare and adapt to disasters, as well as reducing their vulnerability to shocks and stresses.

Social accountability

Many people around the world are denied their basic rights. Corruption, fear, and unequal power dynamics stop people from speaking up and demanding what they are entitled to. VSO works to support people exercising their voice, no matter who they are or where they are from. We also help authorities respond to the needs of people they are there to serve.

The CLARITY project is addressing the challenges that exclude women, youth, and people with disabilities from equally benefiting from the extractive sector in Tanzania's Lake Zone districts.

Strengthening Social Inclusion and Gender

As part of the efforts to ensure no-one is left behind, VSO uses and promotes the Washington Group of Questions. These are tools which allow us to get better data on people living with disabilities. This, in turn, ensures our programmes include and support them.

Last year, in Nepal, we trained teachers in 203 government schools to use these tools. Over 14,000 learners were assessed and, as a result, we identified 382 children (3% of learners) with disabilities. By informing teachers and the local authorities of the extent of disability in government schools, we supported their ability to respond to the needs of those learners. This is crucial if we are to live up to the principle of leaving no-one behind which underpins the Sustainable Development Goals. This approach will be rolled out to other schools in Nepal.

In both Nepal and Kenya, we supported Girls and Inclusive Education Networks (GIEN) to sensitise girls to their rights. The networks of schoolgirls, teachers and youth mentors support girls to raise their concerns to the relevant authorities about abuse and violence from teachers and other children. In both countries, we are seeing girls growing in confidence to speak out. As an Education Administration officer from Parsa in Nepal commented,

> "When I came to Dhobini 2 years ago, I saw girls who were comfortably tending to goats and cows in the village starting to go to school. I was initially shocked and wondered how this had happened and whether it could be sustained. This is when I learnt about VSO's project interventions and the role GIEN play in creating the enabling environment for these girls to flourish at school."

We also supported the strengthening of gender policies and sought to influence governments on inclusion. In Cambodia, we helped the government develop a gender sensitive action plan for fisheries administration. In Tanzania, VSO developed the mitigation strategy to overcome social exclusion and improve gender equality in the extractives sector as part of our interventions on the EU-funded Collective Action for Rights Realisation in Extractive Industry (CLARITY) project. This strategy highlights areas for ensuring safety, security, and protection of women.

Resilience building

Over the past year, alongside education and health providers, VSO volunteers collaborated with communities on the frontline of climate crises to apply VSO's volunteer-led resilience process. This process supports locally led responses to climate change through community risk assessment and action planning. It also identifies the wider systemic changes that help communities and local authorities adapt to the impacts they face from climate change.

VSO volunteers have been training climate specialists as well as youth volunteers to work alongside community representatives, local government and education and health providers before a crisis happens. They identify and address vulnerabilities within communities, as well as support responses when disasters occur. VSO has developed a digital dashboard to support our volunteers and stakeholders to evidence climate impacts, identify resilience-building priorities and to monitor new risks and actions.

Following major flooding in Nigeria, VSO led a team of 10 volunteers to evidence the loss and damage incurred by over 1,000 households, and to identify priority areas of support. The results were digitised and submitted to provincial disaster response agencies to support the design of their response.

VSO volunteers worked with affected communities to develop climate resilience plans and to establish drainage systems to reduce vulnerability to future floods.

Climate resilience plans were developed in Zimbabwe and Mozambique, where volunteers supported communities to take forward climate adaptation actions such as agro-ecological farming and emergency preparedness to reduce risks from cyclones and flooding. This is even more critical as cyclone frequency and intensity has continued to escalate in the region.

In Mozambique, VSO worked with the National Youth Council and National Disaster Management Authority in the lead up to Cyclone Freddie, to train young people in emergency response skills including simulation of floodings. We have developed innovative digital technology to support partner organisations and government ministries to be able to map, assess and respond to climate risks.

In Nepal, VSO supported climate risk assessments and action planning in over 30 schools and 16 health centres to identify actions which can be taken forward to address reduced access and quality of services due to climate disruption.

Smallscale farmers participating in a training on agroecology in Chimanimani district in Zimbabwe. The Empowered and Resilient Communities project is aimed at increasing food and nutrition security among communities prone to natural disasters.

Regina with her son outside her parents' home where she now lives and is raising her son with the assistance of her parents in Zambia. Regina returned to her parents' house after she learned that child marriage was illegal.

Building Social Accountability to Improve the Delivery of Services

The Dutch government-funded Make Way project seeks to promote affordable, accessible and quality sexual and reproductive health services for vulnerable youth in Zambia, Kenya, Uganda, Rwanda and Ethiopia. These types of youths are largely invisible to public policy making and implementation due to their multiple vulnerabilities arising from gender, sexuality, ethnicity, and socio-economic background. Through the concept of "intersectionality", the Make Way project recognises the interconnectedness of these multiple vulnerabilities which create complex systems of discrimination or disadvantage for vulnerable young people. Utilising an Intersectional Community Scorecard (ICSC) as a social accountability tool, the project has given these young people a platform through which they can share their experiences. VSO national and community volunteers in Kenya, Rwanda, Uganda and Zambia have supported vulnerable youth to use the ICSC. This provided community-generated evidence which has been used to engage service providers to improve the delivery of local health services. It has also informed health policy reform among local governments in Kenya and Zambia.

Continued use of the ICSC is expected to deepen the involvement of vulnerable youth in health system strengthening in all five countries where the Make Way programme is being implemented.

Our Work in Education

Our inclusive and resilient education work gives every child the opportunity to learn literacy and numeracy at the right level. This year, around the world, VSO has made significant contributions to improving learning outcomes and recovering the learning losses that children have experienced because of the COVID-19 pandemic. We have also been working to break down social barriers to inclusive education and to strengthen education systems.

As part of our achievement, over **2.6m** learners in primary education had improved learning in literacy and numeracy by 22% and 11%, respectively.

Improved Learning Outcomes

In Nepal, the ENGAGE project helped over 5,600 of the most vulnerable out-of-school girls and over 26,000 other children across 203 schools to improve significantly their ability in maths and reading. Overall, children increased their early grade mathematics assessment scores from 42 to 111 out of 260 – an increase of 27%. In early grade reading assessments, their scores improved from 16 to 42 out of 76, an increase of 34%.

The UK government-funded Building Learning Foundations project in Rwanda worked with more than a million boys and over a million girls, including almost 90,000 children with disabilities, in primary education across 30 districts to improve their skills in English and mathematics. Post COVID-19, we have been supporting children to recover learning and make improvements in English and maths.

In Kenya, we worked to improve the literacy and numeracy of over 5,000 out-of-school girls aged between 10 and 19 years in Garissa, Isiolo, Kilifi, Migori and Kisumu counties on the UK government-funded Education for Life (EFL) project. These girls have lived through violent cattle-rustling and inter-ethnic conflict. Many are survivors of sexual abuse, gender-based violence and modern-day slavery. Although they are children, many of them already have children of their own because of sexual abuse. VSO has established Catch-Up Centres for accelerated learning and supported the girls to transition into formal schools, to access apprenticeships and vocational training and to build opportunities for decent employment.

In the Education for Life project, we saw an 85% increase in school attendance by providing

Pascoa, a community supporting teacher and Amelia, a primary actor. The EAGLE project aims to empower adolescent girls aged 15-18 years who dropped out of school in Mozambique.

learning materials, hygiene kits, assistive devices such as wheelchairs, crutches, and mobility canes, and through community engagement to build support for education for girls and for children living with disabilities. Of those who came back into education, 10% of girls aged 10-14 years returned to formal schools. Of those girls aged 15-19, 17% went into vocational training, 37% into entrepreneurship training and 26% into apprenticeships. The girls showed improvement in numeracy and in reading and writing in both Kiswahili and English. The girls who enrolled in entrepreneurship training and apprenticeships have been supported to start small-scale businesses that are now enabling them to meet their basic needs.

In Uganda, VSO volunteers worked in 93 primary schools and 8 Early Childhood Care and Education centres in Yumbe through the ACTIVE and UN-funded All Pupils Learning for Ultimate Success (A-PLUS) projects. Volunteers mentored and coached teacher educators and early grade teachers to build their confidence in using the curriculum, and effective use of child centered teaching methods in large classes. This has improved numeracy and literacy skills among early grade learners.

In Sierra Leone, the ACTIVE project is working in 52 schools in the rural districts of Pujehan and Kailahun to expand the use of cost-effective education technology that raises learning outcomes of marginalised children. This is directly contributing to the Ministry of Basic and Secondary Education's goals of improving foundational learning, strengthening the education system, and of effectively using education technology to reach marginalised children in remote areas.

Addressing Social and Systematic Barriers to Inclusive and Equitable Education

VSO volunteers have worked with communities on the EFL project in Kenya, increasing awareness of education for girls and children with disabilities. They increased support in the community, in families and among husbands, as well as supporting continued learning for adolescent girls and youth. As a result, community groups have emerged to champion and advocate for girls' education. As a male champion in Isiolo, Kenya explains:

"I ensured that girls at my village attend classes daily and I kept passing by their homestead to inform them about a class day and keeping time."

A participant in the Girls focus group discussions noted:

"While I attended training, my husband would fetch water and buy firewood because I would typically come back home late. I would also find the house clean. They also offered support by taking care of the children."

VSO also integrated sexual and reproductive health and rights awareness into the accelerated learning programme. This has given girls the confidence to make informed choices on use of contraception. Girls are now more aware of negative practices that violate their rights. Nevertheless, social norms relating to stigma on teenage pregnancy and marriage continue to disrupt some girls from enrolling in accelerated learning.

In the ACTIVE and A-PLUS projects in Uganda, volunteers worked with 204 Parent Teacher Associations and 136 School Management Committees to better understand their roles and responsibilities and to build their awareness and confidence to lead a back-to-school campaign for children after the COVID-19 lockdown. They mentored teachers and supported parents to monitor the quality of home-based learning during the pandemic and to ensure teachers were held accountable for the quality of teaching.

Education Systems and Policies Responsive to the Rights of Learners to Education

In 2022/23, VSO continued to invest in strengthening inclusive education systems. In Kenya, volunteers on the EFL project developed a strategic partnership with the Adult and Continuing Education, Technical Vocational Education Training and Special Needs Education teams in the Ministry of Education to advance policy and systems change.

The government used evidence from the improved learning amongst girls to develop Accelerated Education Guidelines. These strengthened the Kenyan education system to respond to the needs of girls and young people who have been out of school for a variety of reasons. School Management Committees and Parent Teacher Associations have reviewed and formulated school policies which they are using to bring girls back into education and to support them to transition to entrepreneurship, apprenticeship, and vocational training.

In Rwanda, VSO volunteers on the Building Learning Foundations project have worked with local authorities to develop the roles of district Special Needs Education Coordinators (SNECOs). These SNECOs provide sustained inclusive education technical support to teachers and headteachers. The Rwandan Government has adopted SNECOs into their education policy with a commitment to institutionalise the newly established Special Needs and Inclusive Education Unit within the Rwanda Education Board.

VSO volunteers have also established Teacher-Led Communities of Practice and District Training Teams to promote child-centred pedagogy, teachers' Continuous Professional Development and inclusive practice for learners with disabilities in the classroom. The Rwandan Government has adopted the Community of Practice for Teachers as part of their education policy, and across Rwanda 80% of headteachers are now financially supported to attend the monthly Teachers Community of Practice as a professional teacher learning community. As Musanze, a Rwandan education official highlights:

"Nowadays, teachers are able to identify children with different learning difficulties and set classroom learning objectives according to individual differences and needs."

Launch of the Building Learning Foundations tool kit in Gasabo District, Kigali, Rwanda.

Our Work in Health

Our global health strategy aims to ensure that all adolescents and youth realise their rights to quality Sexual, Reproductive, Maternal, Newborn, Child, and Adolescent (SRMNCA) health and well-being. This includes transforming structural barriers and negative social and harmful traditional norms.

As part of our achievement, **75,000 young people** (10-24 age group) improved their knowledge and attitude in Sexual Reproductive Health and Rights.

In 2022/23, VSO contributed to reducing Gender-Based Violence (GBV) against women and girls through primary actors' collective action under The UN Trust Fund to End Violence against Women (UN Trust Fund) Speak it Loud project in Zimbabwe and through the United Nations Population Fund (UNFPA) Gender-Based Violence Prevention and Response project (GBVPR II) in Nepal.

VSO volunteers on the Speak it Loud project in Zimbabwe led training and awareness raising on prevention of sexual exploitation and abuse with primary actors as well as building the capacity of Civil Society Organisations (CSOs) and local partners in Mashonaland. As a result, local CSOs put in place tracking mechanisms to prevent and address GBV cases and primary actors started to speak out and act against GBV and Violence Against Women and Girls in their communities.

After training in social accountability, a group of women volunteers in Mashonaland Central came together to engage local authorities for improved access to health services for GBV survivors. Following a series of engagements and meetings, the local authority agreed to work together with the community to construct a clinic within their locality. As many GBV cases went unreported because of distance, in Mashonaland West community members influenced the police department to set up a police station in their community to improve reporting of and access to justice for GBV survivors. Efforts for further and sustained collective action against GBV are now increased through the additional support of the ACTIVE project.

Tugwell, a national volunteer, training community volunteers from Chimanimani district in Manicaland province about their legal rights under Zimbabwe's constitution.

In Nepal, VSO has been focusing on supporting women and men, including girls and boys, to prevent, report, and address GBV, including child marriage. VSO has trained community volunteers so that they can conduct reflection sessions

on social norms with couples to build their awareness of GBV. They have also been trained in supporting family dialogues – or rupantaran in Nepali – which target adolescent girls and boys. Alongside this, the project has led interactions with community opinion leaders along with civil society representatives, to build awareness and to influence the Nepali government to institutionalise guidelines and protocols on GBV. One of the adolescent girls from Biratnagar shared that,

> **"before the session, I was not able to speak freely with my parents regarding our choice and decision but now I ask for clothes, outings and other requirements according to my need."**

The community volunteer-led couple sessions – using the Gender Transformative Approach – have been successful in improving understanding of harmful social norms and practices that increase vulnerability of women and girls to GBV. Couples reported an increase in knowledge on sexual and reproductive health and rights, the health consequences of GBV as well as the health services available for survivors. Married men participating in couple sessions reported internalising the learning on how important it is to have good knowledge of sexual and reproductive health and rights to improve their relationships. Women participants from Kailal and Bajura shared that after attending the couple sessions, they realised they could say "no" particularly in their sexual relationships. As one female participant shared,

> **"Now we have a consensual sexual relationship."**

Similarly, through the GBVPR II project in Nepal, VSO has engaged government officials to highlight their obligations as duty bearers towards survivors of GBV, including how to utilise funds earmarked to support survivors. As a result, government officials have been proactive in seeking out GBV survivors instead of waiting for cases to be reported. Advocacy efforts have also helped adolescent girls over the age of 16 to become aware of their rights to access citizenship records which in turn provides them with access to education. This has helped girls to re-enrol into formal education and improve the long-term outlook for their lives.

©VSO/Smriti Basnet

National volunteer Aarati, community volunteer Rekha, and Female Health Community Volunteer Sarita, explaining about Depo-Provera shots to local women in Gaur municipality, Nepal.

Our Work in Livelihoods

Over the last year, we have made a strategic shift in our livelihoods portfolio, deepening the focus on resilience by investing in 'green' skills and supporting a shift to agroecology or climate resilient farming. VSO agroecology volunteers and youth climate champions were integral to this change.

As part of our achievement, over **181,000** marginalised people, primarily **young people and women**, enhanced their Livelihoods capability.

Under the ACTIVE project, VSO continued to promote the voice and agency of primary actors. We strengthened our partnerships with key smallholder producer organisations including the Zimbabwe Smallholder Organic Farmers Forum, and the National Farmers Group Federation in Nepal.

Youth engagement continues to be a central pillar of our livelihoods work. The FutureMakers project funded by the Standard Chartered Foundation has supported the livelihoods of young women and visually impaired young people to build their employability and entrepreneurship skills across three countries – Uganda, Tanzania, and Zambia. As Alfred Wamani, a visually impaired young man from Uganda explains:

"In 2020, I became blind and in the same year my teaching career and marriage ended. I joined the Uganda National Association of the Blind, while there I learnt about the FutureMakers project. I joined the saving scheme – Village Savings and Loan Association, which was mostly constituted of people with disabilities, and I became chairperson of the group. The money I have been borrowing from the group has sustained my small retail business and helped me provide basic needs for my family. My group was fortunate to receive business startup kits to start a salon and laundry shop. The salon is up and running with one visually impaired employee. We earn 300,000 shillings per month."

Enhancing Youth Entrepreneuship and Employability video with Elena and Susan's testimony.

The Promoting Inclusive Resilience and Accountability through Youth Association Strengthening project funded by the European Union was implemented in four municipalities (Local Level Government) of Karnali and Madhesh Province in Nepal. Over 50,000 primary actors were reached directly, and close to 1.6 million indirectly.

VSO worked closely with the Lekhbesi Municipality in Surkhet district Nepal to finalise its "Local Disaster and Climate Resilience Plan". We also supported the establishment of youth-

targeted Climate Change Learning Centres in four municipalities. Through training and awareness-raising, these have strengthened the learning and engagement platforms on climate actions for children, eco-club members, youth, and local government representatives. VSO supported youth-led CSOs to develop their organisational advocacy and positioning on climate advocacy. This positioning on climate leadership helps youth-led organisations to increase their engagement in the local government's planning and budgeting process and there is evidence that local governments have prioritised climate action and increased their annual budget as a result.

VSO has been at the forefront of thinking on future employment for young people in the countries where we work. As part of the Dutch government-funded Challenge Fund for Youth Employment (CFYE), VSO youth champions in Kenya have been leading research to understand the Future of Work and particularly the whole area of digitally enabled jobs.[1]

Technology has the potential to open new professions and career paths for young people around the world that did not exist in the past. It also can break down traditional barriers that prohibit access for young people, particularly women. Under the CFYE project, VSO youth champions have been involved in bringing a youth perspective into the design of Jobtech Learning Labs. These aim to understand, improve and make digitally enabled jobs more inclusive. VSO returned volunteers and experts participated in the development of the CFYE "Future of Economies" Podcast Series.

In Bangladesh, young community volunteers have been supporting farmers to improve their livelihoods by investing in climate resilient farming. VSO has focused particularly on women farmers, supporting financial inclusion through access to banking services. Our work has supported government agricultural extension officers to organise extension clinics at the field level every month where farmers can present their progress and problems directly to government officers. This makes interventions more sustainable as well as ensuring the state is accountable to farmers. Youth community volunteers are engaging young entrepreneurs to collect vegetables from farmers' fields and send them on to sales centres with appropriate grading and quality, so there is zero waste of vegetables in the field and in the markets.

Addressing changes in social norms and inclusion is central to the FutureMakers programme. This project has supported over 1,400 young people and youth with disabilities to acquire entrepreneurship skills and start their own business or secure employment. Reflecting on the transformative changes at the training institute, Ndonio Francis, Principal of Samfya Youth Resource Centre, one of VSO's partners in the FutureMakers programme in Zambia commented:

"When the students joined the course, they tended to be shy and hesitant, now they are vocal in their expression ... earlier, students – boys and girls – used to sit separately, but as the training progressed, they moved to mixed seating and collaborated with each other ... there is increased respect for and collaboration with persons with disability by fellow trainees, and that has built a good rapport among all students."

[1] https://fundforyouthemployment.nl/future-of-work-digitally-enabled-jobs/

Building knowledge, delivering influence

Building and using a body of knowledge from our programmes, engaging on policy, and advocating on key issues that will deliver a fairer world, are a crucial part of VSO's work. Our focus here is on advancing and supporting the delivery of the United Nations Sustainable Development Goals (SDGs) and ensuring that the rights of the poorest and most marginalised communities are secured.

As part of our achievement

Over **14,000 young people** advocated for successful change to **six policy areas** in Health, Education, and Livelihoods.

48% of over 545,000 marginalised people VSO programmes worked with on ACTIVE, improved their access to basic services in health, education, and livelihoods.

In 2022/23, we worked with communities in 35 countries including direct project delivery in over 25 of the least developed and fragile countries in Africa, the Middle East and Asia-Pacific, but the impact of our wider engagement and leadership work reaches many more countries and many more places.

In this year, VSO's thought leadership on VfD and the insights we generated through our VfD method were a significant part of our global impact. We developed thirteen VfD knowledge products covering our work in health, education, and livelihoods. Six of those, showcasing VSO's knowledge and thought leadership in VfD, were presented and published in the proceedings of a wide range of strategic international conferences including the Human Development & Capability Association (HDCA2022), the Royal Geographical Society (RGS2022), the International Volunteer Cooperation Organisation (IVCO2022), the International Society for Third Sector Research (ISTR-Asia Pacific 2022), the International Conference on Family Planning (ICFP 2022) and UNESCO's World Conference on Early Childhood Care & Education. In addition, we submitted an oral statement on 'bridging the education gap through technology for gender equality' at the Commission on the Status of Women conference 2023 (CSW67), and made representations on climate justice at the Conference of Parties to the United Nations Framework Convention on Climate Change to the United Nations Framework Convention on Climate Change 2022 (CoP27).

We continued to use our robust research and evaluation practice to generate evidence and learning on VSO's unique VfD models that are scalable globally.

VSO's blended volunteering approach – which brings together community, national and

Grace and Marlon who live in Kulasihan in Lanao del Norte, the Philippines, oversee a plot of land where they have planted mangroves which help reduce flooding and also provide a habitat for fish and other flora and fauna.

international level volunteers – helps to promote the voice of primary actors and build their networks, bridging the gap between government or service providers and marginalised groups. For example, youth volunteers in Kenya, Malawi, Ethiopia, Rwanda, and Zimbabwe have been working with the World Health Organisation (WHO) to monitor the provision of local essential health services following the COVID-19 pandemic.

In this year, VSO's programmes have engaged and contributed to the development of volunteer policies and frameworks in a range of countries including in Bangladesh, Ethiopia, Nepal, Nigeria, and Zimbabwe.

Citizen and civil society monitoring of progress in delivering the SDGs is also an important advocacy intervention that VSO supports around the world. In Nepal, Cambodia, and Pakistan, VSO supported local volunteers to share their experience of SDG implementation in their communities, through what is known as the Voluntary National Review process run by governments and reported back to the United Nations.

We have continued to strengthen youth volunteer networks for their effective engagement, active citizenship, and enhanced influence and impact. From leading birth registration right campaigns in fragile settings in the Philippines, to challenging duty bearers to commit to youth-responsive health services in Tanzania, youth-led actions are driving our advocacy particularly to amplify voices of those who are most vulnerable.

VSO is immensely proud of the work we are doing to promote the Global Volunteering Standard – ensuring that people around the world can volunteer safely and responsibly, making a positive impact on the communities where they are working. In this year we have worked with a wide range of governments including Cambodia, Thailand, and Malawi to help them adopt the Global Volunteering Standard, and VSO is working in the Philippines and Thailand to develop local versions.

The African Union (AU) has used the Global Volunteering Standard to develop the continental model volunteer policy. The policy is being used to support uptake in AU member states, which is expanding its influence beyond the countries where VSO has a presence on the ground such as Burundi.

Our voluntary workforce at VSO

VSO continues to generate opportunities for active citizenship, demonstrating its leadership in volunteering for development with many returned international volunteers continuing to contribute their expertise. This year over 100 people actively supported the operational delivery of VSO's objectives contributing over 3,500 hours in designing learning materials and contents for education projects, research, and evaluations of the effectiveness of tools in projects, assessment of applicants, coaching, mentoring, and delivering of training sessions.

Dr. Adrienne Miao, an Occupational Therapy consultant, continued her engagement with VSO after her placement in Uganda. As a member of the Disability Advisory Committee, Adrienne supported VSO Social Inclusion and Gender team in reviewing health care access for people with disability, designed content on Universal Design for Learning (UDL) principles in inclusive education and delivered training sessions on the use of 'Washington Group of Questions' to collect data on disability.

Sandra Ford, Christopher Stevens, and Michael Ramires developed content on Mental Health and Psychosocial Support for Teachers, students and parents, delivered through online webinars in Kenya and Myanmar. Teachers found the training sessions an invaluable resource to maintain their own mental well-being, it was particularly helpful working in these challenging fragile and conflict zones, in enabling learning of techniques to cope and make the environment safe for children and parents.

The VSOSchool App has also benefited from voluntary workforce input. Now used in eight countries the App empowers learners, teachers, teacher educators and parents to access interactive learning content and resources both online and offline. Learning content was created and training provided by Catherine Horsburgh and Elizabeth Caldwell, specialists in Early Child Education, with Eden Kassahun and Shamila Tabassum working tirelessly on keeping the app running.

Age does not constrain at VSO; Vivien Marles, a Social Research and Evaluation Specialist who first volunteered with VSO in 1974-1976 in the Fiji Islands, is now supporting in Eswatini and Zambia to produce evaluation reports and case studies. Our partnership with London School of Economics continues to produce excellent opportunities: this year 21 students produced learning reports and case studies on Agroecology as a means to building resilient livelihoods and fostering buy-in between smallholder farmers, producer associations and government.

The VSO presence at the global ICFP 2022 was effectively coordinated by Kirsty Buxbom, who built on her work in Rwanda to manage and organise abstract submission, conference presentations, a VSO open stall, logistics and admin. This was celebrated with a VSO Volunteer with hearing impairment receiving the EXCELL award that recognises Excellent leadership in Family Planning work.

To all of these and the many more, we say thank you.

Sabitri is one of the facilitators in the remedial classes operated by Empowering a New Generation of Adolescent Girls with Education (ENGAGE) project in Shree Nepal Rastriya Secondary School, Nepal.

Looking forward

I am grateful to all those individuals, institutions and companies who have worked with us over the last year. Together we have shown how we can work alongside the most vulnerable and most marginalised, to change our world for the better. This is what it means to be changemakers.

In the coming year, we will continue to focus on building the capacity of people in communities to be active citizens through volunteering. Over the past three years, the numbers of VSO national and community volunteers have grown exponentially. We will continue to support the growth of volunteering around the world through the roll-out of the Global Standard for Volunteering for Development and by building our strong relationships with multilateral institutions such as the African Union and the Association of South-East Asian Nations. Using our knowledge and evidence to build recognition of volunteering as a transformational contribution to the delivery of the Global Goals is key to our mission and strategy.

At the same time, our work will continue to support improvements in service delivery for the most vulnerable, in education, health and livelihoods. We know that there are strong links between each of these sectors and that creating sustainable change requires us to bring all three together in our programming.

In education, we have built a reputation for innovation and use of information technology to extend the reach and quality of education provision. We are looking to expand these programmes but with a particular focus on ensuring that there is community support for education particularly for girls and those children with disabilities, and that the school environment is conducive to learning.

In livelihoods, the issues of climate change and decent employment for young people are at the forefront of our minds. We will be focusing on supporting locally led climate adaptation and sustainable agriculture practice and in working with partners around the world to support young people in finding decent employment opportunities.

In health, we know that strengthening the capacity of community health volunteers and peer educators in raising awareness of and speaking out against harmful traditional practices and social norms is essential. Our work will focus on ensuring that adolescents and youth, no matter the marginalisation or vulnerability they are facing, can exercise their rights to quality sexual reproductive health services.

We will continue to grow our strategic partnerships because we know that delivering our mission will not be possible without close collaboration. Partnerships such as the ones we have with the Pan African Climate Justice Alliance (PACJA) to mobilise African voices and action on climate justice and with Randstad on developing innovative approaches to decent employment, are essential and just two examples of how we intend to deliver at scale.

Over the coming year, we expect to stabilise and grow our income through investment in our public fundraising efforts and by diversifying our income from governments and foundations around the world.

At VSO, we are immensely proud of what we have achieved over the last year. This is only possible with your support. There is still so much work to do if we are to meet the Sustainable Development Goals. With your help, we can be confident about fulfilling our plans by working to create a fair world for everyone.

Philip Goodwin
Chief Executive Officer

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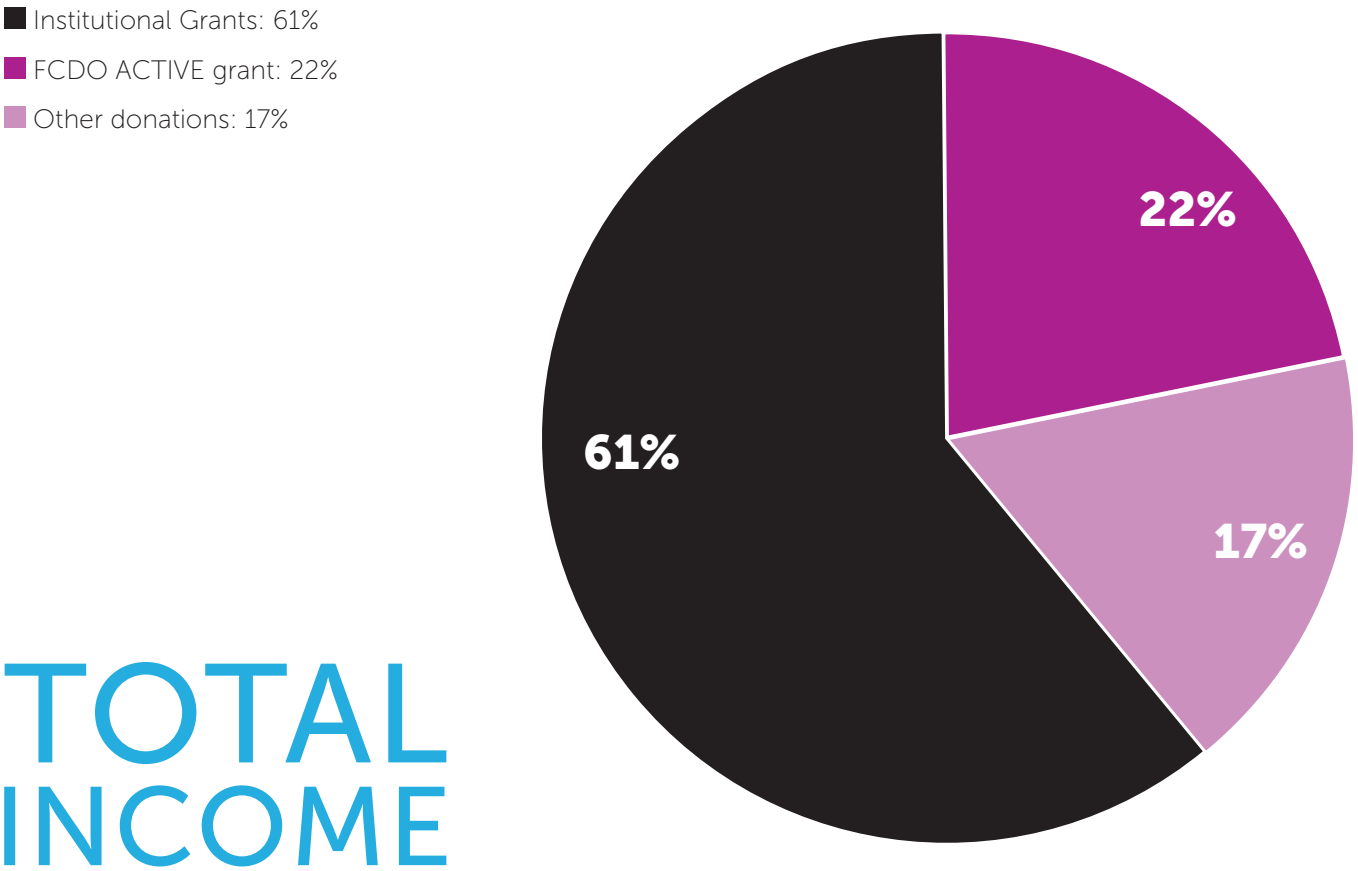
Financial Review

How we raised and spent our money in 2022/23.

Income

In 2022/23, our income levels increased after two years of sharp decline as we have successfully diversified our donor portfolio. The decline of the past two years followed the decrease in institutional donor funding during COVID-19 and a significant reduction in FCDO funding subsequent to the ending of the International Citizen Scheme (ICS) in February 2021 and the grant received to fund VfD programmatic work. Although FCDO remains a significant income source, the overall proportion has decreased in 2022/23 from 43% to 32% (of which the FCDO ACTIVE grant represents 22%). Diversifying our donor portfolio remains a key objective as we enter 2023/24.

Where our income came from 2022/23



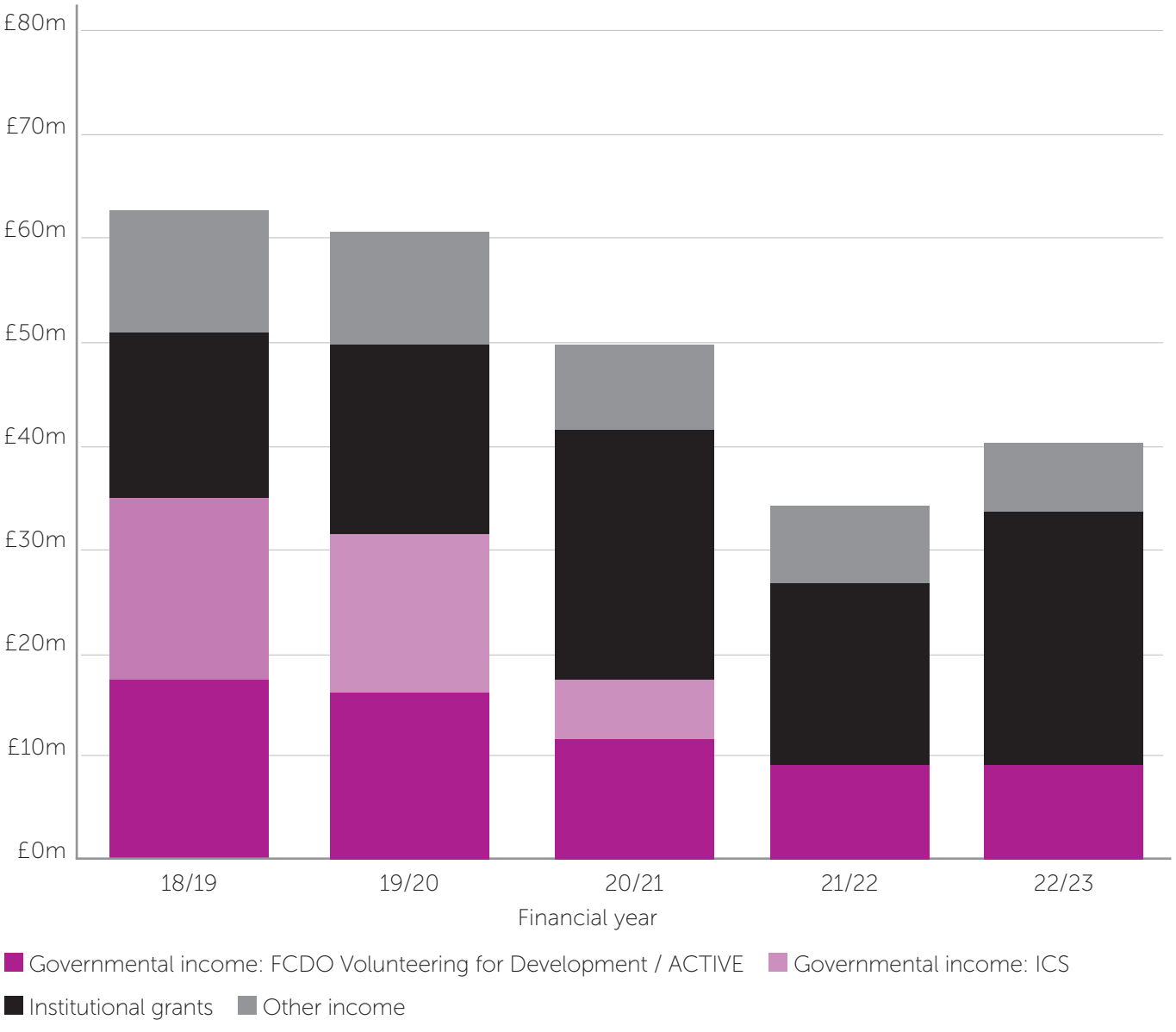
TOTAL INCOME FOR THE YEAR **£40.4m**

Institutional grants

Governmental income: other (£19.3 million)
Government income has increased during the year by £6.5m from £12.8m in 2021/22 reflecting both a post pandemic increase and the result of a longer-term focus on business development and income diversification. Notably 2022/23 saw an increase in the grants from the Ministry of Foreign Affairs of the Netherlands and a near doubling in income from UN agencies. Our pipeline opportunities for 2023/24 remain promising as we focus on more significant grants to sustain our long term work.

Non-governmental bodies income: other (£5.4 million)
This category has seen an increase of £0.7m during the year, which is also the result of our income diversification strategy where partnerships with the philanthropic sector play a significant role. During the year funds were secured from the IKEA Foundation for a project that will continue into the next two financial years. Other non-governmental partners include the Lego Foundation, Robert Carr Civil Society Networks Fund, and the Hempel Foundation.

Income by type



VSO also continues to work closely with a range of private sector partners to access funds, as well as technical skills through corporate employee volunteering. We have continued volunteering partnerships with Randstad through international volunteers placements.

Charitable activities

FCDO ACTIVE grant (£9.0 million)
The Volunteering for Development programme funded through an accountable grant over the past five years by FCDO continued with reviewed priorities and focus under the new ACTIVE grant which will run to March 2025. The grant enables the most marginalised local people (especially women and girls, the young and people with disabilities) and civil society to lead their own development by exercising the power of collective voice, claiming their rights to better services, and holding people in power and service providers to account. Vulnerable and marginalised local people will be supported with the skills to volunteer, taking ownership and action on issues important to them.

Other donations

Individuals (£5.6 million)
Over 38,000 regular giving donors form the foundation of VSO's individual giving programme. Most of these supporters make consistent, monthly donations. In 2021/22, the VSO Board agreed a 3-year investment plan to first stabilise and then increase VSO supporter base and complement the ongoing recruitment of new donors to ensure long term sustainable income for VSO's work: individuals' income is unrestricted and brings the organisation invaluable financial flexibility. Their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact.

Legacies (£0.4 million)
Whilst legacies continued to provide a portion of unrestricted fund, the level compared to last year has reduced slightly. Investments in this area during the year, in particular the introduction of a free Will writing scheme, will mean that this income stream is sustainable and expected to increase in the future. We are deeply grateful to the 53 supporters who left a legacy to VSO through gifts in their Wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

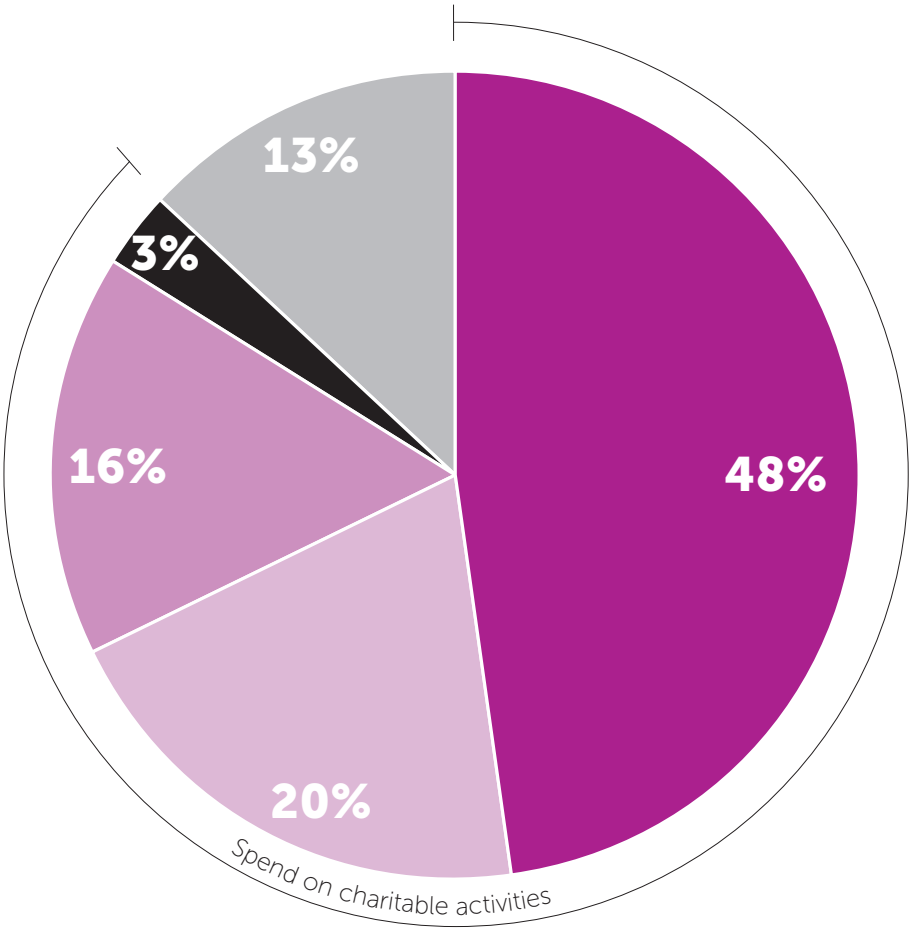
For more information: Financial statements, note 2 Income analysis.

Changemaker Kabir of the YESC project with farmer Sara. She is learning about climate-resilient farming techniques for her vegetable and livestock production in Bangladesh.

Expenditure

How the money was spent 2022/23

- Inclusive Education: 48%
- Resilient Livelihoods: 20%
- Health: 16%
- Core Approaches: 3%
- Raising funds: 13%



TOTAL EXPENDITURE FOR THE YEAR **£39.2m**

Raising funds

Raising funds (£5.1 million): Expenditure on raising funds has increased by 0.5m during the year with both a renewed focus on portfolio diversification and investment in public fundraising. The implementation of the individual fundraising strategy continued to focus on practical, high return channels and products, responding to feedback from the market. Where results were not as expected, alterations to the strategy and spending were made to maximise net benefit of fundraising. As described above, a 3-year investment programme in Public Fundraising was agreed by the International Board with the aim to recruit 14,000 new donors over the 3-year investment period and stop the decline in unrestricted income. In an increasingly difficult market with domestic cost of living pressures, public fundraising delivered on budget and in line with prior year figures.

Spend on charitable activities

Total spend on charitable activities in 2022/23 was £34.1m which is similar to 2021/22.

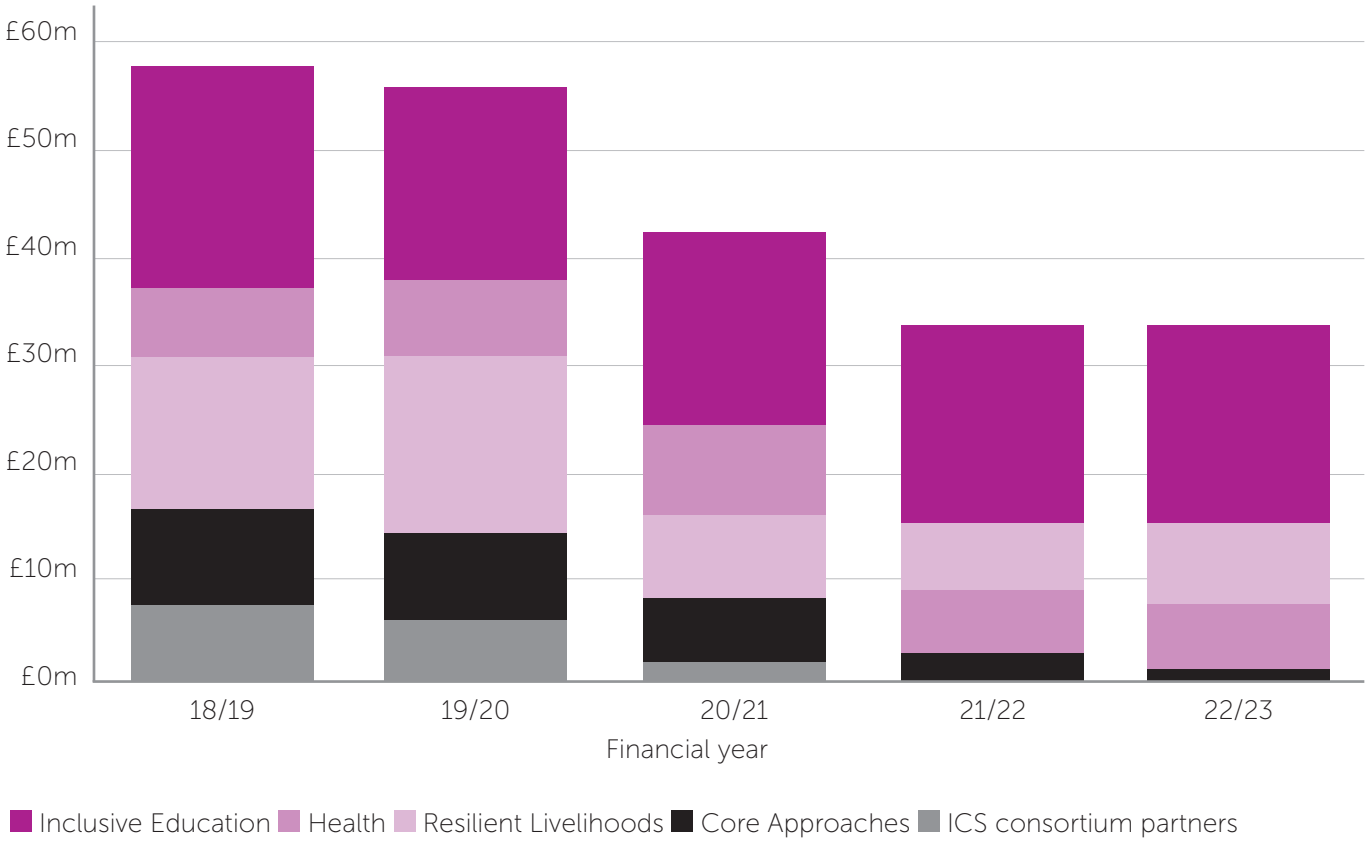
Expenditure on inclusive education continues to represent the highest portion of our portfolio of work at 48%, in line with 2021/22 whilst expenditure on working with primary actors to build resilient livelihoods has increased to £8.0m from £5.8m:

Expenditure on inclusive education (£18.6 million) has remained constant as we delivered on grants won in previous years including the Learning Through Play grant (Lego Foundation) in Rwanda, Empowering Adolescent Girls to Learn and Earn project in Mozambique (Global Affairs Canada), Unlocking Talent (KFW) in Malawi and Building Learning Foundations (FCDO) in Rwanda.

Expenditure on health (£6.3 million) has also remained constant, funding projects like the multi-country Make Way grant aiming at strengthening civil society organisations in their role of lobby and advocacy around sexual and reproductive health rights funded by the Dutch government and the Speak it Loud project in Zimbabwe funded by UN Women.

Expenditure on resilient livelihoods (£8.0 million) has grown by £2.2m in the year, the start of the 'From Waste to Work' Project funded by the IKEA Foundation explains most of the increase. This project is designed to reach the most vulnerable youth active in the waste sector and aims to improve the livelihood for vulnerable and marginalised young people and contribute to the green economy. Other projects like the Challenge Fund Youth Employment funded by the Dutch Ministry of Foreign Affairs, which aim to empower youth in Africa and Middle East have continued.

Spend on charitable activities



Expenditure on core approaches (£1.2 million) has decreased by £1.6m. VSO's core approaches are social inclusion and gender, resilience and social accountability. Those are now embedded in all education, health and livelihood projects, the decrease corresponds to the organisational strategic intent to focus on the three practice areas described above. This category now also more specifically includes initiatives in working in fragile contexts including peace building initiatives.

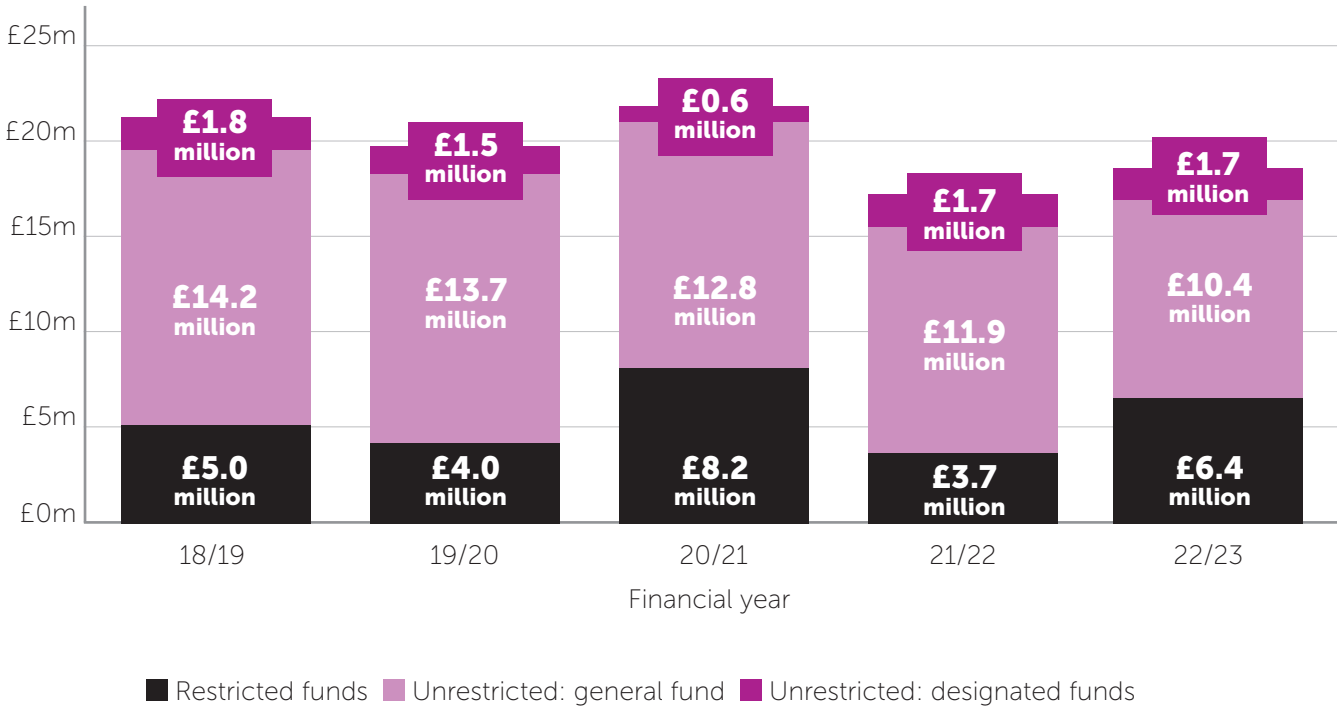
Grant-making

Throughout its programmes, VSO works with and funds in-country partner organisations, for them to undertake agreed activities in pursuit of VSO aims.

For more information: Financial statements, note 3 Charitable activities.

Reserves

Funds – multi year view



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps us deal with any setbacks and provides the flexibility to take advantage of strategic opportunities.

Closing reserves position	21/22 £'000	22/23 £'000
Restricted	3,738	6,425
Unrestricted: general fund	11,882	10,429
Designated: fixed asset fund	231	58
Designated: pension deficit	(567)	(361)
Designated: change programme	365	500
Designated: rapid response fund	–	316
Designated: income generation	1,643	1,143
Designated (total)	1,672	1,656
Total Reserves	**17,292**	**18,510**

At 31 March 2023, VSO's general reserves stand at £10.4m, which is £1.4m above the £9.0m target level set out in VSO's reserves policy. This prudently high level has helped us manage the multiple shocks and stresses encountered since March 2020, especially the reduction in available resources linked to the COVID-19 crisis and the political environment in the UK. Trustees plan to use the surplus in the coming years to continue to diversify its institutional donor portfolio, to invest in Public Fundraising and support the continued digitisation of key processes.

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan. The deficit had reduced significantly in 2021/22 following the triennial valuation at the end of September 2020 which reduced the future contributions necessary to eliminate the deficit. This was the outcome of past year contributions and the de-risking strategy put in place by the Pensions Trust on behalf of participating employers in the Plan (see note 19). In 2022/23 the pension deficit has reduced by the value of the contributions paid by VSO during the year towards the reduction of the deficit. The next Triennial valuation will be at the end of September 2023 with a new repayment plan agreed in 2023/24.

The designated change programme fund represents the unrestricted funds the trustees have earmarked for ongoing organisational change.

A designated rapid response fund has been established in 2022/23 to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities.

The designated income generation fund is the final two years of a 3-year £2.8m investment in Public Fundraising which will invest in income generating activities in 2023/24 and 2024/25. This fund will support unrestricted income growth.

For more information: Financial statements,
- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Investments

The aim of VSO's investment policy is to preserve capital while holding reserves in liquid or near-liquid assets.

VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports to the Audit and Risk Committee at each meeting on the composition of investments held and their maturity profile.

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. VSO also aims to hold a third of deposits in environmentally friendly holdings. The Audit and Risk Committee reviews the policy regularly.

VSO's cash position has increased this year with several large grants received in advance in the last few months of the year. VSO's cash position remains appropriate for the size of the organisation and its level of activities.

In 2022/23, VSO maintained most of its investments in short-term deposits to ensure that sufficient funds were held in liquid deposits to allow VSO to respond to significant changes in future funding. Where possible, cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available whilst monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Closing cash and investments position	21/22 £'000	22/23 £'000	Variance £'000
Short-term deposits	7,001	7,256	255
Cash at bank: UK	7,125	7,998	873
Cash at bank: overseas	1,227	2,034	807
Total	**15,353**	**17,288**	**1,935**

Going concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. VSO regularly scenario plans with any changes in restricted funding integrated into the management reporting at the time they occur. VSO's general reserves policy level is prudent and incorporates the cost of time to adapt to significant external shocks such as major loss of funding. The senior leadership of VSO monitor the financial situation and adapt expenditure as necessary.

Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure in the past two years, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Fatima, a primary actor and is a dressmaker in Marawi City, the Philippines has benefitted from VSO's training.

Principal Risks and Uncertainties: 2022-23

VSO's work in creating a fair world for everyone carries risks. This is part of our work, especially in fragile and conflict-prone countries and in working with partners and volunteers. Our trustees recognise the acceptance and management of risk is necessary to achieve our mission. They have ensured appropriate systems and processes are in place to identify and manage risk.

Over the last year, we continued to face considerable financial risk from the UK government's decision to reduce Overseas Development Assistance funding. This included decisions to reduce already agreed funding at short notice. However, the UK government's decision to renew the strategic partnership with VSO for three years from 2022/23, through the Active Citizenship Through Volunteering and Empowerment project, was very welcome. Although, funding is at reduced levels.

Since 2015, a key part of our long-term strategy to manage risk has been to create a more adaptable operating model. This has enabled us to manage the level of disruption caused by the global pandemic, the wider impact of war in Ukraine, the disruption to the UK economy and the wider global economic downturn. VSO has a globally dispersed leadership model and has developed a high degree of organisational comfort in online and remote working which are geared to withstand any future shocks in the environment in which we operate.

Through good strategic management and a long-standing focus on the sustainability of the organisation, VSO has the financial reserves in place to help it withstand shocks such as these. We have developed an operating culture that allows us to respond and adapt quickly. These themes of adaptability and careful management of resources, particularly our unrestricted spend, will enable us to continue to deliver our mission for the long-term.

The Executive Board manages the strategic risks facing VSO through our risk management process. This includes monthly Executive Board meetings to discuss existing and emerging risks, ensuring mitigating actions are in place and effective in managing these risks and updating the International Board of Trustees as necessary.

Risk Management

The Trustees are responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in the furtherance of VSO's objectives. The Trustees have ultimate responsibility for identification of the risks to which VSO is exposed.

The system of internal control within VSO is intended to manage risks appropriately, rather than eliminate them and to give reasonable, rather than absolute assurance. The risk management framework approved by the Trustees includes the following measures:

- The Audit and Risk Committee reviews the strategic risk register at each meeting, assesses the risks facing VSO and the measures put in place to mitigate them, and reports its findings to the International Board of Trustees.
- Critical risks are monitored on an ongoing basis by the Executive Board, a process which includes a monthly review of the strategic risk register. The Chief Executive Officer regularly updates the chair of the Audit and Risk Committee on any significant new risks that may emerge.
- Risk management is embedded across the organisation through use of local risk registers, and an online system for escalating global risks which are monitored in 'real time', reviewed by senior staff, and inform the strategic risk register.
- Each risk is analysed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.
- The International Board of Trustees has also initiated the development of risk appetite statements to help set the framework within which VSO implements its strategy and inform decision-making from a risk perspective.

The internal audit function undertakes risk-based audits across all VSO operations. Their programme of work is based on an annual internal audit plan that is approved by the Audit and Risk Committee.

The table below captures the principal strategic risks and uncertainties and the mitigating strategies in place to manage these risks. The residual risk of other significant risks is considered lower than the risks presented here and the management actions relating to them are subject to regular review by the Executive Board and Audit and Risk Committee.

We are also clear about our duty of care responsibilities, ensuring that we have in place high standards of medical and security practice and consider safeguarding to be a principal risk. As a result of the mitigating controls we have in place, the residual risk in these areas is considered lower than the other strategic risks presented below.

Risks	Mitigation Strategy
Financial Sustainability	
There is a risk that VSO is not able to raise sufficient funds to continue to invest in its growing programme of work. This would undermine the long-term sustainability of the organisation as we would not have enough funds to support our programme work and achieve our objectives.	We will maintain our strategic investments in public fundraising and increase unrestricted income by engaging our existing donors, recruiting new regular givers, and focusing more on legacies and cash appeals. We will nurture existing institutional donor relationships, cultivate new relationships, and continue to improve the quality of our bids to attract more restricted income to deliver our portfolio ambition.

Risks	Mitigation Strategy
Compliance	
Whilst we have embedded systems and processes for full cost recovery on grants, contracts and programmes, there remains a risk that cost recovery from donors on some projects is insufficient to meet all costs associated with the project. This impacts negatively on our general reserves and is not sustainable.	Key performance indicators are in place and are monitored on an ongoing basis. These include a periodic review of the percentage of cost recovery and overhead recovery over total project costs, unrestricted costs that are not recovered through overheads or direct charging to grants and margin on contracts. Our portfolio of work and overall cost management and potential to recover costs is also monitored. Our decision to increase the average value of opportunities we pursue should enable us to better cover our costs in future years. Our business pursuit strategy to continuously nurture, cultivate and maintain quality in our work will progress to guide us and help mitigate some of the risks associated with cost recovery.
Operations and implementation	
With the introduction of new ways of working in implementation, there is a risk that we fail to realise the benefits of the changes due to poor design and implementation which, in turn, impacts on our ability to achieve planned outcomes, impact, and reach on our programmes and maintain the quality of our service.	We continue to monitor the success of our new ways of working in implementation through regular reviews. Our global implementation team has established and continues to embed an effective planning and management system, standardised monitoring with new metrics in place, and has aligned core business processes across the organisation. A comprehensive implementation risk and compliance framework is in place to mitigate some of the risks associated with service quality, design, and implementation. We are investing in simplifying, standardising and streamlining core business processes across all areas of implementation and digitising project management. This includes work planning and budgeting, partner management, duty of care and project risk assessments, monitoring, evaluation and reporting.
Operating model and governance	
Our ability to grow, maintain financial stability and deliver VfD programmes at scale could weaken because of national governance restrictions, organisational design, and failure to adhere to our policies and values. There is also a risk that a global event such as the pandemic creates long-term disruption that impedes our ability to secure new income, deliver our programme of work, and undermines the well-being of VSO people.	We continue to monitor operating environments on an ongoing basis, responding as necessary and continuing to deliver our portfolio of work with minimal disruption. We are satisfied with how we responded to the global pandemic. This gives us confidence in our systems and our approach. We will ensure that VSO learns lessons from this and that we are well prepared for any future shocks that could destabilise our operations.
Reputation	
VSO specific news coverage from a significant incident or public, social media or press scrutiny of Charities could lead to reputational damage and compromise our leadership in the sector.	We continue to scan the horizon for areas that we think may lead to reputational risk and put in place mitigating strategies as necessary. We continue to learn from incidents and ensure that the controls environment within which we operate enables us to manage any associated risks. Our investment in integrity systems and processes that are aligned to our values should also reduce the likelihood of incidents that could impact on our reputation. Our compliance training pathway module on preventing criminal practice, safeguarding, data protection, procurement, and the VSO code of conduct is mandatory for all VSO people and is repeated annually.

Governance

Structure, governance and management

Our organisational structure

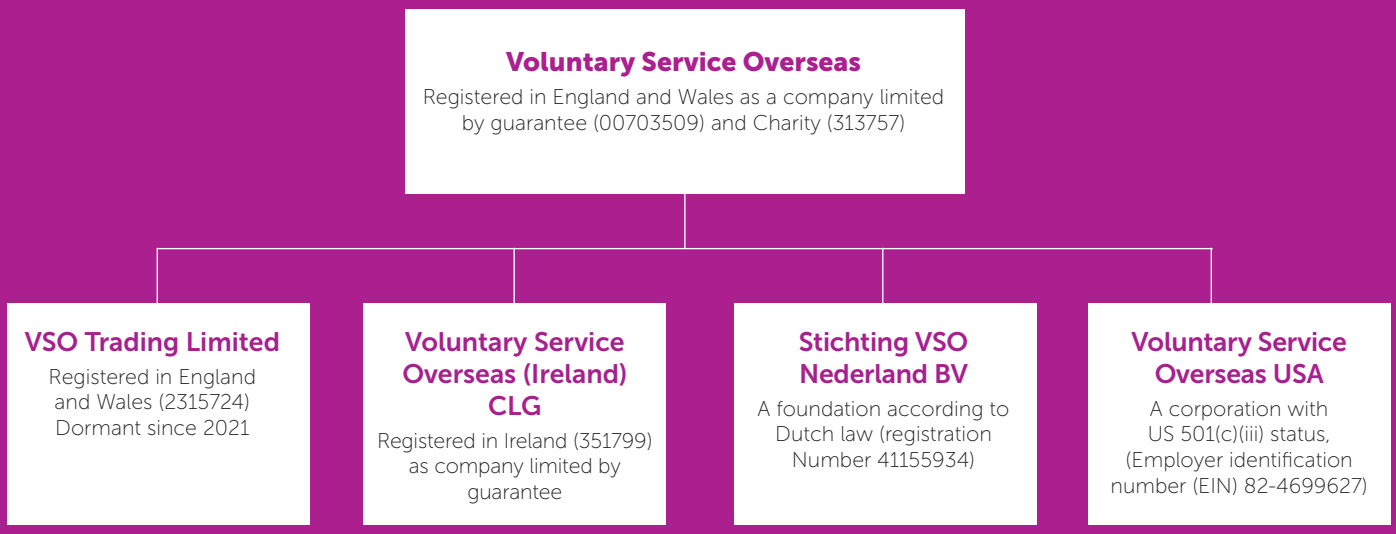
Voluntary Service Overseas (VSO) is a company limited by guarantee, registered in England and Wales (registration number 00703509). VSO is also registered as a charity in England and Wales (registration number 313757).

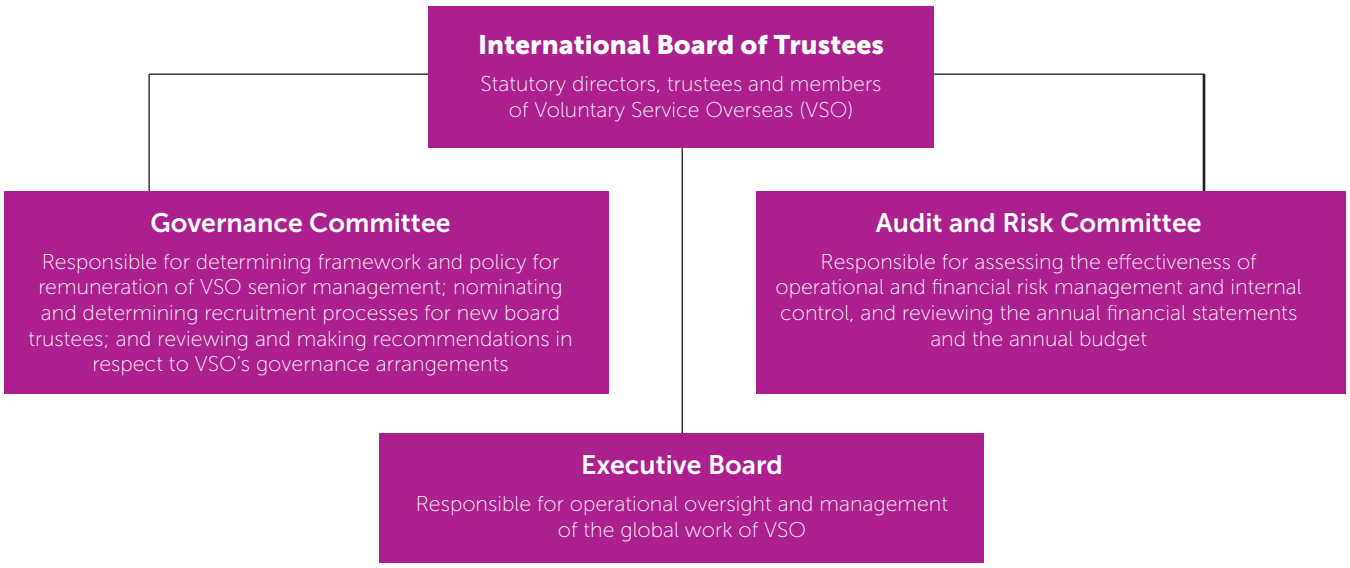
VSO operates through the following subsidiary entities:

- Voluntary Service Overseas (Ireland) is a company limited by guarantee, incorporated and registered as a charitable entity in Ireland.
- Stichting VSO Nederland BV, a Dutch charitable organisation
- Voluntary Service Overseas USA, Inc. a US corporation with US 501 (c) (iii) status.
- VSO Trading Limited whose principal activity was the delivery of non-charitable activities for the purpose of raising funds. It is now dormant.

Otherwise, VSO operates internationally largely through branch offices. This structure of branch offices and subsidiaries assists us to effectively deliver VSO's mission globally by extending the reach of our work and building opportunities for income generation.

We have binding agreements with our subsidiaries to govern their use of the VSO brand and trademarks and setting out how they operate within the global organisational structure. Appointment of directors to subsidiaries and branch offices is subject to Governance Committee approval in accordance with the VSO's Schedule of Delegations.





Our governance and management

VSO is governed by its International Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation's values, and ensure we meet our objectives. Trustees' duties are described in more detail on page 38.

The Board formally resolved at its March 2022 meeting to move to a schedule of at least four formal meetings in the calendar year 2022/23. Two of the meetings were hybrid meetings with some board members attending in person and others via video link and two were held via an online platform. Board members receive management information on organisational performance on a quarterly basis.

Trustees

Trustees serve terms of office as provided in VSO's Articles. They are usually appointed to the International Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. There is provision in VSO's Articles for the Chair to serve a third three-year term if appointed as Chair when already a trustee. Trustees are not remunerated but their expenses are reimbursed in accordance with VSO's expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office. When travel permits, they participate in visits to VSO programmes and act as expert advisers to VSO working groups. Board members undertook a visit to Nepal in September 2022 to review VSO operations and meet the VSO team of staff and volunteers.

VSO's trustees are committed to compliance with the Charity Governance Code and regularly review VSO's charitable purposes as well as their roles and time commitment. Review of performance of the Board is a continuous process. Feedback on Board performance is regularly sought from Board members and the Executive. An annual review is undertaken by the Chair with individual trustees also making annual commitments to VSO over and above their responsibilities as directors and members.

International Board of Trustees

Sam Younger CBE *
Appointed 18 November 2014
Chair until 1 February 2023
Chair of CILEX Regulation; Chair of the Consumers' Association – Which?

Julia Lalla-Maharajh OBE *
Appointed 14 July 2020
Appointed Chair on 1 February 2023
Interim Chief Partnerships Officer, Tostan; Chair, Under One Sky; Founder of the Orchid Project.

Geoffrey Skingsley *
Appointed 1 November 2020
Vice Chair and Chair of Governance Committee
Non-executive Board Member Médecins sans Frontières Foundation; Chairman, L'Oréal UKI; Member of the Global Leadership Council of the Said Business School in Oxford; member of the London Council.

Susan Hickey ^
Appointed 14 July 2020
Vice Chair, Honorary Treasurer and Chair of Audit and Risk Committee
Non-executive board member of The Good Economy Partnership, LandAid, Saltaire Housing.

Maurice Makoloo ^
Appointed 1 November 2020
Regional Director, Habitat for Humanity.

Christopher Muwanguzi ^
Appointed 19 September 2019
Chief Executive, Child's i Foundation.

Janet Muir ^
Appointed 1 February 2023
Experienced Finance Director in the not for profit sector. Member of the Chartered Accountancy Association Ireland and Corporate Governance Institute

Former members International Board of Trustees

Lara Naqushbandi (resigned 2 September 2022)
Guus Eskens (resigned 1 April 2023)
Aditi Thorat (resigned 9 June 2023)

*** Governance Committee member ^ Audit and Risk Committee member**

Trustees' duties

The trustees fulfil their duties both under charity law and company law through a formal governance framework which includes Board approval of the strategic direction, operating and expenditure plan, and key policies; formal review of risk and mitigations and monitoring performance data. They also approve and monitor constitutional change and the appointment of the CEO.

They delegate certain board functions to Board committees and through a Schedule of Delegations, daily decision making to the Chief Executive Officer and the executive board (the "Executive"). VSO's formal organisation and Board Committee structure and membership is set out on page 36.

Board capability is reviewed regularly considering how the organisation is adapting to the changing operating environment. As trustees come to the end of their maximum permitted terms of office, this presents opportunity for reviewing the need for new trustees, particularly where specific gaps in capability are identified and bearing in mind the need for board diversity. Janet Muir was appointed as a new trustee on 1st February 2023 and was appointed by the Board as a member of the Audit and Risk Committee. Lara Naqushbandi, Aditi Thorat and Guus Eskens resigned as trustees. Julia Lalla-Maharajh formally took over as Chair on 1 February 2023. Sam Younger's term as a VSO trustee will come to an end in November 2023 and he will remain as a trustee until then. In the coming year, we will be recruiting new Board members following a skills audit.

A nominated Board trustee, Christopher Muwanguzi, has specific responsibility for supporting the Executive on issues of duty of care and in explicitly ensuring all board members are diligent in their attention to this issue. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

During their tenure with VSO, trustees are briefed on their duties by the Chair of the Board and through professional advice either from the Company Secretary or if they judge it necessary, from an independent adviser. Trustees are supplied with online access to all relevant governance documents and contact details.

In keeping with our approach to learning, all trustees have permanent access to our VSO Learning Platform. They can access the key organisational documents from the trustee pathway: their role description, memorandum and articles, delegation of authority, organisation structure, committee terms of reference. This also signposts them to the most recent UK Charity Commission guidance for trustees.

This year, an independent review of Board effectiveness was undertaken by Ethicore. The review is very positive about the effectiveness of the Board. Areas of particular strength highlighted were openness of the board, high levels of integrity and its oversight of risk and control. The report will now assist in discussing areas for improvements for the future which include exploring the bold decisions the organisation has made on diversity, equity, and inclusion and what it means for increased effectiveness of the Board.

During the year, trustees have fulfilled their duties regarding the following:

The likely consequences of any decision in the long term

All key strategic decisions with long-term impact on VSO's future are discussed in the relevant Board Committee and then by the Board as a whole. Each Board agenda will give time for an update on how long-term projects are progressing and all Board members are actively encouraged to raise their questions and any concerns, so that appropriate actions can be taken under the Board's oversight.

The interests of the company's employees

The Board defines VSO people as inclusive of employees, volunteers, consultants, suppliers, and partners.

The Board ensures that the interests of the employees are considered through regular updates at Board and Committee meetings. The impact of major decisions on employees are discussed by the Board and its committees who also receive regular updates on employee pay, employee pensions schemes, health and safety, and safeguarding.

Over the last year, the Board has sought to engage with the wider VSO community of employees, volunteers, and primary actors through briefing on key programme themes and attending the annual Volunteer Impact Awards as well as participation in fundraising events. Board members also undertook a visit to Nepal in September 2022 to review VSO operations and meet the VSO team of employees and volunteers.

In line with VSO's inclusive approach, VSO global communications are available with captions to be inclusive of those who are hard of hearing.

Since the previous annual report, the Board has reviewed several of VSO's core policies including:

- Risk Management Policy (July 2022)
- Reserves Policy (November 2022)
- Social Media Policy (December 2022)
- Safety and Security Policy (December 2022)
- Ethical Income Generation Policy (March 2023)
- Preventing Criminal Practices (July 2024)

The need to demonstrate inclusive ways of working between trustees

All Board members operate equally as trustees and directors and are given opportunity to raise questions and issues. All have access to the CEO, the Executive Directors, Company Secretary, and one another. Communication directly between board members and members of the Executive or VSO colleagues is actively encouraged.

To contribute to the ongoing review of Board effectiveness, the Board Chair maintains regular contact with all trustees to ensure they can raise concerns and questions. A dedicated appraisal conversation happens at least annually.

The need to foster VSO's business relationships with supporters, implementing partners and suppliers

Our Knowledge, Evidence and Learning team systematically reviews and evaluates relationships with partners and primary actors and brings relevant issues to the attention of the Board through the quarterly performance reviews. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. The Board discusses key partnerships, donor relationships, and strategic suppliers as part of its Board meetings.

Suppliers' interactions are supported by the Global Procurement Policy, ensuring transparent and fair selection processes. In addition to assessment through donor and statutory audits, VSO's internal audit function reviews procurement activity and shares outcomes with the VSO Board via the Audit and Risk Committee.

The impact of the company's operations on the community and environment

The organisation has a formal policy on environmental sustainability. As part of its ongoing programme of work, VSO trains its programme teams, volunteers, and partners to undertake risk assessments and resilience action planning to identify and reduce human, social, environmental, physical and economic vulnerabilities to climate change. The Board is regularly updated on the positive impacts that are being made in communities and through our reporting on duty of care, our ability to deliver against the principle of "do no harm". As part of its annual reporting process, the Board reviews the environmental impact of VSO's activities. The environmental impact of our work is captured in detail in the Environmental Impact Assessment detailed on page 47. The Board and the Executive have set and met robust targets for reducing VSO's carbon footprint.

The desirability of the company maintaining a reputation for high standards of business conduct

High standards of business conduct are underpinned by VSO's value of Integrity – taking a zero-tolerance approach to any form of wrong-doing, abuse, and harm, treating others with respect and being open, transparent and accountable in what we do. The Board is keenly aware of the moral requirements of our mission.

All key stakeholders, partner organisations; donors, employees, volunteers, and consultants are subject to a range of background checks prior to engagement. Strict procurement guidelines are in place for the selection of suppliers. The key processes are audited by the Internal Audit team.

Management through the Executive and the Strategic Leadership Group

The International Board delegates VSO's day-to-day management to the Executive. The Executive has operational oversight of VSO's work globally. There are four members of the Executive, the Chief Executive Officer, and three Executive Directors, who jointly hold accountability for the delivery of the VSO Operating Plan, leading across Programmes, People, Corporate Services and Business Pursuit.

The Executive meet at least weekly to oversee implementation of strategic and operational activity, allocate resources, set and monitor standards and determine core approaches to how VSO works. The Executive undertake a formal Quarterly Performance Review against VSO's operational and financial objectives. This is done with colleagues across the organisation and specifically the Strategic Leadership Group. The Executive reports back on quarterly performance to the International Board through a regular performance report.

Dr Philip Goodwin
Chief Executive Officer

Donné Cameron
Executive Director VSO, Programmes

Kathryn Gordon
Executive Director VSO, People and Organisation Development

Fabienne Arminjon
Executive Director VSO, Finance and Corporate Services

The Directors on the Executive form part of a wider Strategic Leadership Group who have collective responsibility for developing and delivering the VSO strategy and operating plan.

The members of the Strategic Leadership Group are:

Meet our Strategic Leadership Group

Duty of care

One of VSO's key commitments is to do no harm. VSO aims at finding the appropriate balance of moral and legal obligations whilst ensuring the safety and well-being of VSO's employees and volunteers and those who engage with VSO.

Our main methods for mitigating duty of care risk are:

- Assessing the risk in the context of the programme and the location.
- Equipping the team with the necessary capability ensuring there is capacity within roles in a project team or support from the global team.
- Maintaining an environment that promotes reporting, covering not only significant incidents but also minor concerns.
- Insuring the costs of medical and health treatment for employees and volunteers – where there is no government funded health service.
- Employers' liability insurance to cover the risk of legal action from employees or volunteers who incur injury or illness due to their working environment.
- Supporting managers to take responsibility for discussing risk, and risk mitigations with colleagues in planning travel.

During the year we have strengthened our Health and Medical insurance by improving provisions and the coverage across our VSO People. We have provided access to funds for medical services at the time when employees need them most.

VSO continues to use a professionally managed data source to assess security risk and support the business pursuit team to review opportunities for new programmes, both in locations where we currently work and where we may in the future.

The duty of care focus on supporting resilience that arose from the global COVID-19 pandemic has become a cornerstone in our ongoing well-being offer.

Resilience initiatives continue and feedback is positive:

- Every year, during VSO week, VSO People are offered a "recharging" day to disconnect from the schedule of back-to-back meetings and conversations.
- Specific wellbeing sessions for those working in fragile spaces where there is no end to a specific incident in sight. Run by a combination of trained counsellors and peer supporters trained in psychosocial first aid.
- Regular series of resilience sessions for volunteers and employees.

"What I appreciate most about the peer supervision we're getting is that the process allows us to reflect on our feelings and how we are also affected by and respond to the external environment. We are given the opportunity to experience and reflect on the exercises and tools shared with us so that we are better placed to use them appropriately. Overall, I think the facilitator has built a safe and empowering environment where we are able to support ourselves so we are able to support others."

Peer supporter

85%

said the training improved their ability to perform at work and helped them to feel more motivated at work

100%

said they would recommend the resilience training to others

We have introduced some specific capacity with our global implementation team to manage project start-up and programme inception. Assessing the safeguarding and security risks of operating and delivering work has been established as a key element of this with specific learning material developed.

Capacity in safeguarding has increased during the year through the recruitment of officers in Bangladesh and Kenya. This new safeguarding capacity is assisting in both risk identification, developing risk mitigations and supporting case response and management.

As members of the Misconduct Disclosure Scheme, VSO recognises both the progress made and the continued requirement for regular reminders that operating in a respectful way, keeping primary actors safe and doing no harm is fundamental to our licence to operate. The next phase of work with the scheme members will be to engage and align with other initiatives to protect from sexual exploitation, abuse, and harassment and to promote understanding of the necessity for background checking with senior leaders and programme design teams. Our Nepal team in particular continues to engage across agencies and partners to strength participation and the culture of safeguarding.

Medical, security and safeguarding incidents reported 2022/23	Medical	Security	Safeguarding
Across the **whole** VSO global portfolio of work	45	15	18

Medical, Security and Safeguarding incident categories are defined at VSO to aid appropriate response and consistent reporting. Of these reported incidents – 10 required a critical response. For one of them, a crisis response team was mobilised in response to a fatal road traffic accident.

Monitoring of the Ebola outbreak in Uganda and COVID-19 outbreaks across VSO office locations has continued through the year. Staff are taking precautions; public health messages are shared and circulated. We continue to monitor the implications of the security situation and increased fragility of the environment in Ethiopia, the Northern Kenya border and Myanmar, adapting delivery and practice as appropriate.

In addition to this incident response, we have managed over 400 medical cases and provided medical clearance to 580 people supported by our global network of medical practitioners.

Reporting and whistleblowing

VSO has zero tolerance of corrupt practices of any type or in any circumstances.

We aim to maintain the highest standards of openness, decency, integrity, and accountability in our work. Everyone who works with or for VSO must be vigilant for signs of wrongdoing or criminal activity and have the obligation to report suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work in accordance with our whistleblowing process. Our Whistleblowing Policy encourages anyone to report any serious concerns they have, without fear of punishment or unfair treatment.

VSO's systems to protect confidentiality and offer anonymity aim to keep a whistle-blower safe. To ensure the safety of whistle-blowers, VSO treats all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's policy on Preventing Criminal Practices underpins our operational practice in the areas of fraud, bribery and corruption or any other wrongdoing. The Policy requires all such allegations to be reported regardless of financial materiality and ensures a consistent approach to fraud awareness, prevention, reporting, and investigations across VSO.

We have mandatory online training on preventing criminal practices and whistleblowing for all staff and volunteers. The Executive and senior managers often remind People of their duty to report any wrongdoing through various channels, so the process of reporting is fully understood.

Serious incidents are also reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with the VSO serious incident reporting protocol.

Despite our enhanced approach to fraud prevention, the reality is that from time to time we will be victims of corrupt practices. During the year, 17 cases of potential irregularities were reported and investigated. Of these, five cases led to reported fraud and losses of £127,008. These included equipment losses and travel allowance fraud.

Our approach to pay

Our pay philosophy is based on the principles of fairness, internal equity, and external competitiveness to support the wider agenda of equity, ethical reward, and sustainability.

Our reward policy is fully aligned with the organisation's mission and values, it is transparent, evidence-based, and fair. It reflects stewardship of donor funds and meets local and international legal and regulatory requirements.

We have eradicated the dual pay system; all employees are hired on national terms and conditions in their place of work. We are a signatory to the principles of Project FAIR, supporting fair pay in the international development sector. To realise on these principles, we pay the appropriate rate for the role in each country where we operate. In instances where inflation reaches excessive levels continuously, VSO's policy provides immediate assistance to employees and volunteers to support their cost of living temporarily until the situation stabilises. VSO does not operate a bonus scheme.

External competitiveness is achieved by benchmarking each individual salary every year against actual pay for similar positions in comparable organisations, in the location of the work.

Internal comparison of each role is determined by considering:

- job purpose – the scope, depth, and difficulty of the work,
- level of engagement – communicating and connecting with others,
- delivery – level of planning and organising necessary to successfully execute the role, and how the role fits within the team or function.

Our leaders and managers work with our employees to support their performance and development in role. Our recruiters and hiring managers discuss with applicants the rationale behind the way in which our pay practice is linked to dismantling the broader historical and colonial dynamics of power and privilege within the sector.

We recognise and incentivise our people to perform by designing purposeful roles, creating a positive working environment with support for collaboration and discovery to maintain interest and fulfilment. Our operating model and organisation design have at their heart a distributed leadership model. In this model, leadership and accountability sits with post holders with collaboration key to achieving high performance.

VSO is an accredited UK Living Wage Employer and ensures all our staff are paid at least the living wage in the UK where there is an official calculating body. In other countries, we look for Living Wage data from other organisations to assess our employees' remuneration against. In any case, VSO ensures that all our employees are paid at least the official minimum wage in all the locations where we operate.

Gender pay gap reporting for UK employees

The UK government require gender pay reporting – the difference between pay to women and men, for organisations with more than 250 UK-based employees. VSO employed 86 people in the UK in April 2023.

To demonstrate transparency VSO has reported its gender pay gap in the UK, since 2017.

On 5 April 2023 the difference in mean (average) pay between female and male employees in the UK was 5.93% (compared to 5.3% on 5 April 2022). The difference in median (middle value) pay between female and male employees in the UK is 0.88% (compared to –0.33% on 5 April 2022).

In line with our view of organisation design, and to ensure we are shaped to successfully deliver on our mission, VSO monitors our pay ratios in each operating location on a regular basis, aiming not to increase the current level when pay bench-marking adjustments and pay awards are made. Our CEO is employed on a UK contract, reporting the UK pay ratio identifies the ratio from CEO pay to lowest pay in the UK as 4.5:1 (compared to 5:1 in 2021/22).

Modern slavery statement

Modern slavery is an abhorrent abuse of human rights, and includes practices such as forced labour, debt bondage, human trafficking, and child labour.

VSO has a zero-tolerance approach to modern slavery and in line with the UN Sustainable Development Goal 8.7, is committed to ensuring that there are no instances of modern slavery or human trafficking occurring within our global organisation or our supply chains.

VSO is raising awareness about modern slavery within the organisation and with its delivery partners, we have in place policies, procedures and processes to combat the risk of modern slavery. We also recognise that more can be done to combat this risk and VSO strives to continually improve processes.

Further information about the framework VSO has in place to combat the risk of modern slavery and the actions VSO plans for the next financial year can be found in VSO's Modern Slavery Statement:

vsointernational.org/about/policies-and-statements/statement-on-modern-slavery

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's policy can be found at vsointernational.org/privacy.

VSO adheres to the Charities (Protection and Social Investment) Act 2016. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition, we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

VSO has a safeguarding policy which guides us on how to respect people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

We aim to inspire our supporters to help us tackle poverty and seek to raise funds from a diverse range of sources. In our recruitment and retention of supporters in 2022/23 we used the following channels: direct mail, telemarketing, email communications, face to face fundraising and digital advertisement.

VSO continues to report to the Fundraising Regulator on the number of complaints received in response to our fundraising activity. In 2022/23 this number totalled 40. Those were minor negative feedback which informed future work. Our Supporter Care team examines every complaint, responding within three working days. We also complete the Fundraising Regulator's Annual Return. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2022/23.

We must invest in our fundraising to achieve our plans to increase our scale, influence and impact to create a fair world for everyone. We monitor our spending in all areas of fundraising activity to measure our impact and returns. We recognise that growth is dependent on sound investment.

We have introduced a single supporter view of all VSO's individual supporters. This has started to enable us to make significant improvements to communications effectiveness through testing and supporter insight and improved targeting and tailoring.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector and has in place an Ethical Income Generation policy, which was reviewed by the Board in March 2023.

Our approach to data protection

We are committed to protecting the personal data of all individuals whose personal data is processed by us. We ensure that we use it only for clear and stated lawful reasons, and that we store and transfer it safely in line with the requirements and principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of VSO induction and we monitor compliance. All VSO people are required to renew their data protection training annually.

As part of our programme design process, we complete detailed privacy impact assessments prior to processing personal data in cases where that processing may give rise to high risks to data subjects. In this way we ensure that we know that the processing is lawful and that we can mitigate risks. We integrate data protection into our programmes and in so doing we consider the likelihood and impact of our processing on the rights and freedoms of data subjects.

We monitor complaints and take on feedback to help us improve our fundraising approach, our systems, and internal processes, as well as the work undertaken for us through external agencies.

During the year, we discovered no reportable data breaches. In cases even of minor breach, we always speak to the Information Commissioner's Office to check that we have taken the correct approach. We record the details of all breaches on our data breach log and conduct learning sessions where relevant to mitigate the risks of a similar breach occurring in future and to embed learnings.

Environmental impact assessment

VSO is committed to embedding resilience, including environmental resilience and sustainability throughout its programmes and organisational practices.

By measuring our carbon footprint, we seek to understand the impact we have on the environment with a commitment to reduce it. Because of this commitment, we have gone beyond the minimum reporting obligations under Streamlined Energy and Carbon Reporting (SECR). SECR requires us to report our UK energy use relating to gas, electricity, and transport fuel. But as a volunteer international organisation where a large part of our carbon is attributed to air travel, we have also reported on carbon emissions from all our project locations across the world, including optional scope 3 emissions from business travel.

Ambitious targets

Using pre-pandemic (i.e. 2019/20) levels as a base, we aim to reduce our emissions by 66% for the same turnover over five years, a more ambitious target than the one we had previously worked to. We are seeing the impact the environmental crisis has on the most marginalised people we work with and want to reduce our own emissions to as little as our operations allow.

Because our carbon depends on the volume of work we deliver, a useful indicator of our performance in managing our footprint is the intensity ratio which considers our carbon emissions in relation to our income. This year's measurement of 37 tCO2e / £ million compares with last year's intensity ratio of 39 tCO2e /£ million, a significant reduction relative to our 2019/20 base line of 107 tCO2e / £ million.

Calculating our carbon impact

To calculate our 2022/23 emissions, we have used the Green House Gases (GHG) Protocol which supplies the world's most widely used greenhouse gas accounting standards. The table below details the carbon emissions from the countries in which we worked this year. It includes:

- Business travel (road, rail and air travel for our staff and volunteers).
- Energy consumption (gas and electricity use from our global office locations).
- Fuel (petrol and diesel for VSO's owned and hired vehicles and for electricity generators).

The table below summarises VSO's GHG statement from 2019/20 when recording began. Scope 1 emissions are caused by VSO's operations and released from directly controlled assets. Scope 2 emissions are indirect greenhouse gases released from the energy purchased from a utility provider. Scope 3 emissions are all other associated indirect emissions. Scope 3 emissions arising from business travel in rental cars where VSO purchases the fuel and upstream emissions from purchased fuel and energy are mandatory. Other scope 3 emissions from business travel – air, road and rail are optional and reported in the total emissions figure.

	19/20	20/21*	21/22	22/23
Energy consumption (MWh)	3.3	0.8	2.0	1.7
Scope 1 & 2 emissions (tCO2e)	842	263	589	447
Total mandatory reported emissions (tCO2e)	1,193	330	710	561
Total emissions including optional scope 3 (tCO2e)	6,440	461	1,293	1,480
Intensity ratio (tCO2e/£m)	20	7	21	14
Intensity ratio (tCO2e/£m) including optional scope 3	107	9	39	37

*In 2020/21 COVID-19 restricted travel.

VSO International's GHG statements (in tCO2e), as follows:

Streamlined Energy and Carbon Reporting	Current reporting year 2022/23			Comparison reporting year 2021/22		
Energy consumption: (kWh)	**UK '000**	**Non-UK '000**	**Global '000**	**UK '000**	**Non-UK '000**	**Global '000**
- Electricity	190	256	446	220	307	526
- Gas	48	10	58	76	9	85
- Transport fuel	-	1,124	1,124	-	1,338	1,338
- Fuel for electricity generation	-	68	68	-	78	78
Total energy consumption	**238**	**1,458**	**1,696**	**296**	**1,732**	**2,028**

Emissions (tCO2e)	**UK**	**Non-UK**	**Global**	**UK**	**Non-UK**	**Global**
Scope 1						
Emissions from combustion of gas in buildings	9	2	11	14	2	16
Emissions from combustion of fuel for transport purposes	-	261	261	-	316	316
Emissions from combustion of other stationary fuels	-	17	17	-	19	19
Scope 2						
Emissions from purchased electricity - location-based*	37	121	158	47	191	238
Scope 1 & 2						
Total Scope 1+2 emissions – location-based	46	401	447	61	527	588
Scope 3						
Category 6: Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	-	6	6	-	-	-
Category 3: Upstream emissions from purchased fuel and energy - location-based Emissions from upstream transmission and distribution losses, and excavation and transport of fuels not included in Scopes 1 and 2.	14	94	108	20	101	121
Total emissions for mandatory reporting – location-based	**60**	**501**	**561**	**81**	**629**	**710**
Intensity						
Revenue £m			40			33
Intensity ratio: tCO2e / £m (location-based)			14			21

Emissions (tCO2e)	**UK**	**Non-UK**	**Global**	**UK**	**Non-UK**	**Global**
Optional Scope 3						
Emissions from business travel - air	-	580	580	-	163	163
Emissions from business travel - road	22	317	338	-	420	420
Total emissions from business travel (third-party vehicles)	22	897	919	-	583	583
Total emissions (including optional scope 3) – location- based	**82**	**1,398**	**1,480**	**81**	**1,212**	**1,293**
Intensity						
Intensity ratio: tCO2e / £m			37			39

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Our continuous drive towards greater sustainability

After the upturn in 2022/23 when the post COVID-19 restrictions were lifted, there has continued to be an increase in carbon emissions associated with travel and in particular air travel. At 580 tCO2e this is still significantly below our pre-pandemic 2019/20 level of 4,703 tCO2e.

As a volunteer organisation that focuses on having the right people in the places where their skills can have the maximum impact, air travel is essential to our mission. Predictably, air and road travel are 52% of our carbon footprint. However, by making changes in how we think, book, and track our business travel, we can significantly reduce our impact in this area.

To gain greater control of business travel emissions, we have reassessed our ways of working and improved our remote working capabilities, by leveraging digital tools available to us, so that international travel is no longer the only option for international collaboration. Our travel policy encourages people to make the most carbon efficient choice. Finally, we are introducing carbon budgets that will allow managers to consider the carbon impact of delivering their programmes at the beginning of the project.

In 2022/23 we have further downsized our office space, with the closure of our London facility. This builds on the move, where possible, to renewable energy solutions for our premises and the introduction of home working arrangements for global staff members whose remit are across a number of locations, reducing the need to commute. This has resulted in a decrease in energy consumption in particular electricity resulting in a decrease of scope 1&2 emissions.

We continue to consider future carbon reducing initiatives, such as assessing the carbon efficiency of fleet vehicles and in our procurement activities.

Measuring our operations' impact on the environment is only one aspect of our efforts, additionally, we are developing longer term environmental strategies for delivering more sustainable programmes. Environmental sustainability has been embedded into a number of successful programme designs over the last year, this includes an IKEA-funded waste management and green enterprise programme in Kenya and a peace, resilience and humanitarian programme which has been launched in the Ethiopia Kenya border. In addition, VSO project teams have supported a wide number of environmental sustainability interventions this year within ongoing projects including establishment of a community led eco-tourism and protected area in Mindanao, the Philippines, youth-led tree planting in Nigeria to support flood recovery, and environmental and climate education sessions for children in Myanmar. In the coming year, a key priority is to review and re-launch the environmental policy.

Reference and administrative details

Charity name: Voluntary Service Overseas (VSO)
Charity registration: 313757 (England and Wales)
Company registration: 00703509
Registered office: 2 Putney Hill, London SW15 6HB (from 1 May, prior registered address was 100 London Road, Kingston upon Thames KT2 6QJ)
Company secretary: Jenny Owen

Objects

VSO's objects, for which the charity was established, are to:

- advance education and aid the relief of poverty in any part of the world
- promote the effective use of resources for the purpose of advancing education or relieving poverty in any part of the world
- promote the voluntary sector.

Public benefit

VSO is a registered charity which acts at all times in accordance with its Articles. The activities undertaken by VSO to further its purposes for the public benefit are described throughout this Report.
The trustees have at all times had due regard to the Charity Commission's guidance on public benefit.

Governing document: Voluntary Service Overseas (limited by guarantee) is governed by its Articles of Association.
Royal patron: HRH The Princess Royal
Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP
Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

For more information

Website: www.vsointernational.org
Facebook: www.facebook.com/vso.international
Twitter: www.twitter.com/VSO_Intl
Instagram: www.instagram.com/vsointernational
YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500
Email: enquiry@vsoint.org

Statement of Trustees' responsibilities

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing the financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable group's transactions, disclose with reasonable accuracy at any time, the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, and the provision of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure to our auditors

In so far as each of the trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors. The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

By order of the Board of Trustees

Julia Lalla-Maharajh OBE
Chair VSO
14 July 2023

Financial Statements

Independent auditor's report

to the members and trustees of Voluntary Service Overseas

Opinion

We have audited the financial statements of Voluntary Service Overseas ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise the consolidated statements of financial activities, the consolidated balance sheet, the consolidated cashflow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the - trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 51, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income and major donations and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
10 August 2023

Consolidated statements of financial activities

for the year ended 31 March 2023

Income and expenditure	Note	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000
Income							
Donations and legacies							
Institutional grants	2a	68	24,660	**24,728**	73	17,435	**17,508**
Other donations	2b	6,236	3	**6,239**	6,565	3	**6,568**
Charitable activities							
FCDO ACTIVE/VfD grant	2c	-	9,000	**9,000**	-	8,928	**8,928**
Other trading activities	2d	292	3	**295**	276	-	**276**
Bank interest receivable and similar income		136	-	**136**	30	-	**30**
Total income		**6,732**	**33,666**	**40,398**	**6,944**	**26,366**	**33,310**
Expenditure	3						
Raising funds		5,094	-	**5,094**	4,568	-	**4,568**
Charitable activities							
Inclusive education		2,075	16,554	**18,629**	1,933	16,960	**18,893**
Health		667	5,624	**6,291**	660	6,010	**6,670**
Resilient livelihoods		725	7,260	**7,985**	429	5,389	**5,818**
Core approaches*		244	937	**1,181**	454	2,393	**2,847**
Interest payable and similar costs		-	-	**-**	13	-	**13**
Operating expenditure		**8,805**	**30,375**	**39,180**	**8,057**	**30,752**	**38,809**
Net income/(expenditure)		**(2,073)**	**3,291**	**1,218**	**(1,113)**	**(4,386)**	**(5,499)**
Other recognised gains/(losses)					**-**	**-**	**-**
Actuarial gains/(losses) on defined benefit pension schemes on consolidation	19	-	-		1,154	-	**1,154**
Net movement in funds		**(2,073)**	**3,291**	**1,218**	**41**	**(4,386)**	**(4,345)**
Transfer of funds	13	604	(604)	-	**112**	**(112)**	**-**
Reconciliation of funds							
Total funds brought forward		13,554	3,738	**17,292**	**13,401**	**8,236**	**21,637**
Total funds carried forward		**12,085**	**6,425**	**18,510**	**13,554**	**3,738**	**17,292**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 58 to 76 form part of these financial statements.

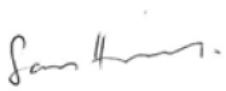
Balance sheet

As at 31 March 2023

	Note	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Fixed assets					
Intangible assets	8b	-	-	18	18
Tangible assets	8a	58	52	213	197
Investments	9	-	2,568	-	2,892
Total fixed assets		**58**	**2,620**	**231**	**3,107**
Current Assets					
Debtors	10	5,156	5,704	6,772	7,047
Short-term cash deposits		7,256	7,256	7,001	7,001
Cash at bank and in hand:					
In the UK and held by group subsidiaries		8,008	3,288	7,125	4,174
Overseas		2,024	2,024	1,227	1,227
Total current assets		**22,444**	**18,272**	**22,125**	**19,449**
Liabilities					
Creditors: amounts falling due within one year	11a	(2,364)	(2,116)	(3,312)	(3,124)
Net current assets		**20,080**	**16,156**	**18,813**	**16,325**
Total assets less current liabilities		**20,138**	**18,776**	**19,044**	**19,432**
Creditors: amounts falling due after one year	11c	(422)	(422)	(370)	(370)
Provisions for liabilities	12	(1,206)	(1,206)	(1,382)	(1,382)
Total net assets		**18,510**	**17,148**	**17,292**	**17,680**
Restricted funds					
Income funds	13,15	6,425	3,164	3,738	2,780
Unrestricted funds					
General fund	14,15	10,429	12,334	11,882	13,248
Designated funds	14,15				
Pension deficit repayment plan fund		(361)	(361)	(567)	(567)
Change programme fund		500	500	365	365
Fixed asset fund		58	52	231	211
Rapid response fund		316	316	-	-
Income generation		1,143	1,143	1,643	1,643
Total unrestricted reserves		**12,085**	**13,984**	**13,554**	**14,900**
Total funds		**18,510**	**17,148**	**17,292**	**17,680**

The notes on pages 58 to 76 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 14 July 2023.



Susan Hickey
Honorary Treasurer on behalf of the Trustees

Consolidated cashflow statement

for the year ended 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities		**2,792**	**(5,859)**
Cash flows from investing activities			
Interest received		136	30
Proceeds from sale of assets	2d	84	13
Purchase of property, plant and equipment	8	(1,077)	(1,579)
Net cash used in investing activities		**(857)**	**(1,536)**
Change in cash and cash equivalents in the reporting period		**1,935**	**(7,395)**
Cash and cash equivalents at the start of the reporting period		15,353	22,748
Total cash and cash equivalents at the end of the reporting period		**17,288**	**15,353**
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		**1,218**	**(5,499)**
Adjustments for:			
Depreciation and amortisation charges	8	1,250	1,709
Gains on disposal of fixed assets	2d	(84)	(13)
Interest received		(136)	(30)
(Increase) / decrease in debtors	10	1,616	(456)
Decrease in creditors falling due within one year	11a	(948)	(750)
Decrease in creditors falling after one year and provisions	11c,12	(124)	(1,974)
Accounts related to the defined benefit pension scheme included within the statement	19	-	1,154
Net cash provided by operating activities		**2,792**	**(5,859)**
Analysis of cash and cash equivalents			
Cash at bank and in hand		10,032	8,352
Short-term cash deposits		7,256	7,001
Total cash and cash equivalents		**17,288**	**15,353**

Notes forming part of

the financial statements for the year ended 31 March 2023

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the group's ability to continue.

Group financial statements

The consolidated financial statements incorporate the financial statements of the charity, including overseas branches, and its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included line by line in the statement of financial activities. Balances and transactions between the charity and its subsidiary undertakings are eliminated on consolidation. The charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements. The net expenditure for the year to 31 March 2023 for the charity is £532,000 (2022: £3,642,000).

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).
- Overseas tax liability – The charity has recognised a liability based on prudent estimations provided by tax advisers (see note 12).
- Revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in income recognition accounting policy.

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves policies are given on page 29-30 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 14 and 15).

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), VSO has chosen to report its charitable expenditure by the four thematic areas and core approaches as set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is apportioned across thematic areas based on the proportion of direct costs incurred across those practice areas.

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3). Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Grants for development programmes tend to be given on a three-year basis. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. VSO also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

VSO is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to VSO each year.

Where VSO is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of VSO's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction.

Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are considered in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight-line basis over the term of the lease, adjusted for lease incentives where applicable.

Fixed and intangible assets and depreciation

Fixed and intangible assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is charged over the useful economic life of an asset on a straight-line basis as follows:

Assets held in the UK and subsidiaries	
Leasehold improvements	Length of the lease
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years
Assets held overseas	
All categories	Fully in the year of acquisition

The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use outside of the UK in the year of acquisition, in view of the uncertainty of conditions in the operating environment. It is the charity's policy to record these assets as disposals after three years.

Investments

The only investments VSO currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Netherlands) Limited	Stated at cost
100% ownership of Voluntary Service Overseas USA, Inc.	Stated at cost

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

VSO has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and the debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Provisions

Provisions are recognised where VSO has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Going Concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. VSO continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2023/24 and going forward. As described throughout this report, in 2022/23, as in 2021/22, VSO demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, VSO remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected financial changes and to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Income analysis

a. Institutional grants	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Governmental bodies				
Austrian Development Agency	-	572	**572**	-
British Council	-	24	**24**	68
Foreign Commonwealth & Development Office - other funding	-	4,006	**4,006**	5,361
European Commission	-	1,725	**1,725**	854
Global Affairs Canada	-	1,397	**1,397**	886
KfW	-	4,574	**4,574**	3,619
Ministry of Foreign Affairs of the Netherlands	-	3,365	**3,365**	579
Cambodian Ministry of Education, Youth and Sport	-	287	**287**	-
Norwegian Embassy	-	-	**-**	83
United Kingdom HMRC Coronavirus Job Retention Scheme	-	-	**-**	24
United Nations Agencies	-	3,106	**3,106**	1,252
USAID	-	191	**191**	84
Other institutional funding	22	-	**22**	2
Total governmental bodies	**22**	**19,247**	**19,269**	**12,812**
Non-government bodies				
Companies	30	206	**236**	219
Trusts and Foundations	-	4,573	**4,573**	1,744
Other charitable organisations	16	634	**650**	2,733
Total non-government bodies	**46**	**5,413**	**5,459**	**4,696**
Total institutional grants	**68**	**24,660**	**24,728**	**17,508**

2. Income analysis (continued)

b. Other donations	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Individuals	5,644	3	**5,647**	5,868
Legacies	399	-	**399**	510
Gifts in kind and pro bono services	193	-	**193**	190
Total donations and legacies	**6,236**	**3**	**6,239**	**6,568**

c. Charitable activities	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
FCDO ACTIVE/VfD grant	-	9,000	**9,000**	8,928
Total charitable activities income	**-**	**9,000**	**9,000**	**8,928**

d. Other trading income	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Lettings	211	-	**211**	263
Sale of assets	81	3	**84**	13
Total other trading income	**292**	**3**	**295**	**276**

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2023 £'000	Total costs 2022 £'000
By practice area						
Inclusive education	1,102	6,045	9,208	2,274	**18,629**	18,893
Health	1,508	2,158	1,854	771	**6,291**	6,670
Resilient livelihoods	770	3,260	3,143	812	**7,985**	5,818
Core approaches*	249	554	98	280	**1,181**	2,847
Total	**3,629**	**12,017**	**14,303**	**4,137**	**34,086**	**34,228**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

Charitable activities (excluding apportioned support costs) include pro bono services valued at £29,000 (2022: £19,000).

b. Analysis of support costs

	Governance costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2023 £'000	Total costs 2022 £'000
Inclusive education	377	626	318	493	460	**2,274**	2,375
Health	128	211	107	169	156	**771**	825
Resilient livelihoods	112	229	116	184	171	**812**	486
Core approaches	46	77	39	61	57	**280**	480
Apportioned support costs - charitable activities	**663**	**1,143**	**580**	**907**	**844**	**4,137**	**4,166**
Raising funds	89	147	74	115	109	**534**	459
Total apportioned support costs	**752**	**1,290**	**654**	**1,022**	**953**	**4,671**	**4,625**

Apportioned support costs include pro bono services valued at £164,000 (2022: £171,000).

4. Net incoming resources

Net movement in funds is stated after the following charges/(credits):

	2023 £'000	2022 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	43	38
Fees payable for the audit of the charity's subsidiaries	15	30
Fees payable for overseas tax consultancy	4	5
Total fees payable to the charity's auditors	**62**	**73**
Depreciation		
Assets in the UK and held by group subsidiaries	331	312
Assets held overseas	919	1,397
Total depreciation charges	**1,250**	**1,709**
Gain on exchange rate movements		
Realised gains	(307)	(269)
Unrealised gains	(72)	(70)
Total gain on exchange rate movements	**(379)**	**(339)**

Unrealised gains on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2022: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to £8,000 (2022: £1,000), paid to 5 trustees (2022: 5).

6. Employee benefits including the cost of key management personnel

	2023 £'000	2022 £'000
Salaries and wages	13,675	13,185
Social security costs	908	863
Pension costs	910	860
Other employee benefits	979	772
Temporary staff	-	9
Total	**16,472**	**15,689**

The 2023 wages and salaries figure above does not include an amount of £74,000 (2022: £244,000) relating to termination costs, nor do they include the provision for overseas tax (see note 12).

The table below shows the number of individual staff whose employee benefits, excluding employer pension costs, were in bands during the financial year:

	2023 £'000	2022 £'000
£60,001 - 70,000	12	13
£70,001 - 80,000	7	5
£80,001 - 90,000	1	2
£90,001 - 100,000	2	1
£100,001 - 110,000	2	2
£110,001 - 120,000	2	2
£120,001 - 130,000	2	2
£140,001 - 150,000	1	1
Total	**29**	**28**

Total benefits, excluding employer pension and social security costs and include termination costs of £13,000 (2022: £35,000), and health benefits, housing, dependents' education, relocation / travel allowances totalling £79,000 (2022: £118,000).

The key management personnel comprise the trustees who make up the International Board, and the executive team led by the Chief Executive Officer. All trustees serve VSO voluntarily. They do not receive any employee benefits, only payment for reimbursement of out-of-pocket expenses (see note 5).

The executive team is made up of four members including the Chief Executive Officer. The total compensation costs, including employer's social security contributions, pension and termination costs were £605,000 (2022: £575,000),

The Chief Executive Officer's salary, excluding pension contribution and taxes, for the year was £142,000 (2022: £142,000).

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2023 Headcount	2023 FTE	2022 Headcount	2022 FTE
UK and subsidiaries based	119	110	136	124
Overseas based	381	379	382	380
Total	**500**	**489**	**518**	**504**

8. Fixed assets

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and Fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2022	**1,324**	**219**	**1,553**	**2,795**	**5,891**
Additions	-	9	149	919	1,077
Disposals	(1,324)	(186)	-	(119)	(1,629)
At 31 March 2023	**-**	**42**	**1,702**	**3,595**	**5,339**
Accumulated depreciation					
As at 1 April 2022	**1,171**	**207**	**1,505**	**2,795**	**5,678**
Charge for the year	153	21	139	919	1,232
Disposals	(1,324)	(186)	-	(119)	(1,629)
At 31 March 2023	**-**	**42**	**1,644**	**3,595**	**5,281**
Net book value					
At 31 March 2022	**153**	**12**	48	**-**	**213**
At 31 March 2023	**-**	**-**	**58**	**-**	**58**
Held by parent charity	**-**	**-**	**52**	**-**	**52**
Held by subsidiaries	**-**	**-**	**6**	**-**	**6**

8. Fixed asset (continued)

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2022	72	72
As at 31 March 2023	**72**	**72**
Accumulated depreciation		
As at 1 April 2022	54	54
Charge for the year	18	18
As at 31 March 2023	**72**	**72**
Net book value		
As at 31 March 2022	18	18
As at 31 March 2023	**-**	**-**

Intangible assets are all held by parent charity.

9. Investments

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Market value at the beginning of the year	-	2,892	-	2,892
Impairment of investment	-	(324)	-	-
Market value at 31 March 2023	**-**	**2,568**	**-**	**2,892**

Investments held by the charity at 31 March 2023 comprise £2 held in VSO Trading Limited, £629,000 held in Voluntary Service Overseas (Ireland) Limited and £1,939,000 held in Voluntary Service Overseas (Netherlands).

VSO Trading Limited, Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost less impairment. Voluntary Service Overseas USA, Inc has nil value. (See note 17).

The net asset value of Voluntary Service Overseas (Ireland) has decreased following grants made to parent charity in line with its charitable objective and the subsidiary reserves policy. As a result, the value of the investment in the parent charity only balance sheet has been impaired.

10. Debtors

	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Trade debtors	2,912	3,555	2,578	2,263
Amounts due from VSO Ireland	-	54	-	54
Amounts due from VSO USA	-	-	-	656
Other debtors	489	18	668	650
Accrued income	1,530	1,488	2,795	2,778
Prepayments	225	589	731	646
Total	**5,156**	**5,704**	**6,772**	**7,047**

All amounts above are due within one year, with the exception of £nil (2022: £4,000) relating to non-current prepayments and £37,339 relating to lease deposits (2022: £40,000).

Legacies of which we have been notified, but not recognised as income, are valued at £529,881 (2022: £175,000).

Amounts due from VSO USA have been provided in 2022/23 and are expected to be granted during 2023/24.

11. Creditors

a. Amounts falling due within one year	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Trade creditors	876	871	780	778
Amounts due to VSO Netherlands	-	102	-	181
Other creditors	311	106	769	536
Pension contributions payable	36	17	92	74
Tax and social security	167	173	151	149
Accrued expenditure	603	595	870	854
Deferred income	-	-	159	159
Accrual for compensated employee leave	371	252	491	393
Total	**2,364**	**2,116**	**3,312**	**3,124**

Income is deferred when it is received ahead of income recognition criteria being met.

b. Movement on deferred income during the year	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Balance brought forward	159	159	478	453
Released to income	(159)	(159)	(319)	(294)
Received in year	-	-	-	-
Balance carried forward	**-**	**-**	**159**	**159**

c. Amounts falling due after one year	Group 2023 £'000	Charity 2023 £'000	Group 2022 £'000	Charity 2022 £'000
Other creditors	422	422	370	370
Total	**422**	**422**	**370**	**370**

No interest is incurred on any of the above creditors.

12. Provisions for liabilities – group and charity

	As at 1 April 2022 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2023 £'000
Overseas tax	**394**	-	-	(74)	**320**
Volunteer flights	**19**	14	-	-	**33**
Dilapidations	**402**	248	(158)	-	**492**
Pension deficit	**567**	-	(206)	-	**361**
Total	**1,382**	**262**	**(364)**	**(74)**	**1,206**

Overseas tax

A liability across VSO's global portfolio has been identified in relation to overseas taxes. This has been provided for and is being managed with relevant authorities and expert services.

Volunteer flights

Provision is made in the financial statements for the cost to the charity of return airfares for volunteers on placement at the end of the financial year.

Dilapidations

The provision for dilapidations is to cover the probable future costs of restoring properties to their required condition at the end of their lease. Our main building lease in Kingston ended in May 2023, dilapidations worked started during the period and ended in May 2023.

Pension deficit

VSO participates in the Pensions Trust Growth Plan, a multi-employer defined benefit scheme in the UK. The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure the scheme has sufficient assets to meet its past service liabilities.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid £206,000 (2022: £579,000) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

13. Restricted funds

a. Movement on restricted funds		Opening balance 2023 £'000	Transfer 2023 £'000	Incoming resources 2023 £'000	Resources expended 2023 £'000	Closing balance 2023 £'000	Opening balance 2022 £'000	Incoming resources 2022 £'000	Resources expended 2022 £'000	Closing balance 2022 £'000
ACTIVE	FCDO	-	-	9,003	(9,003)	**-**	-	-	-	**-**
Unlocking Talent Primary Education	KfW	-	-	2,900	(2,900)	**-**	-	-	-	**-**
Make Way	Dutch MOFA	376	-	2,412	(2,133)	**655**	844	64	(532)	**376**
Building Learning Foundations	FCDO	-	-	2,272	(2,272)	**-**	-	-	-	**-**
IKEA Foundation – Waste to Work	IKEA	-	-	1,760	(246)	**1,514**	-	-	-	**-**
UT Education Services Joint Fund	KfW	-	-	1,673	(1,452)	**221**	-	-	-	**-**
Empowering Adolescent Girls to Learn and Earn	Global Affairs Canada	517	-	1,398	(1,191)	**724**	474	886	(843)	**517**
ENGAGE	FCDO	1	-	1,214	(1,212)	**3**	206	300	(505)	**1**
Preventing Gender Based Violence	UNFPA	29	-	1,096	(1,025)	**100**	-	373	(344)	**29**
Challenge Fund for Youth Entrepreneurship	Dutch MOFA	(41)	-	982	(1,009)	**(68)**	55	553	(649)	**(41)**
Education Cannot Wait	Education Cannot Wait	-	-	976	(473)	**503**	-	-	-	**-**
Learning through Play	Lego Foundation	456	-	928	(928)	**456**	155	716	(415)	**456**
CLARITY	European Commission	-	-	581	(477)	**104**	-	-	-	**-**
Integrated Peacebuilding, Development & Humanitarian Efforts across borders	Austrian Development Agency	-	-	572	(199)	**373**	-	-	-	**-**
Education for Life	FCDO	72	-	497	(569)	**-**	96	773	(797)	**72**
FutureMakers	Standard Chartered Foundation	-	-	489	(144)	**345**	-	-	-	**-**
United Nations Trust Fund Speak It Loud	UN Women	-	-	441	(441)	**-**	-	-	-	**-**
Inclusive Education in Baglung	Hempel Foundation	399	-	433	(337)	**495**	18	586	(205)	**399**
RECOVER	DanChurchAid	20	-	410	(305)	**125**	(36)	143	(87)	**20**
Robert Carr Fund Exceptional Funding Opportunity	Robert Carr Fund	-	-	357	(250)	**107**	-	-	-	**-**
Other grants	Various donors	1,909	(604)	3,272	(3,809)	**768**	6,424	21,972	(26,487)	**1,909**
Total restricted funds		**3,738**	**(604)**	**33,666**	**(30,375)**	**6,425**	**8,236**	**26,366**	**(30,864)**	**3,738**

The top twenty grants for 2022/23 and their prior year comparators are shown. Historic balances of £0.6m have been transferred to designated unrestricted funds as the charity is satisfied that the restrictions have been met and there was no evidence of continued restrictions.

14. Unrestricted funds

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Total £'000
As at 1 April 2021	**12,821**	**(2,286)**	**522**	**361**	**-**	**1,983**	**13,401**
Surplus / (deficit) for the year	(602)	1,140	(157)	-	-	(340)	**41**
Transfer from restricted	112	-	-	-	-	-	**112**
Transfer between funds	(449)	579	-	(130)	-	-	**-**
At 31 March 2022	**11,882**	**(567)**	**365**	**231**	**-**	**1,643**	**13,554**
Surplus / (deficit) for the year	(1,693)	206	(86)	-	-	(500)	**(2,073)**
Transfer from restricted	67	-	221	-	316	-	**604**
Transfer between funds	173	-	-	(173)	-	-	**-**
At 31 March 2023	**10,429**	**(361)**	**500**	**58**	**316**	**1,143**	**12,085**

Designated funds:

Pension deficit repayment plan fund
The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 19).

Change Programme fund
The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country. In 2023, the International Board decided to replenish this fund to ensure VSO has a continuous ability to adapt.

Fixed asset fund
Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Rapid response fund
Funds designated to allow VSO to respond without delay to emerging or unexpected crises affecting the most marginalised communities.

Income generation fund
In March 2019, the trustees designated a £3.0m fund to support unrestricted income growth and income portfolio diversification over the next three years. The priorities and programmes for this fund continue to be revised based on returns and the investment timeframe has been extended.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2022 are represented by:								
Tangible fixed assets	-	-	-	231	-	-	-	231
Current assets	16,366	-	365	-	-	1,643	3,751	22,125
Current liabilities	(3,299)	-	-	-	-	-	(13)	(3,312)
Long term liabilities and provisions	(1,185)	(567)	-	-	-	-	-	(1,752)
Total net assets	**11,882**	**(567)**	**365**	**231**	**-**	**1,643**	**3,738**	**17,292**

	General fund £'000	Pension deficit repayment Plan £'000	Change programme £'000	Fixed assets £'000	Rapid response £'000	Income generation £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2023 are represented by:								
Tangible fixed assets	-	-	-	58	-	-	-	58
Current assets	14,058	-	500	-	316	1,143	6,427	22,444
Current liabilities	(2,362)	-	-	-	-	-	(2)	(2,364)
Long term liabilities and provisions	(1,267)	(361)	-	-	-	-	-	(1,628)
Total net assets	**10,429**	**(361)**	**500**	**58**	**316**	**1,143**	**6,425**	**18,510**

16. Operating leases

As at 31 March 2023 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below.

	2023 £'000	2022 £'000
In the UK:		
Within one year	83	536
Within two to five years	-	48
Overseas:		
Within one year	156	158
Within two to five years	116	64
Total	**355**	**806**
Lease expense	**1,020**	**905**

16. Operating leases (continued)

As at 31 March 2023 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2023 £'000	2022 £'000
In the UK		
Within one year	13	71
Within two to five years	-	9
Total	**13**	**80**

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building which ended in May 2023.

17. Subsidiary companies

	VSO Ireland 2023 £'000	VSO Netherlands 2023 £'000	VSO USA 2023 £'000	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000
Total income	288	7,889	-	319	3,058	1
Total expenditure	528	5,937	287	294	3,594	192
Net income / (expenditure)	**(240)**	**1,952**	**(287)**	**25**	**(536)**	**(191)**
Retained profit / (loss) for the year	**(240)**	**1,952**	**(287)**	**25**	**(536)**	**(191)**
Total assets	628	4,566	35	935	2,620	26
Total liabilities	5	341	954	72	347	658
Total funds	**623**	**4,225**	**(919)**	**863**	**2,273**	**(632)**

As at 31st March 2023, the VSO Group comprises the parent charity (VSO), three active subsidiary undertakings and one dormant subsidiary undertaking.

Voluntary Service Overseas (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799. Registered address: Ten Earlsfort Terrace, Dublin 2, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

The principal activity of the subsidiary is to advance education and to aid in the relief of poverty in any part of the world; they do this by supporting programmes that deliver sustainable change in VSO's three thematic practice areas: Inclusive Education, Health and Resilient Livelihoods.

Voluntary Services Overseas (VSO Netherlands)

A charitable foundation Stichting VSO Nederland; registration number 41155934. Registered address; Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company is a wholly owned subsidiary and was acquired on 1 April 2019.

Voluntary Service Overseas USA, Inc.

A US corporation with US 501 (c) (iii) status; registered in the state of Delaware; registration number 82-4699627. Registered address: 700 K Street NW, Suite 4-143, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018.

17. Subsidiary companies (continued)

VSO Trading Limited

A company limited by share capital incorporated in England and Wales (company number 02315724, 100 London Road, Kingston upon Thames, KT2). VSO Trading Limited is wholly owned by VSO.

The principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO. The net taxable profit of the subsidiary is transferred by Gift Aid to VSO. In 2021, this company was made dormant, as this type of activity is not planned for the foreseeable future.

18. Related party transactions

There have been no related party transactions that require disclosure, other than the transactions with subsidiary companies detailed below:

	VSO Ireland 2023 £'000	VSO Netherlands 2023 £'000	VSO USA 2023 £'000	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000
Payments received for services	118	-	-	112	-	-
Sub-grants paid to	-	66	295	-	140	190
Sub-grants received from	270	1,405	-	-	758	-

Subsidiary debtor and creditor balances at the year-end are shown in Notes 10 and 11 above.

19. Pension costs

The primary scheme for the charity's UK employees is a Scottish Widows defined contribution scheme. Auto-enrolment has been available for all eligible UK employees since February 2014. A variety of other suppliers provide schemes for staff based in the rest of the world.

The following table shows the impact to the consolidated statements of financial activities in 2023 and 2022.

	2023 £'000	2022 £'000
Contributions to defined contribution schemes	910	816
Contributions to defined benefit scheme - The Pension Trust	206	31
The Pension Trust – deficit reduction liability: unwinding of discounting	10	13
The Pension Trust – deficit reduction liability: impact of any change in assumptions	(10)	(13)
The Pension Trust – deficit reduction liability: amendments to the contribution schedule	-	(1,141)
Total	**1,116**	**(294)**

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 638 non-associated participating employers. The Plan is a defined benefit scheme in the UK which has been closed to new VSO entrants since October 2009.

As at 31 March 2023, VSO employed 8 (2022: 8) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme, so it is treated as a defined contribution scheme.

19. Pension costs (continued)

The Plan is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

The rules of the Plan give the trustees the power to require employers to pay additional contributions to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as technical provisions.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the trustee has asked the participating employers to continue paying contributions to the scheme until 31 January 2025. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement, the employer must recognise a liability for this obligation.

Future contributions for VSO as at 31 March 2023 are as follows:

Financial Year	£'000
2023/24	206
2024/25	172

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed below. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2023 £'000	2022 £'000	2021 £'000
Present value of provision	361	566	2,286

Reconciliation of opening and closing provisions	2023 £'000	2022 £'000
Provision at start of period	566	2,286
Unwinding of the discount factor (interest expense)	11	13
Deficit contribution paid	(206)	(579)
Remeasurements – impact of any change in assumptions	(10)	(13)
Remeasurements – amendments to the contribution schedule	-	(1,141)
Provision at end of period	**361**	**566**

Income and expenditure impact of defined benefit scheme	2023 £'000	2022 £'000
Interest expense	10	13
Remeasurements – impact of any change in assumptions	(10)	(13)
Remeasurements – amendments to the contribution schedule	-	(1,141)
Cost recognised in the SOFA	**-**	**(1,141)**

19. Pension costs (continued)

Assumptions

	2023 % per annum	2022 % per annum	2021 % per annum
Rate of discount	5.52	2.35	0.66

These discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Plan is classified as a 'last-man standing arrangement', so VSO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme although participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Thank you

Our work wouldn't be possible without the dedication and support of thousands of people, partners, and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising.

From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work – and all those who generously choose to leave a gift in their Will.

The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you. Here are just some of the individuals and organisations who made a vital contribution to our work in 2022/23.

African Union
Austrian Development Agency
Avert
British Council
Civil Society and Indigenous People's Mechanism of the Committee on World Food Security
Education Cannot Wait Consortium
Education Development Trust
European Commission
ERIKS
Foreign, Commonwealth & Development Office
Global Affairs Canada
Global Campaign for Education
Global Partnership for Education
GSRD Foundation
Hempel Foundation
IKEA Foundation
Imagine Worldwide
Institute of Development Studies
International Civil Society Centre
International Forum for Volunteering in Development
JBJ Foundation
KfW
Lego Foundation
London School of Economics
Mastercard Foundation
MESH Guides (Education Future Collaboration)
Ministry of Foreign Affairs of The Netherlands
NHS Lewisham and Greenwich Trust
Nyagatare Hospital in Rwanda
Onebillion
Palladium
Pan African Climate Justice Alliance
Population Services Kenya
Randstad
Robert Carr
Civil Society Networks Fund
Royal Norwegian Embassy
Southern Africa Network of Prisons
Standard Chartered Foundation
Tackle Africa
UNESCO
UNFPA
UNICEF
UNGEI
UNOCHA
UN Trust Fund
UNV
UNWOMEN
University of Northumbria
University of Nottingham
USAID
Weeshuis der Doopsgezinden
Wees een Kans
Wemos
WHO

If you would like to know more about VSO's work worldwide, visit www.vsointernational.org

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VSO

England & Wales - Charity number 313757

Accounts

Annual report and accounts

2021/22

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Thank you 87

Challenges and achievements

Once again, our work at VSO this year was dominated by the impact of COVID-19. Around the world, closure of schools, pressure on health systems and economic hardship have made life even more difficult for those who were already very vulnerable.

At the same time, restrictions on movement and significant cuts in funding, have made it more difficult to act. Despite this, VSO has continued to reach millions of people by redoubling our energies and adapting and refocusing our programmes. In a year when awareness of the impact of climate emergency has hit the headlines, our livelihoods work has been addressing the interconnected crises of climate, food scarcity, economic difficulty, and the rollback of progress on women's rights. We were proud to bring primary actor and volunteer voices to the United Nations Climate Change Conference in Glasgow.

We have continued to live up to our vision of creating a fair world for everyone by building our response to support those primary actors living in fragile contexts. As climate change leads to increasing frequency and severity of extreme weather events in the countries where we work, our programming is now building national and community capacity to plan for and reduce the impact of disasters when they happen. We are integrating this across our programmes.

In April 2022, we came to the end of our six-year, People First strategy. We look back with satisfaction on what we achieved. This financial year also marks the completion of the five-year UK Aid funded Volunteering for Development (VfD) grant. The accomplishments that we have achieved have shaped VSO to become a more effective and relevant partner in responding to the emerging challenges and opportunities for the future.

This includes:

- Developing our volunteering for development method to focus on those who are most marginalised or vulnerable. We've used that method to deliver high quality programmes at scale and in doing so, increased the reach of our work – up from 2 million to 8 million people a year.
- Building greater recognition of the role of volunteering in delivering the Sustainable Development Goals through the development, launch and roll-out of the Global Standard for Volunteering for Development.
- Shifting our volunteering model to focus more explicitly on national and community volunteers in addition to our international volunteers. Over the last six years, we have doubled the number of VSO volunteers, up from the 40,000 that we worked with between 1958 and 2015, to 80,000 by 2021.
- Building our ability to deliver in fragile contexts using our volunteering for development method, responding rapidly to new challenges such as COVID-19 as well as building national capacity to respond to emergencies.

Whilst overall income has decreased in recent years, largely because of the closure of the UK government's International Citizen Service programme, we have continued to diversify our sources of income with nearly 60% from non-UK government's sources. We say more about the future in the looking forward section.

This annual report provides an overview of what we have achieved during 2021/22 and examples of the impact that we are making in a wide range of contexts around the world.

How volunteering for development delivers

VSO is probably best known for the inspirational work of its thousands of volunteers on the ground. But we have also invested in research and practice to increase and deepen our understanding of how volunteering can create a fairer world and how it can best deliver sustainable impact at scale.

Over the past six years, we have sought to apply and share our knowledge to strengthen volunteering globally. We have begun to make a significant contribution beyond the direct work we do ourselves by working with a range of partners to also leverage the power of volunteering.

In the foreword to this year's Annual Report, our partners from the African Union Commission outline the practical ways in which VSO's experience, technical support and information exchange has helped them to achieve their goals to promote volunteerism across Africa, and volunteer, Dr Tracy Kandeya, explains how the Global Standard for Volunteering for Development - which VSO has led in its development and roll-out - assists with improving the volunteer outcomes and experience.

Gift Bwanga of Sepe village, Zambia. Samfya is a Community Volunteer with a disability. She uses a Talking Book to aid her in disseminating important lessons to the youth in her community and teaching them on sexual reproductive health.

Foreword from the African Union Commission - Women, Gender and Youth Directorate

The Africa Union (AU) Commission - Women, Gender and Youth Directorate recognises the multifaceted role of volunteerism in the development efforts of AU Member States and its role in enhancing social cohesion and building inter-community exchange. We see evidence of this in the programmes that VSO undertakes working through community, national and international volunteers across the continent.

We know that the grand aspirations embedded in the AU Agenda 2063 - which calls for unleashing the potential of women and youth for Africa's prosperity - cannot be realised without volunteerism. Likewise, the successful implementation of the UN Agenda 2030 cannot be achieved without tapping into the skills of volunteers. It is being cognizant of these facts that our Directorate commends VSO's multi-sectorial activities by harnessing the skills of volunteers. Our Directorate earnestly believes that these have contributed towards expanding access to essential services, particularly to those most at-risk and vulnerable people in hard-to-reach places of the AU Member States.

VSO Trained Community Volunteers on their way to the clinic to help their fellow youths in the community get the services they require, Zambia.

Since the adoption of the African Youth Charter in 2006, recognising the importance of African volunteers to Africa's development, the AU Commission (AUC) has stepped up its work to promote the institutionalisation of volunteerism within the Africa Union Member States. In 2010, the AUC launched the AU Volunteer Corps (AU-YVC), a continental volunteerism programme that recruits, trains, and deploys youth volunteers to serve in all AU Member States other than their own country. The Continental Volunteer Linkage Platform (CVLP) was also set up as an instrument that brings together all stakeholders and creates a space for information exchange and data generation that can be leveraged to improve volunteerism in Africa. The CVLP is conceived as a marketplace for volunteer initiatives and actors on the African continent.

Through our strategic partnership with VSO, who have provided financial and technical support, we have set up the African Union Reference Group on Volunteerism, strengthened the CVLP, and developed model national volunteerism. We have jointly organised policy discourses to promote the exchange of knowledge, experiences, views, and best practices to promote volunteerism within the AU Member States.

The AUC is hugely grateful to VSO for the financial, human resource, and technical support provided to the AUC to complement our efforts of promoting volunteerism as a driving force in delivering prosperity, integration, and peace as enshrined in Agenda 2063 and the UN Agenda 2030.

We very much look forward to our continued collaboration with VSO in the upcoming programme year.

Prudence Nonkululeko Ngwenya
Acting Director, Women, Gender and Youth at African Union Commission

The Global Standard for Volunteering

As the national policy and advocacy volunteer for VSO Zimbabwe, I have been responsible for developing the Zimbabwean National Volunteer strategy, in addition to training government, the UN and civil society partners about the Global Standard for Volunteering.

VSO has been at the forefront of developing the Global Standard for the Volunteering for Development Sector through our partnership with the International Forum for Volunteering in Development. Research has shown that we volunteers are most effective when we are well prepared, supported, and enabled to contribute to projects that are defined, designed, and delivered alongside the communities we serve. Until now, although good practices and methodologies have existed across the volunteering sector, there has been no globally agreed set of standards that we can all use to ensure our work is impactful and responsible.

Designed in collaboration with hundreds of volunteering for development organisations around the world, the Global Volunteering Standard fills this gap by bringing together years of expertise, existing good practices and methodologies within one global framework.

Zimbabwe, in common with many other countries, had some problems in the volunteer sector, including discrimination, gender-based violence, a deficit of information about volunteering and a lack of recognition of volunteer work.

Communities are now involved in designing projects, working with VSO in Zimbabwe and Zambia to effectively implement projects which are actively supported by the community. This in turn, means that communities have an active stake in their projects, ensuring that there is greater transparency, and that they have developed plans to sustain the project once donor funds end.

The Global Standard has a national review process, which means that we volunteers are encouraged to share the work we are doing with our national Government through monthly reports.

Adoption of the Global Standard has also meant that conditions are better for us volunteers. For example, we are trying to introduce maternity leave for female volunteers, which has not been available before.

A group of small-scale farmers mixing locally sourced dry organic matter to make Bokashi fertiliser in Chimanimani district, Zimbabwe.

Partners now understand and respect the rights of volunteers, and are developing safeguarding policies, which did not exist before. Organisations now recognise the contributions of volunteers, who are now given awards for exceptional service.

At a practical level our knowledge and understanding has been improved through training, which in turn has meant that programmes are delivered more effectively. One area where this is particularly evident is in looking at the wider impact of projects on the environment. For example, one of our partner organisations was training volunteers to conduct HIV tests in the community. We trained volunteers and stakeholders to ensure that the syringes were handled and disposed of safely.

Volunteering has helped to open opportunities for networking and employment, but the implementation of the Global Standard means that we volunteers feel valued and that we are increasing our knowledge and skills. The introduction of these measures has enabled us to make recommendations to the wider volunteering community and will assist us in achieving our mission of a fairer world for all.

Dr Tracy Kandeya
National Policy and Advocacy Volunteer, VSO Zimbabwe

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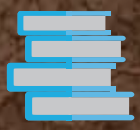
Our year in numbers

3,505 people volunteered with VSO

VSO worked with communities in 28 countries.

8.2 million

people were reached over 4.2 million indirectly and nearly 4 million directly including:



Over **5.5 million** through our education projects

Almost **500,000** through our resilient livelihoods programme

Over **900,000** through our wider work on resilience, inclusion and social accountability. To help people prepare for disaster, build peaceful communities, tackle gender-based violence, and create inclusive societies for people with disabilities.

Over **1.2 million** through our health projects

Our vision

A fair world for everyone

Our purpose

Creating lasting change through volunteering

Collaboration

- Empower poor and marginalised people to take charge of their own development
- Share skills and knowledge to create long lasting, sustainable change
- Build collaborative partnerships that promote innovation, growth and impact

Knowledge

- Lead volunteering for development, setting the standard for ourselves and others
- Use evidence and insight to guide our actions
- Recruit the right people and work where we have the greatest impact

Inclusion

- Stand beside and advocate for those who have been denied choice and opportunity
- Promote diversity and equality throughout our work
- Encourage different, inquisitive perspectives

Integrity

- Commit to safeguarding and take a zero-tolerance approach to abuse and harm
- Treat others with respect, as equals
- Be open, transparent and accountable in everything we do

Doing development differently

Our volunteering for development approach

VSO's volunteering for development method provides opportunity for everybody to bring about lasting change.

It does that by focusing first on those who are left out by society – those living in extreme poverty, or with disability and illness, those who face discrimination and violence for their gender, sexuality or social status. These are not passive "beneficiaries" of aid. They are the "primary actors" at the heart of our work. It is from their viewpoint and actions that we seek to define the issues, opportunities, and solutions that deliver sustainable and locally led change.

What do we mean by primary actors?

Primary actors are the marginalised people in communities that we work with whose needs we respond to in our programming. They are the ones engaging in projects, working with us to better understand the community's needs, and working with volunteers to build a fairer world. Our responses are driven by demand from the poorest and most marginalised. We always work with local partners who can guide the most effective support.

Why do we use that term?

'Primary', because they are principal contributors to VSO's work and they shape the design and delivery of programmes. 'Actors', because they are active agents. VSO doesn't do development to communities, it works alongside them.

Project Manager, Simba Guzha, interacting with Queen Majokwiro, a small-scale farmer in Chimanimani district in Zimbabwe's eastern province of Manicaland.

EYEE Project in Mwanza, East Africa.

VSO's three core approaches:

Social inclusion and gender

Millions of people face discrimination because of their gender, age, disability, cultural background, sexual orientation. VSO aims to dismantle the causes behind exclusion in all its forms.

Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. Those who are already vulnerable are most at risk. Our goal is to work with communities and societies to create stronger systems and capability wherever we identify vulnerability or fragility to shocks and stresses.

Social accountability

Many people around the world are denied basic rights that are guaranteed in law, or may be subject to laws that are unfair or unjust. Corruption, fear, and unequal power dynamics stop people from speaking up and demanding a fairer, more just society. VSO works to support people exercising their voice, no matter who they are or where they are from. We also work alongside authorities responding to the needs of people they are there to serve.

Our volunteering for development method recognises the importance of relationships in forging a shared understanding and commitment and building collective action to lasting change. Through blended teams of community, national and international volunteers, it brings together a diversity of perspectives and experience to generate insights, innovate ideas and undertake actions that can address the underlying causes to complex problems facing our communities. It inspires and ignites the potential for active citizenship everywhere across the globe to step forward and drive the change that will create a fair world for everyone.

All our programmes address the root causes of marginalisation by focusing on three areas – what we call "core approaches" - that reliably tackle the structures, systems and conditions that make people vulnerable. These core approaches are fundamental to our volunteering for development method, ensuring the people we work with have the confidence and capacity to bring about change in their own lives.

A deaf client explaining challenges in accessing sexual reproductive health services during deaf awareness week in Isiolo, Kenya.

Family Planning for All

For people who are marginalised, access to information and services on family planning, can be hard to come by. In many counties across Kenya, less than 45% of women are using modern contraception and this figure is far lower amongst persons with disabilities (PWDs), poor rural women and marginalised adolescent girls. Yet the evidence is clear that when people have that access, mothers and children are less likely to die, children are healthier and happier and overall economic and social well-being is improved.

For People with Disabilities, their access to family planning is limited by both social and environmental factors. Poor and inaccessible infrastructure can mean that they cannot physically enter health facilities. Family planning information is often unavailable in braille or sign language. But perhaps the biggest hurdle is overcoming the prejudices and cultural beliefs against disability.

This experience was all too familiar to Rael Akinyi Lumumba, a nurse in Mombasa County. Rael's parents are both deaf. Growing up, Rael witnessed the difficulty her parents had accessing healthcare. When Rael fell ill and had to be taken to hospital, she was only seen by medical staff when a cleaner realised that her mother was unable to communicate what she needed.

VSO is working with 7 other organisations across 19 Kenyan counties to provide inclusive family planning services through the UK Aid funded "Delivering Equitable Sustainable Increases in Family Planning" (DESIP) project. As part of this project, VSO volunteers are training health care providers and county health management teams to understand the needs of rural poor women, adolescents, youth and PWDs, the social and physical barriers they face and to factor these into better planning and delivering healthcare services.

Rael, for example, was able to draw on her personal experiences to discuss the challenges of communicating with deaf patients. The training she received means she is better equipped to sensitise her colleagues about social inclusion and to work with them to overcome their own prejudices and assumptions about those living with disability. Nurse volunteer, Rael Lumumba has been awarded the prestigious "'Best Nurse Practitioner for Mombasa County" for her work with persons with disabilities, including her outreach to reach the most marginalised and vulnerable.

Changing attitudes is a long process but to date the project has trained 272 healthcare workers including 24 social inclusion champions and ensured better access to health services for over half a million Kenyans.

The Right Climate to Learn

Across the countries where VSO works, we see children and young people increasingly experience the effects of climate change on their health, well-being and access to education. With climate change set to worsen, we know they are likely to experience more devastating consequences during their lifetimes. For this reason alone, children and young people need to have a greater voice on climate change.

In Nepal, the stakes are particularly high with the country's vulnerability to extreme weather events, such as monsoons, which lead to flooding and landslides. This poses significant risks to Nepali children and their communities. Travelling to school becomes unsafe. School buildings are damaged. Livelihoods and access to food are disrupted so children become undernourished. School facilities become shelters for the community further disrupting children's education.

For girls, interruptions to schooling have a disproportionate impact. They are often exposed to early marriage or forced to do agricultural or housework rather than study. Evidence shows that during climate emergencies instances of gender-based violence and people trafficking increase.

Participants in climate change and women empowerment training presenting their future action plan about practical solution to climate changes.

As Shikha Shrestha, the VSO Nepal Head of Programmes explains,

'By finding ways to build resilience into the education systems, VSO is working to minimise disruption and ensure that communities are well prepared for the challenges to come. With the right strategies, schools can strengthen awareness of climate change solutions, support children to become more resilient and find innovative ways to adapt to disruption. A crucial part of resilience building is ensuring that interventions are driven by children and that the process is holistic, supporting children, their parents, teachers and the education system more broadly to reduce vulnerability'.

Children and young people have deep knowledge and understanding of their immediate environment, the risks they face and the solutions they need. Funded by UK Aid through the Girls Education Challenge, VSO Nepal's Empowering a New Generation of Adolescent Girls with Education (ENGAGE) Project, is capitalising on this knowledge and supporting children and their communities to build long-term strategies to navigate the impacts of climate change.

As Man Bahadur, the Chairperson of the social development committee in a municipality of Surkhet district in the southern lowlands of Nepal, says

"To mitigate the impact of climate change and find solutions, it's important to involve children, particularly girls, in implementing action plans. This way they will become more responsible about climate change solutions and help to educate others."

Participants in climate change and women empowerment training presenting their future action plan about practical solution to climate changes.

The ENGAGE project is training networks of peer volunteers who have been supporting girls in 82 schools to undertake climate risk assessments and action planning. VSO volunteers have been accompanying the schools and communities to better understand climate vulnerability and build long-term resilience into the education system. They have also been supporting schools and communities to share their priorities for action with local government to strengthen the local education planning processes as well as climate adaption and disaster risk reduction planning.

Through this process, girls are identifying priorities for building climate resilience within their school environment. These include strengthening access to early warning systems, evacuation plans, establishing peer to peer support for children to address trauma or access school safely, and making environmental and physical changes that improve the resilience of school facilities. Many schools have planted trees to provide shade and reduce excessive heat, and six schools have been refurbished to deal with the effects of climate change, with work underway in another 50 schools.

We have suffered unseasonable heavy rains, floods and landslides as a result of climate change. This has made it difficult to travel to school. Together with the members of the network, we have developed an action plan on climate change mitigation so that our education won't be affected too severely. - Bhagawati BK, Secondary school student and member of Girls and Inclusive Education Network.

Realising Rights in Tanzania

Geita and Mara districts in north-western Tanzania are incredibly rich in mineral resources particularly gold and as a result, mining companies are extremely active. Yet despite the mineral riches, little of the wealth is trickling down to ordinary people. Geita and Mara are two of the poorest districts in the country and young people in particular, face many challenges.

"Their mindset tells them they will not be able to achieve their goals," explains primary actor, Amina Nyamhanga Kisero, 28, who lives locally. "Others are lacking family support which causes them to abandon their dreams." Thanks to entrepreneurship training through VSO's Collective Action for Rights Realisation in Extractive Industry (CLARITY) project, Amina established her spice and food processing business "Brela" in October 2021.

This European Union funded programme addresses challenges preventing women, youth and people with disabilities (PWDs) from benefitting from the extractive sector in Tanzania. Through a partnership with the Lawyers Environmental Action Team (LEAT) and the Tanzanian Women Chamber of Commerce (TWCC), VSO is supporting 4,000 people to hold the industry to account, support official policies put in place across Tanzania, report rights abuses and importantly, to ensure that marginalised groups benefit from the sector through financial support.

Reflecting on setting up her business, Amina says, "Earning trust from customers was the main challenge. Establishing a customer base was also difficult due to the quality of the packaging and the product standard. Some people compared my packaging to one used by a local medicine, so I needed to differentiate my product. VSO volunteers have supported me through various trainings which have contributed to the growth of my business, personal life, and career."

Today, she produces high quality essential products with modern packaging that she hopes will be stocked in hotels and supermarkets in the future. Her production has shot up from up to 50 units of spices per month to up to 250, after assistance from VSO and the Small Industry Development Organisation (SIDO). Previously, Amina earnt up to 30,000 Tanzanian shillings (9.70 GBP) a month, but now earns as much as 150,000 (49 GBP) which means she can now support her family.

Project beneficiary Amina, who received equipment to start her food business after participating in an entrepreneurship program offered to youth by Geita's Small Industry Development Organization (SIDO) through a Randstad grant.

Armed with skills and knowledge, Amina is now a volunteer training young people in spice making and food processing. She has also received legal training from VSO on tackling gender-based violence (GBV). As a leader of a paralegal group working closely with local authorities, Amina now works with survivors of sexual abuse to ensure they are referred to the relevant channels for support.

"The CLARITY team believed in me," says Amina. "I do not think my business would have grown as much as it has done if I had not had the support from VSO, SIDO, and others."

Barthromew Sunga, a VSO community volunteer speaking to a group of students and using a Talking Book to deliver a lesson to the students, Zambia.

©VSO/Chosa Mwaemba

Taking volunteering for development to scale

A key part of our VSO strategy is to make a bigger contribution to delivering the Sustainable Development Goals by scaling up the impact and influence of our work. It is a strength of our volunteering for development methodology that evidence and lessons from our programming can be analysed and applied in different contexts. Over the last year, we have continued to build initiatives that deliver at scale, ensuring that no-one is left behind.

Arthur peer educating fellow workmates on welding skills at a junk yard. Arthur learnt these skills whilst serving time in prison. He is also a well-known peer educator in the community in Zimbabwe.

Reaching Every Child in Rwanda

Like many other countries in sub–Saharan Africa, the Rwandan education system faces significant challenges: large class sizes, a lack of teaching materials, unqualified teachers and high dropout rates. This problem is particularly acute for children with learning difficulties or disabilities, who face stigma as well as physical barriers to accessing education. Some believe that children with disabilities do not have the right to education and that schools cannot meet their needs.

COVID-19 has disrupted education in Rwanda and brought further hardship to poor families. Students fell further behind in their education and the impact was even more pronounced for those with learning difficulties or disabilities.

The Building Learning Foundations (BLF) project is a UK Aid funded partnership between VSO, Education Development Trust, and British Council which is improving basic education in every government-aided primary school in Rwanda, reaching over 4 million children. As part of its work, VSO is leading a pioneering disability intervention in 486 schools across 30 districts.

Attending a BLF Community of Practice session in Rulindo, Rwanda.

With children returning to school after the long COVID-19 lockdown in Rwanda, many children with disabilities enrolled at school for the first time as part of a government Back-to-School campaign. VSO international volunteers have mentored national volunteers who are trained Special Needs Education Coordinators (SNECOs) to support teachers to identify children with learning difficulties, to take action to meet their needs and to teach more inclusively, for example through using bespoke teaching materials. Over 486 teachers in schools supported by VSO's Disability Intervention were supported reaching 90,000 families across all 30 districts in Rwanda, encouraging engagement between home and school and allowing early intervention where developmental delays or learning difficulties were identified for students.

Inclusive Education Focal teacher Jean Baptiste Ndayisaba and inclusive education focal teacher describes the difference this work has made:

"Right now, we can assess the needs of students and use different strategies to provide support so we can teach them at the right level. Girls' performance has increased because we have been able to pay attention to their needs and the number of enrolled pupils with disabilities has greatly increased due to home visits.

Before, many students with disabilities were not attending schools. Teachers and school leaders were not skilled on the way to teach and treat students with disabilities and learning difficulties. All community members had mind-sets that children with disabilities had to be enrolled in special schools only, but now they are attending regular schools."

Dr Kiran Cheedella (centre) is a GP from the UK, volunteering on VSO's Doctors for Development programme in Sierra Leone in partnership with the Royal College of General Practitioners.

Supporting the Development of Volunteering across the African Continent

During 2021/22, VSO signed a Memorandum of Understanding (MoU) with the African Union (AU) with the aim of supporting the AU to integrate volunteerism into its long-term development strategy. This in turn is a response to the adoption by the AU of the United Nations resolution "Integrating volunteering into peace and development: the plan of action for the next decade and beyond" which was adopted by the AU's General Assembly in its 70th session.

Through the MoU, VSO is working closely with the AU to form a Continental Volunteering Platform and the development of a Model Volunteer Policy for all its 55 member states.

Over the last year, the AU with VSO support developed a model national volunteering policy to promote minimum standards and common principles of volunteering in the states, ensuring people are supported to volunteer safely and responsibly.

The model policy framework which was launched in March 2022, is already serving as a "hands-on" guide for states such as Sierra Leone, to design national volunteer policies, ensuring their volunteer programmes and voluntary activities meet minimum standards and use common definitions.

Partnerships for Change

Since 2018, VSO has facilitated a twinning partnership between Lewisham Sexual health services (part of Lewisham and Greenwich NHS trust in the UK) and Nyagatare District Hospital (NDH) in north-eastern Rwanda. The initiative unites two institutions working in the same sector in different parts of the world to share staff knowledge and learn from one another.

When VSO brought together the two institutions, it quickly became clear that they shared many of the same challenges, including high teenage pregnancy rates, low testing rates for sexually transmitted infections (STIs), lack of resources and staff. The twinning arrangement has mobilised volunteers from the UK and from Rwanda and has included nurses, midwives, and consultant doctors, as well as students.

The scheme is highly valued by both Rwandan and UK stakeholders and is unusual in that it explicitly focuses on learning outcomes for both partners. VSO facilitated learning exchange visits were crucial to the project's set-up. These visits supported the twins to build relationships and exposed them to service delivery in another institution.

Whilst the COVID-19 pandemic affected our ability to conduct some of the planned activities over the last year, notable achievements have been made in the first phase of the project. These include the training of 58 clinicians and outreach staff to identify, detect and screen for Sexually Transmitted Infections, 6 midwives trained in Lewisham to provide post-natal contraception to 38 post-partum women, and community outreach activities to almost 5,000 people in Nyagatare, with over 12,000 people tested for STIs.

Staff from Nygatare run a community outreach programme to sensitise the general public about their work.

A visiting medic from Lewisham and Greenwich NHS trust meets with university students in Nygatare to discuss training.

This is only the start. In 2022, we will be conducting a survey of youth in both locations. This will give us insight into what the barriers are for young people accessing sexual reproductive health services and what their needs are. Lewisham also plans to replicate the inclusive Sexual Reproductive Health and Rights (SRHR) service provision seen in Nyagatare, including for deaf young people.

This first twinning partnership has provided rich learning for VSO, and we have just completed an evaluation of the project. Our aim is to apply the model to other areas of our health work and beyond. A twinning partnership with NHS Central and Northwest London trust and Zimbabwe Prison and Correctional Services to improve services for people with mental health problems is currently being developed.

Staff from Nygatare district hospital demonstrate clinical techniques to their fellow medical colleagues from Lewisham and Greenwich NHS trust.

Teacher Nyirampuhwe Josephine in her classroom at Boli Nursery School, preparing teaching materials for her numeracy class.

Numeracy for all

The global pandemic and school closures have continued to have a devastating effect on children's learning all over the world. Very few pupils have escaped learning interruptions. But even before COVID-19, in many countries huge numbers of children were not attending school.

The children most likely to miss out on education are girls, those with disabilities, refugees, victims of insurgency and food crises. VSO projects have a particular focus in ensuring that marginalised children have the same chances as other children to learn the basic early childhood education skills of reading, writing and simple communication.

Research shows that a high proportion of children are visual learners. Learning aids such as punch cards, flash cards, abacus, dice and multiplication charts enable children to learn in an engaging and hands on way, identifying images, numbers and words.

Building on the successful approach developed over many years of producing local learning aids, VSO has been working with national volunteers trained to be 'learning champions'. The champions attend online 'Numeracy for All' training sessions where they learn how to make low-cost learning aids from locally available materials, like cardboard, bottle tops and other materials that are cheap or free. They are also trained in core subjects such as numeracy and literacy, psychosocial support, and monitoring and evaluation.

Numeracy for All training sessions have been held in Nepal, Uganda, Ethiopia, Bangladesh, Nigeria and there are plans for this to be rolled out in Mozambique. So far, over 13,000 teachers and hundreds of thousands of children have benefitted from the training, which will eventually be available in every country where VSO runs education programmes. We are also making this available in national languages and in print and video formats so that we can reach more people. Currently the training guides are available in Nepali, Amharic, Burmese, and Portuguese, with plans to translate into more languages in the coming years.

Working in Fragile Contexts

VSO's strategy is to focus our support on those who are most marginalised and vulnerable. As a result, we increasingly work in what are termed "fragile contexts". These are places where factors such as climate change, conflict, and political instability create greater risk for people living there and where the state, system or community struggle to manage, absorb or mitigate those risks.

Our approach is to look at bridging the long-term development needs of those living in these places and the immediate challenges of living in a vulnerable context.

Working in fragile contexts requires a careful and sensitive approach to ensure that existing tensions are not inflamed, risks are not increased and that any support takes into account the varying needs of those who have been put at risk, displaced or are living with conflict. Our volunteering for development method builds the capability of primary actors living in fragile contexts so that they are better able to anticipate, plan for and respond to future challenges as well as seeking to meet their immediate needs.

Over the last year, as part of this work, we have responded directly to nine emergencies in places like Ethiopia, Sierra Leone and the Philippines. This work is built on our long-term programme of training and building national volunteer responders in countries around the world using our volunteering for development method.

VSO Big Mother Jinnat, plays with children in a refugee camp, Cox's Bazar, Bangladesh. Jinnat lives with her family in the camp and she is a "Big Mother" on VSO's Education in Emergencies project.

Healing from Ecological Crisis and Conflict

After six decades of conflict between armed groups and government forces, Mindanao, one of the Philippines' most southerly islands, is slowly recovering. Whilst a peace deal was struck in 2014, that peace is still fragile. The Philippines is prone to typhoons, exacerbated by climate change. There is an ongoing concern that devastating economic and ecological consequences of extreme weather could exacerbate existing ethnic hostilities.

The coastal ecosystems around the Philippines are some of the world's most heavily fished. Changing weather patterns and the effects of overfishing mean that daily life is hard for locals, dependent on the fishing industry. Fighting has left Mindanao significantly less developed than other parts of the Philippines. Simmering tensions could lead to conflict once again.

In the Sultan Naga Dimaporo region, the most prominent industries are fishing and seaweed farms, but both are vulnerable to the tropical storms and typhoons which are increasing in intensity. The devastation caused by these natural disasters mean that fishing is often too dangerous and seaweed crops are frequently ruined.

VSO and our local partner organisation, Lanao Aquatic and Marine Fisheries Centre for Community Development (LAFCCOD) are working with fishing households in order for communities to become more self-sufficient. Training and development will allow for other income streams less dependent on weather conditions.

Piloted in 2019, the project was first targeted at women in the fishing community. Participants were trained to make organic biofertiliser from fish waste, vegetables and the seaweed crops ruined by storms and typhoons. The women make an income from selling the biofertiliser, which contributes to protecting their families from the economic shocks caused by changing weather.

The women are working with local rice farmers reliant on buying chemical fertilisers for their crops. The biofertiliser is organic, cheaper than chemical alternatives and supports soil health.

Women from the Philippines take part in a training on biofertilizer production.

Last year, the project expanded to train 100 men, women and youth who were members of the political group Moro Islamic Liberation Front (MILF), the ex-revolutionary group who has successfully forged a peace agreement with the government. The project encourages the indigenous Moro people and non-Moro communities to work together through sharing skills and technology. Taya Delis, a former member, has taken part in the training; "I can't describe how important it is for our community to participate in these income generating activities. It's very relevant for those of us who are older and find it difficult to find work due to our age."

Ernesto Delicano, a community supporter of the marine protected area, has seen the benefits of the initiative; "Both Moro and non-Moros are now working together as a community to protect and maintain our marine sanctuary. This has led to a much better relationship between the two groups.

Whenever there is a misunderstanding amongst us, we bring it to the table to discuss the problem and make sure that we come up with a compromise to resolve the issue."

By collaborating and having the opportunity to learn from one another, the community is beginning to heal the island's ecological crisis while building livelihoods that are more resilient to economic and climate disasters.

Post conflict Recovery in Oromia, Ethiopia

The political instability and internal conflict which has grown in Ethiopia in recent years, has led millions of Ethiopian people to be internally displaced. Since 2020 when fighting has broken out in other areas of the country, the focus has shifted away from those who were displaced much earlier but who are still affected by conflict. This includes the Oromo community displaced from the Somali region of Ethiopia in 2018.

VSO is working in Meiso and Bordede internally displaced people camps, situated in the West Harerge Zone of the Oromia region. Many families are still recovering from the trauma of witnessing conflict and being forced to flee their homes. They have complex psychological needs, which are exacerbated by the stresses of obtaining clean water, healthcare, food, and education, all of which are severely lacking in the camp. Ensuring that displaced families can access the support they need to ensure their wellbeing, and that they are entitled to, requires an integrated approach. In these contexts, community volunteers, trained by VSO, can play a critical role in identifying the most marginalised, who often tend to be the most vulnerable and voiceless groups in the community, and ensure that they receive information on their right to services, as well as practical support to ensure they can access them.

Our aim in these contexts is to build resilience, by strengthening access to information, social support as well as vital services. At the same time, it is important that we take a conflict sensitive approach as we work with displaced populations and host communities, to ensure that we recognise and address that tensions that may exist or arise, between displaced populations and host communities. This requires a sensitive approach to build relationships and not exacerbate existing tensions, particularly when the incoming population is perceived as being treated preferentially.

In practical terms, this can mean that existing services, such as nearest health centres, need to be supported through the supply of emergency medicines so that they can provide an adequate level of health services for displaced pregnant women and children in both the existing population and

Community Volunteers in Borded IDP Community play a critical role in identifying the most marginalized, who often tend to be the most vulnerable and voiceless groups in the community and ensure that they receive information on their right to services, as well as practical support to ensure they can access them.

Fatuma and her children are received support from the integrated services like Health, Livelihood and Education.

displaced community. In addition, health workers received training to provide psychosocial support particularly to girls/women affected by gender-based violence. In addition, VSO is facilitating referral through covering all the associated costs in order that women with reproductive health problems, particularly those with fistula cases, are able to get the required medical attention.

Displaced children may have had their schooling interrupted and have suffered psychological trauma from their experience. Specialist support is necessary to ensure that the education environment is inclusive and supportive for displaced children. VSO is providing practical support through two inclusive education resource centres in the public schools, and training teachers in psychological support and social inclusion. School dropout amongst displaced children is also an issue, so 500 children are provided with school uniforms and learning materials to which encourages regular attendance and increases educational outcomes.

Fatuma is one of the primary actors who has been supported by VSO's intervention in Oromia. After being abandoned by her husband, she was left to bring up her nine children alone. Since giving birth to her youngest child, Fatuma has had health problems due to fistula, which means that performing daily activities are difficult. When inter-tribal fighting broke out in 2018, Fatuma and her children were forced to flee their village and seek safety in the displaced persons camp. "When we were displaced we lost everything and our livelihood. Now, our family income is from selling firewood, so I cannot afford to buy school materials. Since three of my children have had their uniforms and school materials supplied by VSO, this has really helped to boost their self-esteem and they are much happier about going to school. VSO have also given me financial assistance, which I have used to buy food which has enabled me to feed the family. I now know how to access healthcare when I need it as well.

"Getting help for these different problems has improved our quality of life and recover our ability to earn money. I feel much more optimistic about our family's future now."

Throughout the intervention VSO has worked in partnership with schools, healthcare providers and local government to strengthen existing systems so that they will be able to sustain the work and continue to better support the complex needs of displaced families.

Children from the IDP (Internally Displaced People) community rejoined primary schooling.

Building Knowledge, Delivering Influence

The voices of the poorest and most marginalised often go unheard, trapping people in poverty, due to systems and societies that have not been built for them.

Our policy and advocacy work takes a bottom-up, evidence-based approach. We work alongside the most marginalised people to ensure their voices are heard on policy and practice decisions that affect their lives. VSO's blended volunteering approach helps to promote the voice of primary actors and build their networks, bridging the gap between government or service providers and marginalised groups. Our volunteers do this by bringing their own expertise and understanding of how to influence policies and systems.

The Sisters for Sisters' Education in Nepal has introduced English and Digital for Girl's Education (EDGE) program, in collaboration with the British Council Nepal.

Over the past year, VSO has supported the development of a range of policy changes including the disaster risk reduction plan in Zimbabwe, advocated for a right-to-food bill in Kenya, supported the Government in Cambodia to develop guidelines to protect vulnerable children from dropping out of schools, and led civil society groups and volunteers in Nepal to influence a new 10-year National Education plan, among other policy influences.

In 2021/22 VSO has ensured that volunteering is adequately recognised and supported through the development of government policy frameworks in Zimbabwe, Bangladesh, Malawi, Mozambique, and Nigeria. In all these countries, progress has been made in developing and implementing national policies to enable and advance volunteering.

During the same period, VSO has partnered with the African Union to develop a continental volunteer policy and to support an Africa wide volunteering platform.

We continue to build VSO's knowledge and thought leadership in volunteering for development progressed with the production and dissemination of 13 reports evidencing the effectiveness of volunteering for development methodology in VSO programmes. Five of those reports were presented at UN and academic conferences. These included papers covering youth and community volunteering, the Global Standard for Responsible & Impactful Volunteering, climate resilience and green jobs, twinning between the UK and Global South health institutions, and the voice and participation of the most marginalised people (primary actors) in VSO programmes.

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Malawi National volunteer framework

In 2018, following extensive technical support from VSO, the Government of Malawi adopted a new volunteer and internship framework, which seeks to formalise the structures for volunteering in the country, and provide targeted opportunities for young people.

Since the adoption of the framework, VSO has worked alongside UN, government and civil society partners to ensure that the framework is put into action- bringing in the voices of youth volunteers and primary actors to develop a clear roadmap, and ensuring volunteers are formally recognised for their contributions to the SDGs.

VSO Voluntary Workforce – Together We Are Changemakers

The past three years have seen a significant change in how we work with volunteers at VSO. Rather than the end of a volunteer placement meaning the end of their involvement with VSO's mission, we recognise the benefits of the experience and expertise of our network of returned volunteers to strengthen VSO's capacity to deliver our mission. Our diverse group of returned volunteers located across the globe have a huge range of skills and knowledge.

Many VSO volunteers are leaders in their chosen fields and have decades of experiences and excellent professional networks. We work with agroecology experts, strategic advisors in health, experts on numeracy, specialists on disability and climate change, researchers, training facilitators and experienced people managers and recruiters. Some people volunteer on a regular basis, whilst others lend their expertise for projects on an ad-hoc basis. Over 300 people have actively supported the VSO mission in various capacities in the past year. Although this group consists of very different people, they all have one thing in common – the desire to work with VSO to deliver the shared mission of a fairer world for all.

In 2021/2022 our voluntary workforce led in supporting the delivery of education programmes through curriculum development, coaching and mentoring, research and evaluation into girls' education, psychosocial support and developing learning materials. Education specialist, Mary Watkins, was able to draw on her experiences volunteering in Rwanda to develop a numeracy learning curriculum teaching volunteers to make teaching materials such as abacus and dice from cardboard and bottle tops. Mary has given 'Numeracy for all' training by video conference to head teachers and teacher trainers in Bangladesh, Ethiopia, Nigeria, Uganda and Nepal.

VSO's work is grounded in evidence of the efficacy of our programming, and we continually draw on research to assess how we can best develop our programming. Our Girls Education specialists have fed into VSO's global programme on resilient and effective education system strengthening. Early childhood education specialists have developed 'Learning through play' materials for the projects in Rwanda. Curriculum development specialists have supported the Nepalese Ministry of Education to review and develop their primary education curriculum.

Chris Evans, who first volunteered with VSO over three decades ago, has built a renowned reputation as an agroecology specialist, having established the Himalayan Permaculture Centre on a small grant from VSO. The movement now has a membership of 12,000 farmers across four districts of Nepal. Working in conjunction with Celso Marcatto, another agroecology leader, our rural livelihoods project teams have benefitted from their mentoring support, networks and expertise.

Aasaman staff and vounteers organise community theatres in rural areas of Parsa to educate the community, Nepal.

VSO's new global health programme focusing on Sexual Reproductive Maternal Newborn Child Adolescent Health and Rights benefits from the world-renowned expertise of Dr Anne Kihara and Professor Paul Johnstone. Both leaders in their field, Dr Kihara and Professor Johnstone draw upon their decades of expertise to provide strategic advice and guidance as VSO seeks to position our health programming working with adolescents and young people.

A team of six voluntary research specialists have taken on assignments which support the collection and analysis of programmatic evidence. This evidence is essential to assessing the impact of volunteering for development through the Measuring Impact for Learning and Empowerment (MILE) tool. The researchers gather data through participatory tools including focal groups and interviews with primary actors and partners on the ground in Uganda, Kenya, Thailand, Malawi and Nepal.

VSO has also benefited from practical input from our continued partnership with the London School of Economics Student Union Social Impact Advisory group. 23 undergraduate and postgraduate students have taken part in research projects including evaluating the effectiveness and impact of VSO's Cash and Vouchers Awards work on the livelihoods of youth and vulnerable people. This research was crucial to our response to COVID-19.

Specialists worked with our core approach team to assist us in producing VSO papers on Social Inclusion, and the feminist leadership agenda, while a team of four Disability Experts volunteered to serve as advisers on disability matters.

This way of working is very different to how people volunteered with VSO in the early days but demonstrates the importance of how our voluntary workforce makes a real and material difference to our shared vision of a fairer world for all.

Looking forward

I am grateful to all those individuals, institutions and companies who've worked with us in the last year. Together we've shown we can work with the most vulnerable to change our world for the better. This is the power of our collective action.

There is, sadly, still much to do. Global inequality is rising because of the global pandemic, the impact of the climate emergency and shrinking civil society space. Together, these are threatening the world's ability to deliver the Global Goals. The gap between those who have access to resources and those who don't has never been bigger. At the same time, finances to do this work are increasingly constrained. This is the context in which our new VSO strategy and operating plan must respond.

We know there is a real opportunity to tackle inequity and ensure no-one is left behind. Our ambition remains to bring lasting and positive change to the lives of primary actors by using the transformational power of volunteering.

Over the next six years, we will continue to deepen the impact of our programmes by focusing on ensuring equal access to opportunity and resources for those people who are marginalised by society. We will continue to build the resilience of communities and countries to anticipate and withstand shocks and disasters. We will continue to support the ability of the most vulnerable to hold governments to account and, in turn, to work alongside governments responding to and meeting the needs of their populations. At the same time, we will support the mobilisation of active citizens around the world through volunteering and we will use our knowledge and evidence to build recognition of volunteering as a transformational contribution to the delivery of the Global Goals.

We can be proud of what we have achieved with your support. With your help, we can be confident about fulfilling our plans for the future to leave no one behind.

Philip Goodwin
Chief Executive Officer

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Financial Review

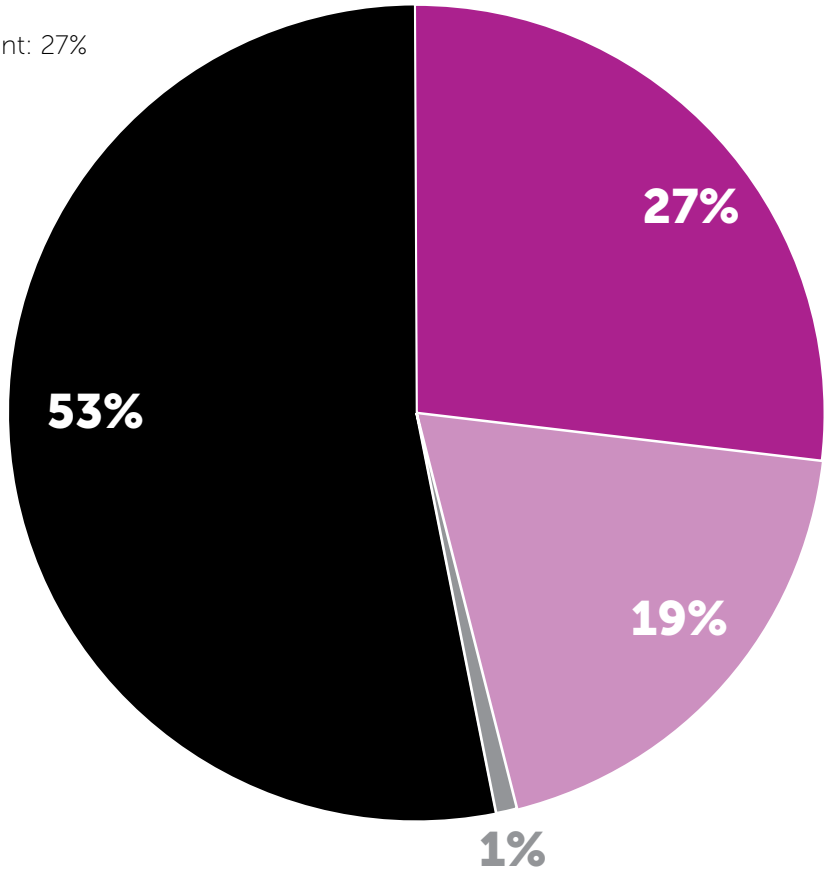
How we raised and spent our money in 2021/22.

Income

In 2021/22, our income levels reduced for the second year in a row. The decrease is mostly linked to the reduction in institutional donor funding from the UK government. The ending of the International Citizen Service (ICS) contract funded by the Foreign, Commonwealth & Development Office (FCDO) in February 2021, the reduction of the size of Volunteering for Development grant and lower levels of income available for international development from institutional donors during the pandemic, explain most of the decrease. FCDO remains a significant income source, although the overall proportion has decreased, as we have diversified our donor portfolio.

Where our income came from 2021/22

- Institutional Grants: 53%
- FCDO Volunteering for Development Grant: 27%
- Individual giving: 19%
- Other income: 1%

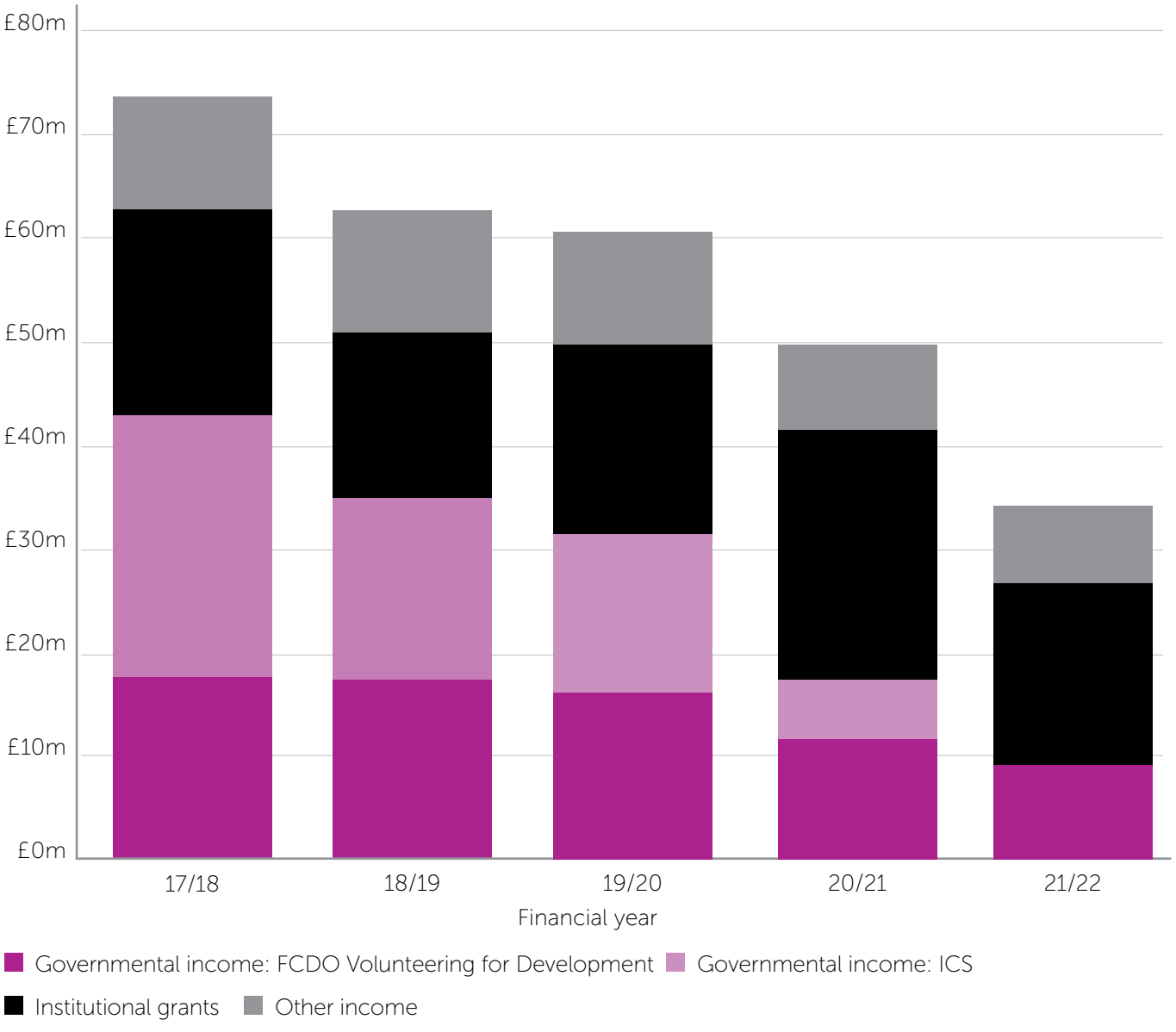


TOTAL INCOME FOR THE YEAR **£33.3m**

Institutional grants and charitable activities

Volunteering for Development (£8.9 million)
This income contribution from FCDO is through an accountable grant for the delivery of two short term extensions to the Volunteering for Development programme covering the financial year. The work started under this programme continues with reviewed priorities and focus under the new Active Citizenship Through Inclusive Volunteering and Empowerment (ACTIVE) grant which runs from April 22 to March 25. The grant will enable the most marginalised local people (especially women and girls, the young and people with disabilities) and civil society to lead their own development by exercising the power of collective voice, claiming their rights to better services, and holding people in power and service providers to account. Vulnerable and marginalised local people will be supported with the skills to volunteer, taking ownership and action on issues important to them.

Income by type



Institutional grants
Governmental income: other (£12.8 million): Many governments reduced international development funding during the pandemic and therefore the number of funding opportunities also decreased. This meant that we secured less income during the year which in turn impacted our ability to renew our portfolio of work. The first quarter of 2022/23 looks promising though, with a significant increase in pipeline opportunities in terms of overall number and value for both government grants and those from non-governmental bodies.

Non-governmental bodies (£4.7 million): Partnerships with the philanthropic sector play a significant role in deepening the impact of our core programmes. They include support from the Lego Foundation, Robert Carr Civil Society Networks Fund, AmplifyChange, and the Hempel Foundation.

The work with the Bill and Melinda Gates Foundation on a project to establish Emergency Operations Centres in a range of countries in West Africa dealing with vaccine-derived polio outbreaks successfully ended this year, the Emergency Operations Centres having been handed over to local authorities. New partnerships have also been developed this year, in particular with Standard Chartered Bank with whom we deliver entrepreneurship and employment interventions in Tanzania, Uganda and Zambia.

VSO also continues to work closely with a range of private sector partners to access funds, as well as technical skills through corporate employee volunteering. We have resumed volunteering partnerships with Randstad though international volunteers placement which had been impossible last year due to the pandemic.

Other income

Individuals (£5.9 million)
Over 38,000 regular giving donors form the foundation of VSO's individual giving programme. Most of these supporters make consistent, monthly donations. In 2021/22, the VSO Board agreed a 3 year investment plan to increase VSO supporter base and complement the ongoing recruitment of new donors to ensure long term sustainable income for VSO's work: individuals' income is unrestricted and brings the organisation invaluable financial flexibility. Their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact.

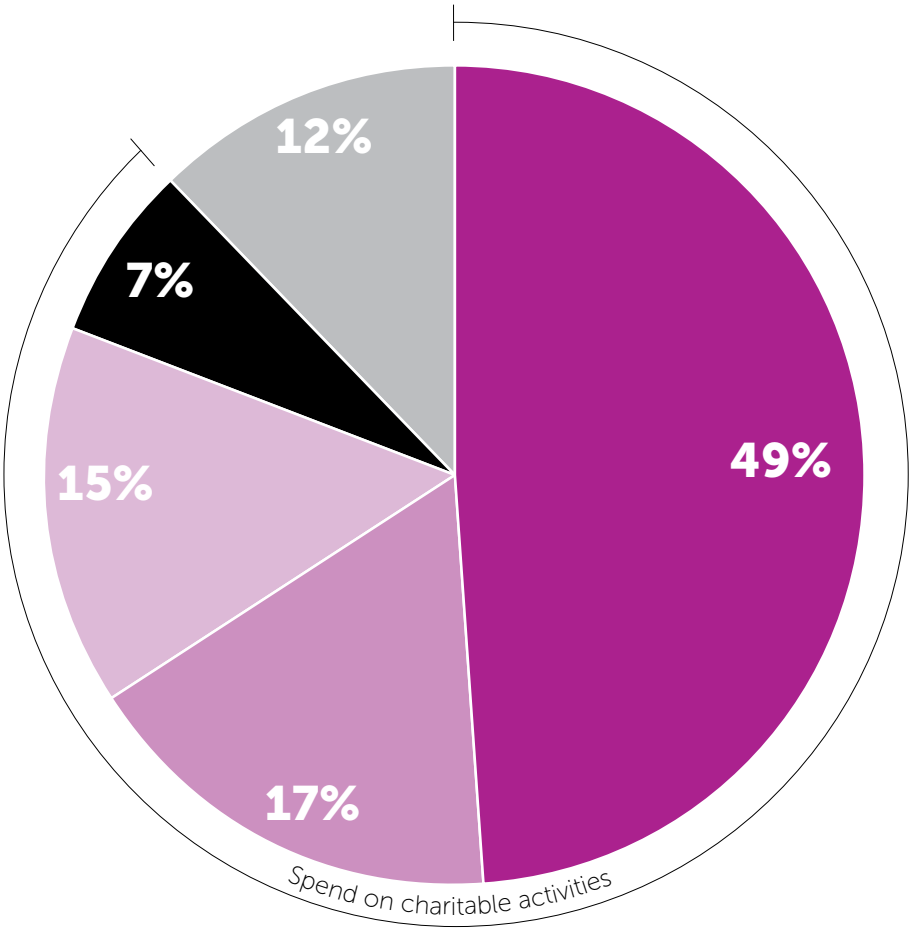
Legacies (£0.5 million)
Legacies continued to provide a proportion of unrestricted funds in 2021/22 though at a reduced level compared to 2020/21, the reduction is mostly down to delays at the UK Probate office which is the department that processes wills. We are deeply grateful to the 47 supporters who left a legacy to VSO through gifts in their Wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

For more information: Financial statements, note 2 Income analysis.

Expenditure

How the money was spent 2021/22

- Inclusive Education: 49%
- Health: 17%
- Resilient Livelihoods: 15%
- Core Approaches: 7%
- Raising funds: 12%



TOTAL EXPENDITURE FOR THE YEAR **£38.8m**

Raising funds

Raising funds (£4.6million): Expenditure in raising funds has reduced compared to 2020/21, as cost savings measures were implemented amid the pandemic and reduced calls for proposals from institutional donors. The implementation of the individual fundraising strategy continued to focus on practical, high return channels and products, the best outcomes for the spending was sought at all times, and when results were not as expected, alterations to the spending were made to maximise net benefit of fundraising. As described above, a 3 year investment programme in Public Fundraising has been agreed by the International Board with the aim to recruit 14,000 new donors over the investment period and stop the decline in unrestricted income.

Spend on charitable activities

Total spend on charitable activities in 2021/22 was £34.2 million.

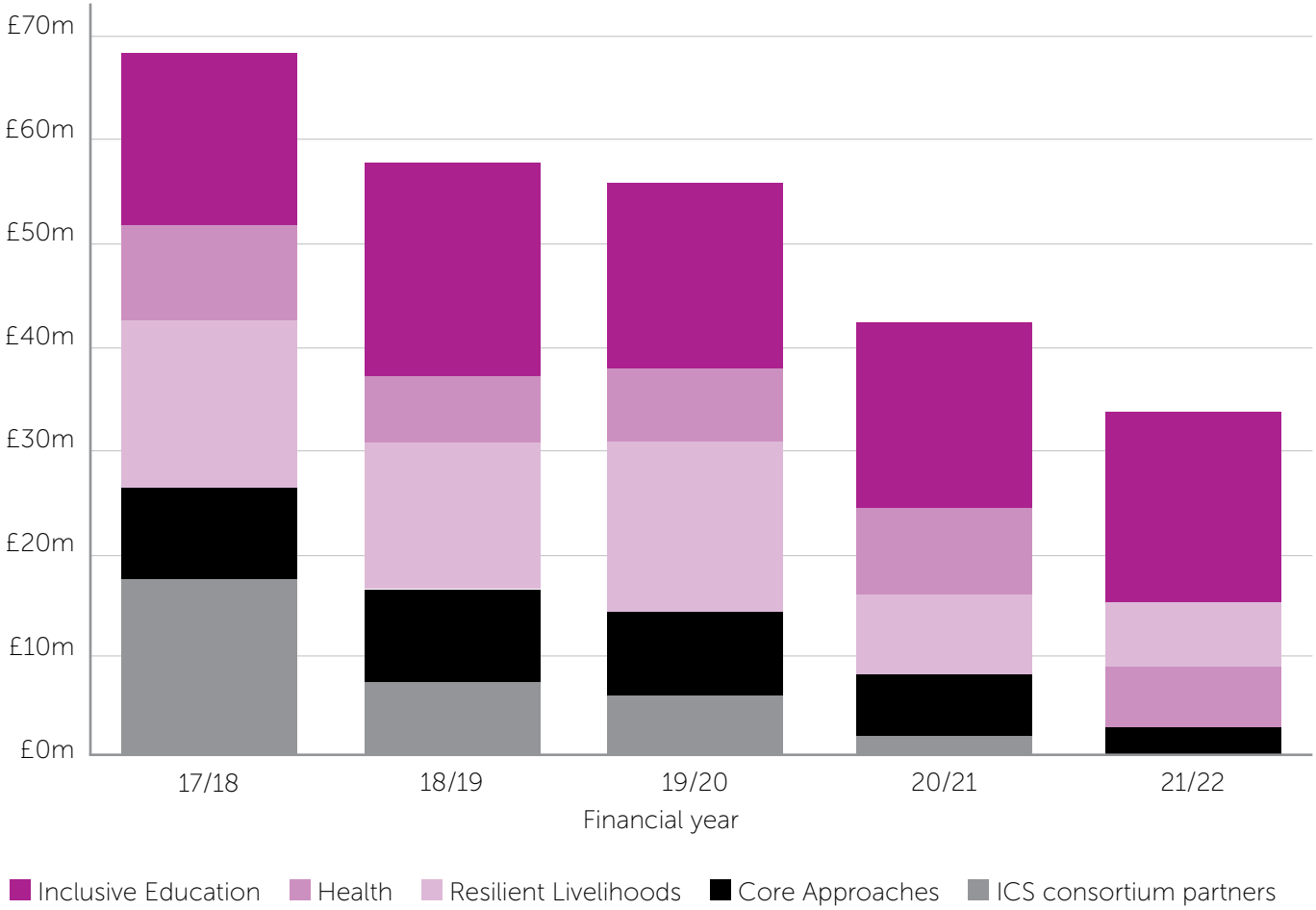
Overall programme spending was significantly impacted by the reduction in institutional donor funding and the stop of the ICS contract in February 2021. But, despite COVID-19 and related lockdown restrictions in many countries in the first half of the year, we managed to implement our programme of work as planned thanks to the change in ways of working and adaptation started in 2020/21.

Expenditure on inclusive education represent 49% of our portfolio of work and has increased this year, while expenditure on health, resilient livelihoods and core approaches programmes decreased compared to 2020/21 spend:

Expenditure on inclusive education (£18.9 million) has increased by £1.0 million, as we scaled up existing activities implemented under a number of grants including the Learning Through Play grant (Lego foundation) in Rwanda, Empowering Adolescent Girls to Learn and Earn project in Mozambique (Global Affairs Canada), Unlocking Talent (KFW and the Royal Norwegian Embassy) in Malawi and Building Learning Foundations (FCDO) in Rwanda.

Expenditure on health (£6.6 million) has decreased by £1.5 million reflecting mostly the end of the the Polio Emergency Operations centres project funded by the Bill & Melinda Gates Foundation. Other projects have continued notably the multi-country Intersectionality grant aiming at strengthening civil society organisations in their role of lobby and advocacy around sexual and reproductive health rights funded by the Dutch government and the Speak it Loud project in Zimbabwe funded by UN Women.

Spend on charitable activities



Expenditure on resilient livelihoods (£5.8 million) has decreased by £2.4 million primarily due to several projects closing during the year or the previous year: ICS (FCDO), Bank Asia in Bangladesh and Knowledge Exchange (FCDO).

Expenditure on core approaches (£2.8m) has decreased by £3.0m. VSO's core approaches are social inclusion and gender, resilience and social accountability. Those are now embedded in all education, health and livelihood projects, the decrease corresponds to the organisational strategic intent to focus on the three practice areas described above. This category now also more specifically includes initiatives in working in fragile contexts including peace building initiatives.

Grant-making

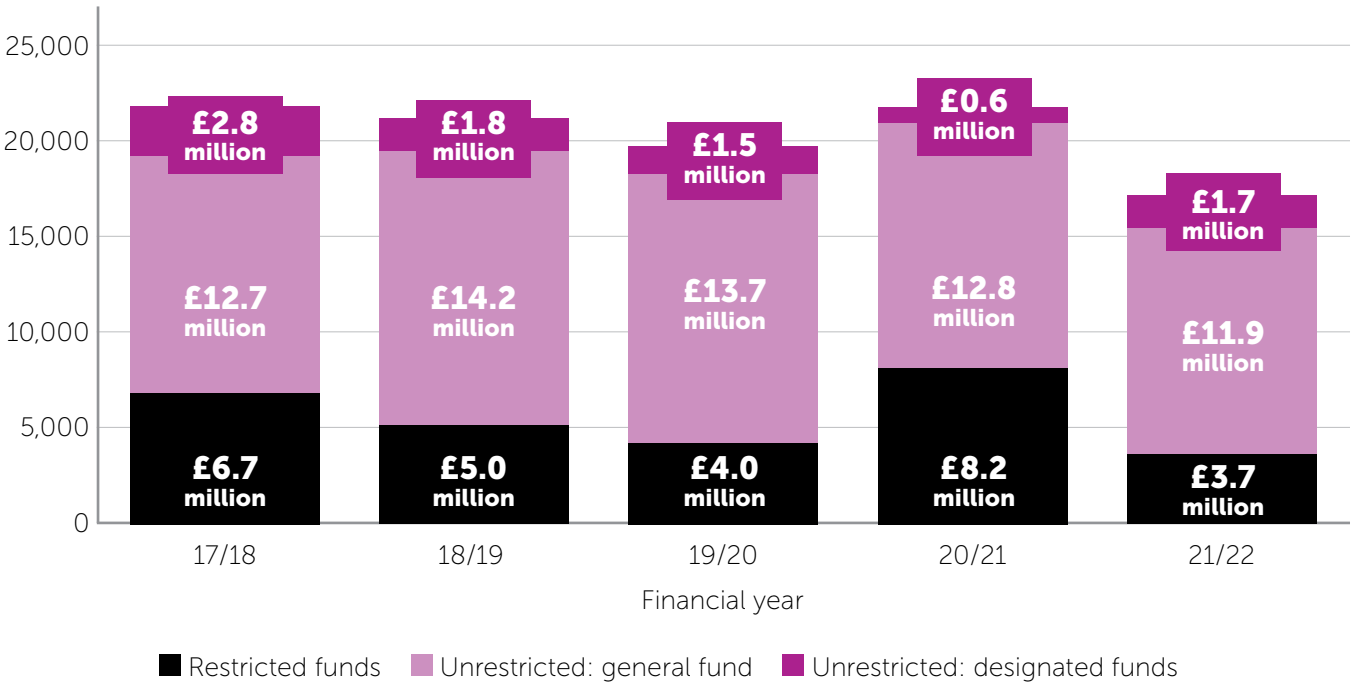
Throughout its programmes, VSO works with and funds in-country partner organisations, for them to undertake agreed activities in pursuit of VSO aims.

ICS was delivered working with a consortium of respected development agencies. Contractual payments to ICS consortium partners was £1.8m last year, with the stop of the ICS programme, this expenditure is now nil.

For more information: Financial statements, note 3 Charitable activities.

Reserves

Funds – multi year view



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps us deal with any setbacks and provides the flexibility to take advantage of strategic opportunities.

Despite the challenges of the past 2 years, our general fund is only 6% lower at the end of 21/22 than four years ago, attesting of VSO's active management of financial sustainability.

Closing reserves position	20/21 £'000	21/22 £'000
Restricted	8,236	3,738
Unrestricted: general fund	12,821	11,882
Designated: fixed asset fund	361	231
Designated: pension deficit	(2,286)	(567)
Designated: change programme	522	365
Designated: income generation	1,983	1,643
Designated (total)	580	1,672
Total Reserves	**21,637**	**17,292**

At 31 March 2022, VSO's general reserves stand at £11.9 million, which is £2.9 million above the £9 million target level set out in VSO's reserves policy. This high level has helped us manage the multiple shocks and stresses encountered since March 2020, especially the reduction in available resources linked to the COVID-19 crisis and the political environment in the UK. Trustees have planned to use the surplus in the coming years as the organisation adapts to the current environment. The general reserve will allow to complement the income generation fund to finance a £2.8m investment in Public Fundraising over the next 3 years and the digitalisation of a number of VSO key processes.

The designated change programme fund represents the unrestricted funds the trustees have earmarked to continue to deliver organisational change throughout the organisation.

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan. The deficit has reduced significantly this year following the triennial valuation at the end of September 2020 resulting in a sharp reduction in future contributions necessary to eliminate the deficit. This is the outcome of past year contributions and the de-risking strategy put in place by the Pensions Trust on behalf of participating employers in the Plan (see note 19).

The designated income generation fund is to be invested in income generating activities over the next year. This fund will support unrestricted income growth and the income portfolio diversification.

For more information: Financial statements,
- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Investments

Closing cash and investments position	20/21 £'000	21/22 £'000	Variance £'000
Short-term deposits	14,959	7,001	(7,958)
Cash at bank: UK	5,871	7,125	1,254
Cash at bank: overseas	1,918	1,227	(691)
Total	**22,748**	**15,353**	**(7,395)**

The aim of VSO's investment policy is to preserve capital while holding reserves in liquid or near-liquid assets.

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. The Audit and Risk Committee reviews the policy regularly. VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports to the Audit and Risk Committee at each meeting on the composition of investments held and their maturity profile.

VSO's cash position has decreased this year amid overall decrease in funding over the last two years. In 2020/21, despite the decrease in funding, VSO's cash position had only slightly reduced: donors on most of our large programmes had paid in advance to help charities manage their cashflow in unprecedented circumstances, as a result we are seeing a larger decrease this year. Despite the reduction, VSO's cash position is still adequate for the size of the organisation and its level of activities.

In 2021/22 VSO maintained most of its investments in short-term deposits to ensure that sufficient funds were held in liquid deposits to allow VSO to respond to significant changes in future funding.

Cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available whilst monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Going concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. In light of the ongoing COVID-19 pandemic and the delays and reductions in funding available from institutional bodies, especially governments, VSO continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2022 and going forward. During the year, we used the results of the scenario planning to continue to re-align VSO's cost base to the new level of activities and as a basis from which to formulate a model for strategic planning. As described throughout this report, in 2021/22, as in 2020/21, VSO demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, VSO remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected financial changes and to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Principal risks and uncertainties

VSO's work towards a fair world for everyone is inherently risky. This risk is part of our work, especially in fragile and conflict-prone countries and with our model of working with partners and a range of volunteers. Our trustees recognise that the acceptance and management of risk is necessary to achieve our objectives and have put in place appropriate systems and processes to manage risks.

Over the last year, we continued to face considerable financial risk from the UK government's decision to reduce funding for Overseas Development Assistance. However, the renewal of our accountable grant funding for three years from 2022/23, although at reduced levels, ensures that the strong and longstanding strategic relationship with the FCDO continues.

The impact of the COVID-19 pandemic also continued to affect VSO operations. It changed the operating environment for our work and affected many of our donors. However, our distributed leadership model and the high degree of organisational comfort in online and remote working ensured that we were able to maintain our operations throughout the pandemic. Our long-term strategy continues to be to maximise the adaptability of our operating model.

Through good strategic management and a long-standing focus on sustainability, VSO has the financial reserves in place to help it withstand shocks such as the pandemic. We also have an operating culture that allows us to respond and adapt quickly. This is demonstrated by the way we continued to respond to the global pandemic during the year. We will continue to adapt and manage resources carefully, particularly our unrestricted spend, to enable us to deliver our mission for the longer-term.

Risk Management

The trustees are responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in the furtherance of VSO's objectives. The trustees have ultimate responsibility for identification of the risks to which VSO is exposed.

The system of internal control within VSO is intended to manage risks appropriately, rather than eliminate them and to give reasonable, rather than absolute assurance. The risk management framework approved by the trustees includes the following measures:

- The Audit and Risk Committee reviews the strategic risk register at each meeting, assesses the risks facing VSO and the measures put in place to mitigate them, and reports its findings to the International Board of Trustees.
- Critical risks are monitored on an ongoing basis by the Executive Board, a process which includes a monthly review of the strategic risk register. The Chief Executive Officer regularly updates the Chair of the Audit and Risk Committee on any significant new risks that may emerge.
- The Board of Trustees is updated on and reviews risks facing the organisation and effectiveness of mitigating actions at each of its Board meetings by the Chair of the Audit and Risk Committee. It formally approves the strategic risk register on an annual basis.
- Risk management is embedded across the organisation through use of local risk registers, and an online system for escalating global risks which are monitored in 'real time', reviewed by senior staff, and inform the strategic risk register.
- Each risk is analysed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.
- The internal audit function undertakes risk-based audits across all VSO operations. Their programme of work is based on an annual internal audit plan that is approved by the Audit and Risk Committee.

The table below captures the principal strategic risks and uncertainties and the mitigating strategies in place to manage these risks. The residual risk of other significant risks is considered lower than the risks presented here and the management actions relating to them are subject to regular review by the Executive Board and Audit and Risk Committee.

We are also clear about our duty of care responsibilities, ensuring that we have in place high standards of medical and security practice and consider safeguarding to be a principal risk. As a result of the mitigating controls we have in place, the residual risk in these areas is considered lower than the other strategic risk presented below.

Risks	Mitigation Strategy
Financial Sustainability	
There is a risk that VSO is not able to raise sufficient funds to continue to invest in its growing programme of work. This will undermine the long-term sustainability of the organisation.	We will continue to make strategic investments in public fundraising and increase unrestricted income by building on our existing individual donors base, recruiting new regular givers and focusing more on legacies and cash appeals. We will also: • nurture existing relationships with institutional donors, trusts, and foundations, • cultivate new donor relationships and, • focus on the quality of our bids to attract more restricted income to deliver our portfolio of work.

Risks	Mitigation Strategy
Compliance	
Whilst we embed systems and processes for full cost recovery on grants, contracts and programmes, there remains a risk that all costs related to donor funded programmes are not covered by donors. This impacts negatively on our general reserves and is not sustainable.	Key performance indicators have been developed and are being monitored on an ongoing basis. These include a periodic review of the percentage of unrestricted costs that are not recovered from donors and overhead recovery as a percentage of total project costs. Our portfolio of work, overall cost management and potential for cost recovery will continue to be monitored. Our business pursuit strategy to continuously nurture, cultivate and maintain quality in our work will also continue to mitigate some on the risks associated with cost recovery.
Operations and Implementation	
With the introduction of new ways of working in project implementation, there is a risk that we fail to realise the benefits of the changes due to poor design and implementation. This would impact on our ability to achieve planned outcomes, impact and reach and maintain the quality of our work.	We will continue to monitor the success of our new ways of working in implementation through regular reviews. More specifically, our global implementation team is: • establishing an effective planning and management system, • working on standardising monitoring and reporting processes, and, • aligning core business processes across the organisation to mitigate some of the risks associated with service quality, design and implementation.
Operating model and governance	
Our ability to grow, maintain financial stability and deliver VfD programmes at scale could weaken because of national governance restrictions, organisational design and failure to adhere to our policies and values. There is also a risk that a global event such as the pandemic creates long-term disruption that impedes our ability to secure new income, deliver our programme of work, and undermine the well-being of VSO people.	We will continue to monitor the operating environments within which we work on an ongoing basis, respond as necessary and try to continue to deliver our portfolio of work with minimal disruption. We are satisfied with how we have responded to the global pandemic. This gives us confidence in our systems and our approach. However, we will ensure that VSO learns lessons from this and ensure that we are well prepared for any future shocks that could destabilise its operations.
Reputation	
VSO specific news coverage from a significant incident or public / social media or press scrutiny of charities could lead to reputational damage and compromise our leadership in the sector.	We will continue to scan the horizon for areas that we think may lead to reputational risk and put in place mitigating strategies as necessary. Our investment in integrity systems and processes that are aligned to our values will also reduce the likelihood of incidents that could impact on our reputation. For example, we recently launched a refreshed compliance training module on preventing criminal practices, safeguarding, data protection and cyber security, procurement and the VSO code of conduct. Training is mandatory for all VSO people and will be repeated annually.

Governance

Structure, governance and management

Our organisational structure

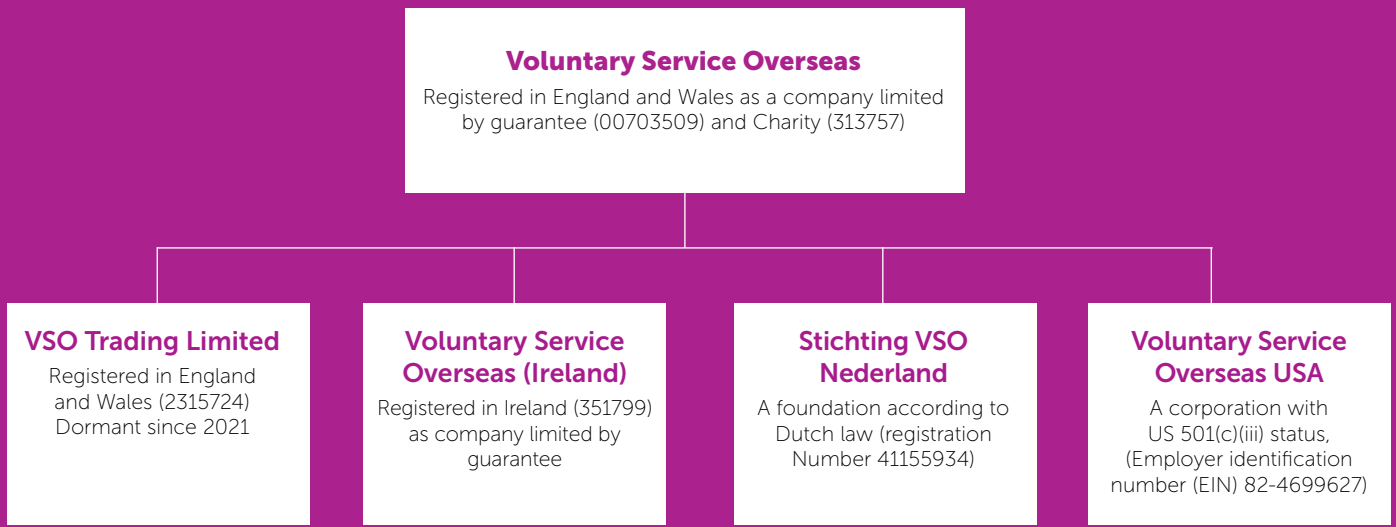
Voluntary Service Overseas (VSO) is a company limited by guarantee, registered in England and Wales (registration number 00703509). VSO is also registered as a charity in England and Wales (registration number 313757).

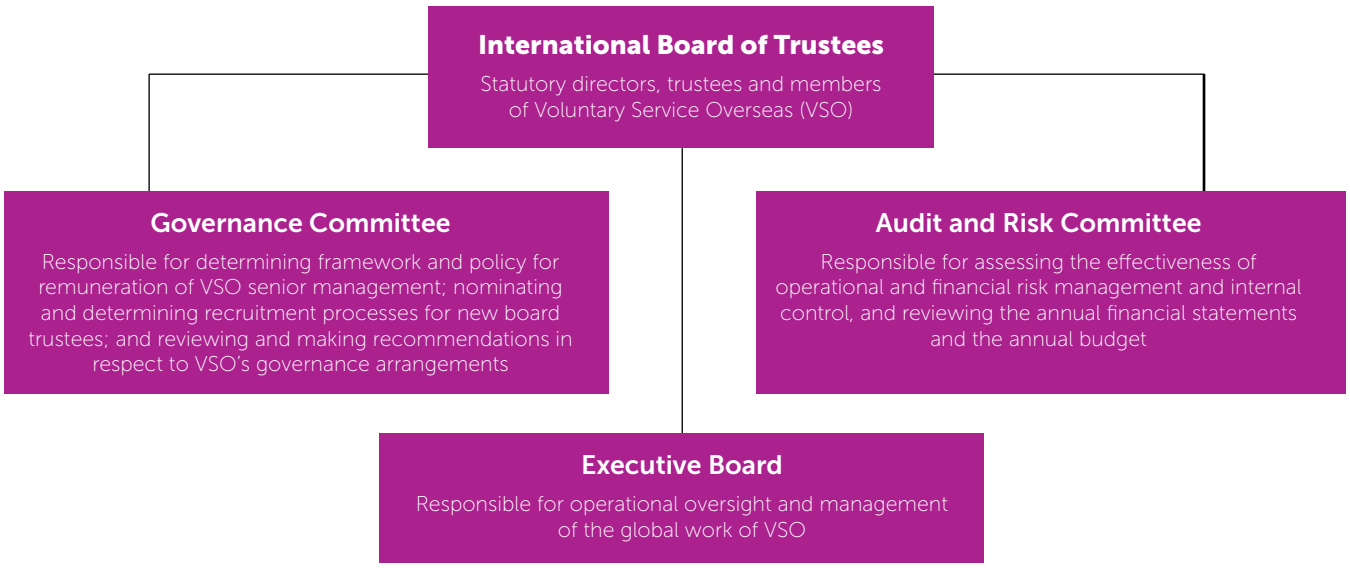
VSO operates through the following subsidiary entities:

- Voluntary Service Overseas (Ireland) Company Limited by Guarantee, incorporated and registered as a charitable entity in Ireland.
- Stichting VSO Nederland BV, a Dutch charitable organisation
- Voluntary Service Overseas USA, Inc. a US corporation with US 501 (c) (iii) status.
- VSO Trading Limited whose principal activity was the delivery of non-charitable activities for the purpose of raising funds. It is now dormant.

Otherwise, VSO operates internationally largely through branch offices. This structure of branch offices and subsidiaries assists us to effectively deliver VSO's mission globally by extending the reach of our work and building opportunities for income generation.

We have binding agreements with our subsidiaries to govern their use of the VSO brand and trademarks and setting out how they operate within the global organisational structure. Appointment of directors to subsidiaries and branch offices is subject to Governance Committee approval in accordance with the VSO's Schedule of Delegations.





Our governance and management

VSO is governed by its International Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation's values, and ensure we meet our objectives. Trustees' duties are described in more detail on page 48.

In 2021/22, the International Board met five times. Three of the meetings were hybrid meetings with some board members attending in person and others via video link and two were held via an online platform. The Board formally resolved at its March 2022 meeting to move to a Schedule of at least four formal meetings in the calendar year 2022. Board members receive management information on organisational performance on a quarterly basis.

Trustees

The International Board members are all unpaid trustees. Trustees serve terms of office as provided in VSO's Articles. They are usually appointed to the International Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. There is provision in VSO's Articles for the Chair to serve a third three-year term if appointed as Chair when already a trustee.

Trustees are not remunerated but their expenses are reimbursed in accordance with VSO's expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office. When travel permits, they participate in visits to VSO programmes and act as expert advisers to VSO working groups. No Board travel to VSO programmes took place in the last year, a virtual programme visit took place. Programme visit has been scheduled for September 2022, for those board members able to travel.

VSO's trustees are committed to compliance with the Charity Governance Code and regularly review VSO's charitable purposes as well as trustee roles and time commitment. Review of performance of the International Board is a continuous process. Feedback on board performance is regularly sought from Board members and the senior executive team. An annual review is undertaken by the Chair with Individual trustees also making annual commitments to VSO over and above their responsibilities as directors and members. This year, the Board has commenced the process of recruiting a new Board Chair, taking the opportunity to look at board member roles and responsibilities. With the appointment of a new Chair, an independent review of effectiveness will be undertaken to assist in discussing improvements for the future.

International Board of Trustees

Sam Younger CBE *
Appointed 18 November 2014
Chair
Chair of CILEx Regulation; Chair of the Consumers' Association

Aditi Thorat
Appointed 14 July 2020
Director of Development, Global Witness.

Christopher Muwanguzi ^
Appointed 19 September 2019
Chief Executive, Child's i Foundation.

Geoffrey Skingsley *
Appointed 1 November 2020
Non-executive Board Member Médecins sans Frontières Foundation; Chairman, L'Oréal UKI; Member of the Global Leadership Council of the Said Business School in Oxford; member of the London Council.

Guus Eskens
Appointed 18 July 2018
Chair, VSO Netherlands Supervisory Board
Board member of Health Net TPO, Amsterdam; Board member of the Netherlands Society for Tropical Medicine and International Health (Utrecht); Board member of the Knowledge Centre Global Health (Utrecht).

Julia Lalla-Maharajh OBE *
Appointed 14 July 2020
Interim Chief Partnerships Officer, Tostan; Chair, Under One Sky; Founder of the Orchid Project.

Lara Naqushbandi ^
Appointed 1 November 2020
Director, Lifestyle Retail, Google UK.

Maurice Makoloo ^
Appointed 1 November 2020
Regional Director, Habitat for Humanity.

Susan Hickey ^
Appointed 14 July 2020
Vice Chair, Honorary Treasurer and Chair of Audit and Risk Committee
Non-executive board member of The Good Economy Partnership, LandAid, Saltaire Housing.

Former members International Board of Trustees

Amanda Rowlatt ^ (resigned July 2021)
Chris Merry ^ (resigned July 2021)
Susan Wardell CBE * (resigned January 2022)

*** Governance Committee member ^ Audit and Risk Committee member**

Trustees' duties

The trustees fulfil their duties both under charity law and company law through a formal governance framework which includes board approval of the strategic direction, operating and expenditure plan, formal review of risk and mitigations and key policies, and monitoring performance data. They also approve and monitor constitutional change and the appointment of the CEO.

They delegate certain board functions to board committees and through a Schedule of Delegations, daily decision making is delegated to the Chief Executive Officer and the Executive Board. VSO's formal organisation and Board Committee structure and membership is set out on page 46.

Board capability is reviewed regularly considering how the organisation is adapting to the changing operating environment. As trustees come to the end of their maximum permitted terms of office this presents opportunity for reviewing the need for new trustees particularly where specific gaps in capability are identified and bearing in mind the need for board diversity. No new appointments were made this year and one trustee resigned. In the coming year, we will be recruiting a new Chair of the Board as the current Chair's term ends in 2023.

A nominated board trustee has specific responsibility for supporting the executive on issues of duty of care and in explicitly ensuring all board members are diligent in their attention to this issue. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

During their tenure with VSO, trustees are briefed on their duties by the Chair of the Board and through professional advice either from the Company Secretary or if they judge it necessary, from an independent adviser. Trustees are supplied with online access to all relevant governance documents and contact details.

In keeping with our approach to learning, all trustees have permanent access to our VSO Learning Platform. They can access the key organisational documents from the trustee pathway; their role description, memorandum and articles, delegation of authority, organisation structure, committee terms of reference This also signposts them to the most recent UK Charity Commission guidance for trustees.

During the year, trustees have fulfilled their duties regarding the following:

The likely consequences of any decision in the long term

All key strategic decisions with long-term impact on VSO's future are discussed in the relevant Board Committee and then by the Board as a whole. Each Board agenda will give time for an update on how long-term projects are progressing and all Board members are actively encouraged to raise their questions and any concerns, so that appropriate actions can be taken under the Board's oversight.

The interests of the company's employees

The Board defines VSO people as inclusive of employees, volunteers, consultants, suppliers and partners.

The Board ensures that the interests of the employees are considered through regular updates at Board and Committee meetings. The impact of major decisions on staff are discussed by the Board and its committees who also receive regular updates on staff pay, employee pensions scheme, health and safety, and safeguarding.

Over the last year, the Board has sought to engage with the wider VSO community of employees, volunteers and primary actors through virtual project visits, briefing on key programme themes and attending the annual Volunteer Impact Awards as well as participation in fundraising events.

In line with VSO's inclusive approach, VSO global communications are available with captions to be inclusive of those who are hard of hearing.

Since the previous annual report, the Board has reviewed several of VSO's core policies including:

- Preventing Criminal Practices Policy (July 2021)
- Reserves Policy (November 2021)
- Global Safeguarding Policy (March 2022)
- Global Code of Conduct (March 2022)
- Global Whistleblowing Policy (March 2022)

The need to demonstrate inclusive ways of working between trustees

All Board members are recognised equally as trustees and directors and given opportunity to raise questions and issues. All have access to the CEO, Company Secretary, and one another. Communication directly between board members and members of the executive team, or VSO colleagues is actively encouraged.

To contribute to the ongoing review of board effectiveness the Board Chair maintains regular contact with all trustees to ensure they can raise concerns and questions. A dedicated appraisal conversation happens at least annually.

The need to foster VSO's business relationships with supporters, implementing partners and suppliers

Our Knowledge, Evidence and Learning team systematically reviews and evaluates relationships with partners and primary actors and brings relevant issues to the attention of the Board through quarterly performance reviews. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. The Board discusses key partnerships, donor relationships, and strategic suppliers as part of its Board meetings. Suppliers' interactions are supported by the Global Procurement Policy, ensuring transparent and fair selection processes. In addition to assessment through donor and statutory audits, VSO's internal audit function reviews procurement activity and shares outcomes with the VSO Board via the Audit and Risk Committee.

The impact of the company's operations on the community and environment

As part of its ongoing programme of work, VSO trains its programme teams, volunteers and partners to undertake risk assessments and resilience action planning to identify and reduce human, social, environmental, physical and economic vulnerabilities to climate change. The Board is regularly updated on the positive impacts that are being made in communities and through our reporting on duty of care, our ability to deliver against the principle of "do no harm". As part of its annual reporting process, the Board reviews the environmental impact of VSO's activities. The environmental impact of our work is captured in detail in the Environmental Impact Assessment detailed on page 57. The Board and the Executive have set robust targets for reducing VSO's carbon footprint.

The desirability of the company maintaining a reputation for high standards of business conduct

High standards of business conduct are underpinned by VSO's value of Integrity – taking a zero-tolerance approach to any form of wrong-doing, abuse and harm, treating others with respect and being open, transparent and accountable in what we do. The Board is keenly aware of the moral requirements of our mission.

All key stakeholders, partner organisations; donors, employees, volunteers, consultants are subject to a range of background checks prior to engagement. Strict procurement guidelines are in place for the selection of suppliers. The key processes are audited by the Internal Audit team.

Management through the Executive Board and the Strategic Leadership Group

The International Board delegates VSO's day-to-day management to the Executive Board. The Executive Board has operational oversight of VSO's work globally. There are four members of the Executive Board, the Chief Executive Officer, and three Executive Directors, they jointly hold accountability for the delivery of the VSO Operating Plan, leading across Programmes, People, Corporate Services and Business Pursuit.

The Executive Board meets at least weekly to oversee implementation of strategic and operational activity, allocate resources, set, and monitor standards and determine core approaches to how VSO works. The Executive Board undertakes a formal Quarterly Performance Review against VSO's operational and financial objectives. This is done with colleagues across the organisation and specifically the Strategic Leadership Group. The Executive Board reports back on quarterly performance to the International Board through a regular performance report.

Dr Philip Goodwin
Chief Executive Officer

Donné Cameron
Executive Director VSO, Programmes

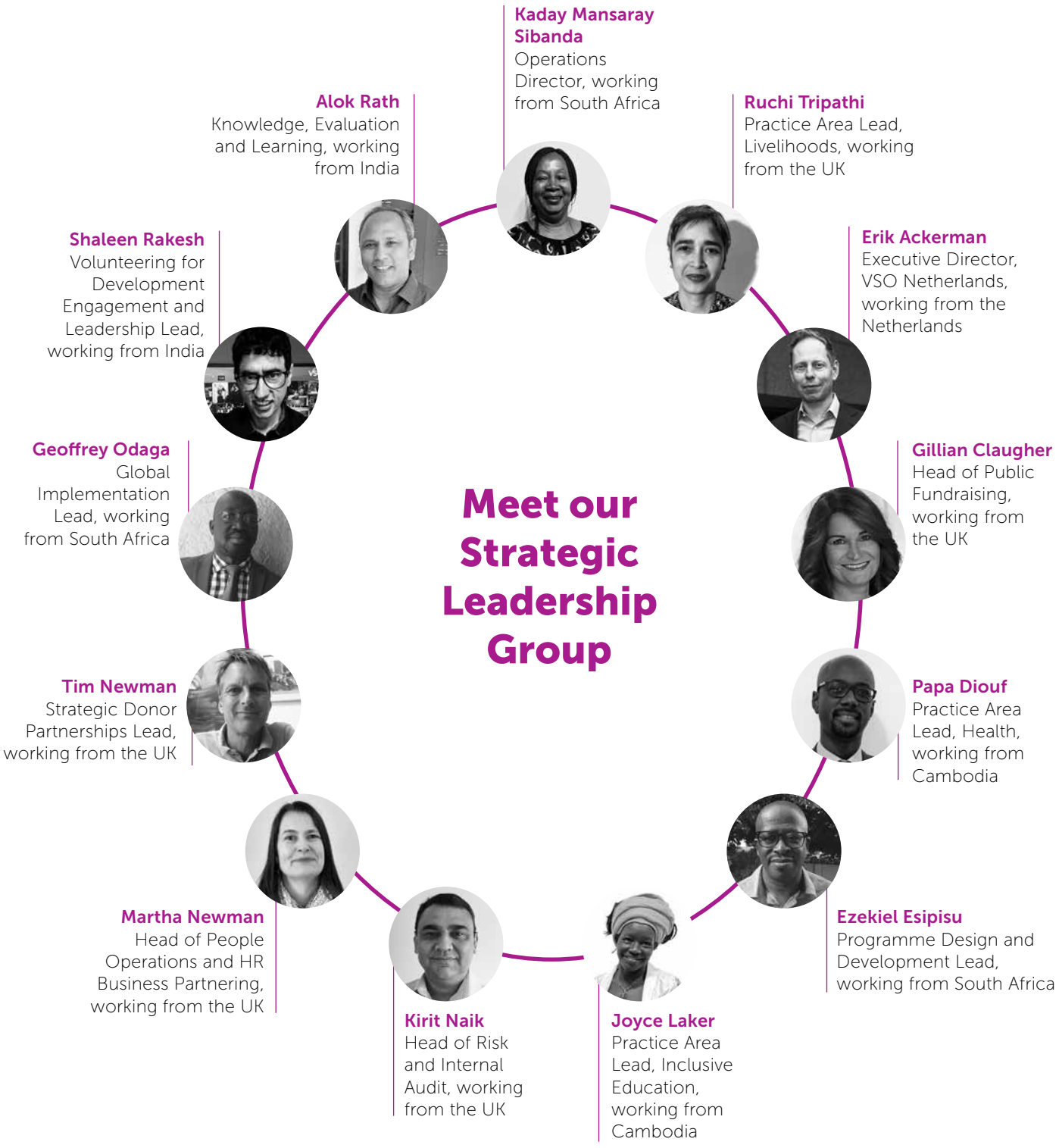
Kathryn Gordon
Executive Director VSO, People and Organisation Development

Fabienne Arminjon
Executive Director VSO, Finance and Corporate Services

The Directors on the Executive Board work with a wider Strategic Leadership Group who have collective responsibility for developing and delivering the VSO strategy and operating plan.

The members of the Strategic Leadership Group are:

Meet our Strategic Leadership Group



Duty of care

One of VSO's significant risks is the appropriate balance of moral and legal obligation whilst ensuring the safety and well-being of those who engage with VSO and VSO employees and volunteers whilst maintaining our commitment to do no harm. The duty of care and focus on supporting resilience that arose from the global COVID-19 pandemic has become a cornerstone in our ability to pivot programming in an emergency response.

Our main methods for mitigating duty of care risk are:

- Assess the risk in the context of the programme/location.
- Equip the team with the necessary capability – capacity within roles in a project team or support from a global team.
- Maintain an environment that promotes reporting, covering not only significant incidents but also minor concerns.

VSO uses a professional managed data source to assess security risk and support the business pursuit team assess opportunities, both where we work currently and where we may in the future.

We insure in two areas:

- Health and medical insurance – where there is no government funded health service, we provide comprehensive cover to employees and international volunteers to cover the costs of treatment of illness or injury.
- We have employers' liability insurance to cover the risk of legal action from employees or volunteers who incur injury or illness due to their working environment.

VSO has continued its involvement with intra-agency networks such as the INGO Safeguarding Leads Network. VSO influenced the development of a reference sharing scheme now registered as the Misconduct Disclosure scheme and continues to work in this area with FCDO and Interpol to strengthen background checking. Colleagues in Nepal are amongst the first to participate in the joint training between Interpol and local law enforcement agencies.

Our medical clearance assessment process remained in its post COVID-19 adapted form as the risk remained high. This considers increased personal risk and risk to others of travel as well as the organisational risk of individuals quarantining or falling ill where there is no local support network available to them.

Working with the WHO guidance, our medical advisors took the decision to add the COVID-19 vaccine to the essential vaccines list for VSO people travelling internationally, a list that already included diphtheria, tetanus, polio, typhoid, hepatitis A, hepatitis B, measles and rabies. Medical, Security and Safeguarding incident categories are defined at VSO to aid appropriate response and consistent reporting.

We continue to provide some of the support on mental health and development of personal resilience utilising an assistance programme whose scope was broadened this year. This helps our people deal with the adapting international development landscape and VSO response to it and is available confidentially to all employees and volunteers and their dependants.

Recognising a global trend of burnout and lowered resilience following the COVID-19 pandemic, climate change and geo-political uncertainty, three main staff initiatives were put in place:

- VSO people were able to disconnect from the schedule of back-to-back meetings and conversations for an allocated "recharging" day.
- Specific wellbeing sessions were established for those working in fragile spaces where there is no end to a specific incident in sight.. These sessions built on previous psychosocial trauma support provided by trained counsellors; and in keeping with our volunteering for development approach the training of peer supporters in psychosocial first aid. These peer trainers now run sessions which follow the pattern of discussion, providing think time, small group conversations, relaxation/mindfulness exercises and signposting to professional support where appropriate.
- Sessions were facilitated by a professional psychotherapist to build resilience for volunteers and employees.

Medical, security and safeguarding incidents reported 2021/22	Medical	Security	Safeguarding
Across the **whole** VSO global portfolio of work	36	20	15

In addition to this we have responded to 184 medical cases and provided medical clearance to nearly 300 people, the majority of whom then joined the VSO global healthcare scheme.

Monitoring of COVID-19 outbreaks across VSO office locations has continued throughout the year, with one severe case requiring a crisis response. 4 other critical incidents included injuries from road traffic and occasions of serious illness requiring hospitalisation.

We continue to monitor the implications of the security situation and increased fragility of the environment in Ethiopia and Myanmar, adapting delivery and practice as appropriate.

Our safeguarding culture continues to grow with a healthy number of reports of concerns and incidents. Each concern receives a VSO response, and where an investigation is required, this is completed with the support of our global safeguarding team. During this year 4 historic cases were reported, and support of a protection nature was provided to individuals who raised a concern with VSO. Preventative action following investigation was taken in 6 of the incidents.

Reporting and whistleblowing

VSO has zero tolerance of corrupt practices of any type or in any circumstances.

We aim to maintain the highest standards of openness, decency, integrity, and accountability in our work. Everyone who works with or for VSO must be vigilant for signs of wrongdoing or criminal activity and have the obligation to report suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work in accordance with our whistleblowing process. Our Whistleblowing Policy encourages anyone to report any serious concerns they have, without fear of punishment or unfair treatment.

VSO's systems to protect confidentiality and offer anonymity aim to keep a whistle-blower safe. To ensure the safety of whistle-blowers, VSO treats all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's Policy on Preventing Criminal Practices underpins our operational practice in the areas of fraud, bribery and corruption or any other wrongdoing. The Policy requires all such allegations to be reported regardless of financial materiality and ensures a consistent approach to fraud awareness, prevention, reporting, and investigations across VSO.

We have mandatory online training on preventing criminal practices and whistleblowing for all staff and volunteers. The Executive Board and Senior managers often remind People of their duty to report any wrongdoing through various channels, so the process of reporting is fully understood.

Serious incidents are also reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with the VSO serious incident reporting protocol.

Despite our enhanced approach to fraud prevention, the reality is that from time to time we will be victims of corrupt practices. During the year, 22 cases of potential irregularities were reported and investigated. Of these, 7 cases led to reported fraud and losses of £22,061. These included incidents of false accountabilities, equipment losses, travel and volunteer allowance fraud.

Our approach to pay

Our pay philosophy is based on the principles of fairness, internal equity, and external competitiveness to support the wider agenda of equity, ethical reward, transparency, and sustainability.

We have eradicated the dual pay system; all employees are hired on national terms and conditions in their place of work. We are a signatory to the principles of Project FAIR, supporting fair pay in the international development sector. To realise on these principles, we pay the appropriate rate for the role in each country where we operate. VSO does not operate a bonus scheme.

External competitiveness is achieved by benchmarking each individual salary every year against actual pay for similar positions in comparable organisations, in the location of the work.

The banding level for each role is determined by considering:

- job purpose – the scope, depth, and difficulty of the work,
- level of engagement – communicating and connecting with others,
- delivery – level of planning and organising necessary to successfully execute the role, and how the role fits within the team or function.

Our leaders and managers work with our employees to support their performance and development in role. Our recruiters and hiring managers discuss with applicants the rationale behind the way in which our pay practice is linked to dismantling the broader historical and colonial dynamics of power and privilege within the sector.

We recognise and incentivise our people to perform by designing purposeful roles, creating a positive working environment with support for collaboration and discovery to maintain interest and fulfilment. Our operating model and organisation design have at their heart a distributed leadership model. In this model, leadership and accountability sits with post holders with collaboration key to achieving high performance.

VSO is an accredited UK Living Wage Employer and ensures all our staff are paid at least the living wage in the UK where there is an official calculating body. In other countries, we look for Living Wage data from other organisations to assess our employees' remuneration against. In any case, VSO ensures that all our employees are paid at least the official minimum wage in all the locations where we operate.

Gender pay gap reporting for UK employees

The UK government require gender pay reporting – the difference between pay to women and men, for organisations with more than 250 UK based employees. VSO employed 98 people in the UK in April 2022.

To demonstrate transparency VSO has reported its gender pay gap in the UK, since 2017.

On 5 April 2022 the difference in mean (average) pay between female and male employees in the UK was 5.3% (compared to 8.62% to 5 April 2021). The difference in median pay between female and male employees in the UK is –0.33%.

In line with our view of organisation design, to ensure we are shaped to successfully deliver on our mission, VSO monitors our pay ratios on a regular basis, aiming not to increase the current level when pay bench-making adjustments and pay awards are made. Our CEO is employed on a UK contract, reporting the CEO pay ratio identifies the ratio from CEO pay to lowest pay in the UK as 5:1.

Modern slavery statement

Modern slavery is an abhorrent abuse of human rights, and includes practices such as forced labour, debt bondage, human trafficking, and child labour.

VSO has a zero-tolerance approach to modern slavery and in line with the UN Sustainable Development Goal 8.7, is committed to ensuring that there are no instances of modern slavery or human trafficking occurring within our global organisation or our supply chains.

VSO is raising awareness about modern slavery within the organisation and with its delivery partners, we have in place policies, procedures and processes to combat the risk of modern slavery. We also recognise that more can be done to combat this risk and VSO strives to continually improve processes.

Further information about the framework VSO has in place to combat the risk of modern slavery and the actions VSO plans for the next financial year can be found in VSO's Modern Slavery Statement:

vsointernational.org/about/policies-and-statements/statement-on-modern-slavery

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's policy can be found at vsointernational.org/privacy.

VSO adheres to the Charities (Protection and Social Investment) Act 2016. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition, we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

VSO has a safeguarding policy which guides us on how to respect people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

We aim to inspire our supporters to help us tackle poverty and seek to raise funds from a diverse range of sources. In our recruitment and retention of supporters in 2021/22 we used the following channels: direct mail, telemarketing, email communications, face to face fundraising and digital advertisement.

VSO continues to report to the Fundraising Regulator on the number of complaints received in response to our fundraising activity. In 2021/22 this number totalled 5. Those were minor negative feedback which informed future work. Our Supporter Care team examines every complaint, responding within three working days. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2021/22.

We must invest in our fundraising to achieve our plans to increase our scale, influence and impact to create a fair world for everyone. We monitor our spending in all areas of fundraising activity to measure our impact and returns. We recognise that growth is dependent on sound investment.

We are introducing a single supporter view of all VSO's individual supporters. This will enable us to make significant improvements to communications effectiveness through testing and supporter insight and improved targeting and tailoring.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector and has in place a Global Ethical Fundraising policy.

Imbere Heza project in Rwanda is designed to empower marginalized adolescents to enjoy their health rights.

Our approach to data protection

We are committed to protecting the personal data of all individuals whose personal data is processed by us. We ensure that we use it only for clear and stated lawful reasons, and that we store and transfer it safely in line with the requirements and principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. Our data protection policy was reviewed by the Board in the year.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of VSO induction and we monitor compliance. All VSO people are required to renew their data protection training annually.

As part of our programme design process, we complete detailed privacy impact assessments prior to processing personal data in cases where that processing may give rise to high risks to data subjects. In this way we ensure that we know that the processing is lawful and that we can mitigate risks. We integrate data protection into our programmes and in so doing we consider the likelihood and impact of our processing on the rights and freedoms of data subjects.

We monitor complaints and take on board feedback to help us improve our fundraising approach, our systems, and internal processes, as well as the work undertaken for us through external agencies.

During the year, we discovered no data breaches. In cases even of minor breach, we always speak to the Information Commissioner's Office to check that we have taken the correct approach. We record the details of all breaches on our data breach log and conduct learning sessions where relevant to mitigate the risks of a similar breach occurring in future and to embed learnings.

Environmental impact assessment

VSO is committed to embedding resilience, including environmental resilience and sustainability throughout its programmes and organisational practices.

By measuring our carbon footprint, we seek to understand the impact we have on the environment with a commitment to reduce it. Because of this commitment, we have gone beyond the minimum reporting obligations under Streamlined Energy and Carbon Reporting (SECR). SECR requires us to report our UK energy use relating to gas, electricity, and transport fuel. But as a volunteer international organisation where a large part of our carbon is attributed to air travel, we have also reported on carbon emissions from all our project locations across the world, including optional scope 3 emissions from business travel.

Ambitious targets

Using pre-pandemic (i.e., 2019/20) levels as a base, we aim to reduce our emissions by 66% for the same turnover over 5 years, a more ambitious target than the one we had previously worked to. We are seeing the impact the environmental crisis has on the most marginalised people we work with and want to reduce our own emissions to as little as our operations allow.

Because our carbon depends on the volume of work we deliver, a useful indicator of our performance in managing our footprint, is the intensity ratio which considers our carbon emissions in relation to our income. This year's measurement of 39 tCO2e / £ million compares with last year's intensity ratio of 9.3 tCO2e / £ million, a significant reduction relative to our 2019/20 base line of 107 tCO2e / £ million.

Calculating our carbon impact

To calculate our 2021/22 emissions, we have used the Green House Gases (GHG) Protocol which supplies the world's most widely used greenhouse gas accounting standards. The table below details the carbon emissions from the 28 countries in which we worked this year. It includes:

- Business travel (road, rail and air travel for our staff and volunteers).
- Energy consumption (gas and electricity use from our global office locations).
- Fuel (petrol and diesel for VSO's owned and hired vehicles and for electricity generators).

The table below summarises VSO's GHG statement from 2019/20 when recording began. Scope 1 emissions are caused by VSO's operations and released from directly controlled assets. Scope 2 emissions are indirect greenhouse gases released from the energy purchased from a utility provider. Scope 3 emissions are all other associated indirect emissions. Scope 3 emissions arising from business travel in rental cars where VSO purchases the fuel and upstream emissions from purchased fuel and energy are mandatory. Other scope 3 emissions from business travel – air, road and rail are optional and reported in the total emissions figure.

	19/20	20/21	21/22
Energy consumption (kWh)	3,255	826	2,028
Scope 1 & 2 emissions (tCO2e)	842	263	589
Total mandatory reported emissions (tCO2e)	1,193	330	710
Total emissions including optional scope 3 (tCO2e)	6,440	461	1,293
Intensity ratio (tCO2e/£m)	20	7	21
Intensity ratio (tCO2e/£m) including optional scope 3	107	9	39

VSO International's GHG statements (in tCO2e), as follows:

Streamlined Energy and Carbon Reporting	Current reporting year 2021/22			Comparison reporting year 2020/21		
Energy consumption: (kWh)	**UK '000**	**Non-UK '000**	**Global '000**	**UK '000**	**Non-UK '000**	**Global '000**
- Electricity	220	307	527	170	213	383
- Gas	76	9	85	4	-	4
- Transport fuel	-	1,338	1,338	-	439	439
- Fuel for electricity generation	-	78	78	-	-	-
Total energy consumption	**296**	**1,732**	**2,028**	**174**	**652**	**826**
Emissions (tCO2e)	**UK**	**Non-UK**	**Global**	**UK**	**Non-UK**	**Global**
Scope 1						
Emissions from combustion of gas in buildings	14	2	16	1	-	1
Emissions from combustion of fuel for transport purposes	-	316	316	-	104	104
Emissions from combustion of other stationary fuels	-	19	19	-	-	-
Scope 2						
Emissions from purchased electricity - location-based*	47	191	238	40	118	158
Scope 1 & 2						
Total Scope 1+2 emissions – location-based	61	528	589	41	222	263
Scope 3						
Category 3: Upstream emissions from purchased fuel and energy - location-based**	20	101	121	9	58	67
Total emissions for mandatory reporting – location-based	**81**	**629**	**710**	**50**	**280**	**330**
Intensity (tCO2e / £ million turnover)						
Revenue £m			33.3			49.5
Intensity ratio: tCO2e / £m (location-based)			21			6.7
Emissions (tCO2e)	**UK**	**Non-UK**	**Global**	**UK**	**Non-UK**	**Global**
Optional Scope 3						
Emissions from business travel - air	-	163	163	19	105	124
Emissions from business travel - road	-	420	420	-	7	7
Total emissions from business travel (third-party vehicles)	-	583	583	19	112	131
Total emissions (including optional scope 3) – location- based	**81**	**1,212**	**1,293**	**69**	**392**	**461**
Intensity including optional scope 3 (tCO2e / £ million turnover)						
Intensity ratio: tCO2e / £m			39			9.3
Methodology	GHG Protocol Corporate Accounting and Reporting Standard 2014					

* Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.
**Emissions from upstream transmission and distribution losses, and excavation and transport of fuels not included in scopes 1 and 2

Our continuous drive towards greater sustainability

Last year, we saw a significant drop in our carbon emissions, largely attributed to the restrictions on travel and lockdowns in most of the countries where VSO operates. This year we have seen an increase in business air travel, which reflects the gradual lifting of international travel restrictions, and a marked increase in road business travel and energy consumption, following the gradual resumption of operations and re-opening of offices in project locations across the world. This results in a rise of 180% between this year and 2020/21 due to the extremely low carbon consumption in 2020/21 amid the pandemic. But despite a progressive return to normal, pre-pandemic activities, our emissions remain at 20% of 2019/20 figures and we are on track to meet our new target.

As a volunteer organisation that focuses on having the right people in those places that their skills can have the maximum impact, air travel is essential to our mission. Predictably, air and road travel, account for 45% of our carbon footprint. However, by making changes in how we think, book, and track our business travel, we can significantly reduce our impact in this area.

To gain greater control of business travel emissions, we have reassessed our ways of working and improved our remote working capabilities, by leveraging digital tools available to us, so that international travel is no longer the only option for international collaboration. We have also made changes to our travel policy, encouraging people to make the most carbon efficient choice. Finally, we are introducing carbon budgets that will allow managers to consider the carbon impact of delivering their programmes at the beginning of the project.

In other areas, we have downsized our office space with many of our colleagues transitioning to home working arrangements, eliminating the need to commute. And where possible, we have switched to renewable energy solutions for our premises.

We continue to consider future carbon reducing initiatives, such as assessing the carbon efficiency of fleet vehicles and in our procurement activities.

Measuring our operations' impact on the environment is only one aspect of our efforts, additionally, we are developing longer term environmental strategies for delivering more sustainable programmes. A cross organisational team has started integrating environmental sustainability into the volunteer standards. We have also defined our environmental sustainability process for programme design which will be piloted in the next programme period.

Volunteers on VSO's IMA4P project help support farmers to grow rice that is sustainable and provides a stable income for their families. Using a range of different experiences and skills sets, national and international volunteers work together, Cambodia.

Reference and administrative details

Charity name: Voluntary Service Overseas (VSO)
Charity registration: 313757 (England and Wales)
Company registration: 00703509
Registered office: 100 London Road, Kingston upon Thames KT2 6QJ
Company secretary: Jenny Owen

Objects

VSO's objects, for which the charity was established, are to:

- advance education and aid the relief of poverty in any part of the world
- promote the effective use of resources for the purpose of advancing education or relieving poverty in any part of the world
- promote the voluntary sector.

Public benefit

VSO is a registered charity which acts at all times in accordance with its Articles. The activities undertaken by VSO to further its purposes for the public benefit are described throughout this Report.
The trustees have at all times had due regard to the Charity Commission's guidance on public benefit.

Governing document: Voluntary Service Overseas (limited by guarantee) is governed by its Articles of Association.
Royal patron: HRH The Princess Royal
Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP
Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

For more information

Website: www.vsointernational.org
Facebook: www.facebook.com/vso.international
Twitter: www.twitter.com/VSO_Intl
Instagram: www.instagram.com/vsointernational
YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500
Email: enquiry@vsoint.org

Statement of Trustees' responsibilities

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing the financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable group's transactions, disclose with reasonable accuracy at any time, the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, and the provision of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware.
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors. The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

By order of the Board of Trustees

Sam Younger
Chair
11 August 2022

Financial Statements

Independent auditor's report

to the members and trustees of Voluntary Service Overseas

Opinion

We have audited the financial statements of Voluntary Service Overseas ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise the consolidated statements of financial activities, the consolidated balance sheet, the consolidated cashflow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 61, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income and major donations and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
30 August 2022

Consolidated statements of financial activities

for the year ended 31 March 2022

Income and expenditure	Note	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000
Income							
Donations and legacies							
Institutional grants	2a	73	17,435	**17,508**	107	23,878	**23,985**
Other donations	2b	6,565	3	**6,568**	7,968	53	**8,021**
Charitable activities	2c						
FCDO Volunteering for Development grant		-	8,928	**8,928**	-	11,507	**11,507**
ICS contract with FCDO		-	-	**-**	5,647	-	**5,647**
Other trading activities	2d	276	-	**276**	265	-	**265**
Bank interest receivable and similar income		30	-	**30**	9	-	**9**
Total income		**6,944**	**26,366**	**33,310**	**13,996**	**35,438**	**49,434**
Expenditure	3						
Raising funds		**4,568**	**-**	**4,568**	**5,071**	**-**	**5,071**
Charitable activities							
Inclusive education		1,933	16,960	**18,893**	3,064	14,807	**17,871**
Health		660	6,010	**6,670**	1,552	6,557	**8,109**
Resilient livelihoods		429	5,389	**5,818**	2,991	5,189	**8,180**
Core approaches*		454	2,393	**2,847**	1,146	4,693	**5,839**
ICS consortium partners		-	-	**-**	1,819	-	**1,819**
Interest payable and similar costs		13	-	**13**	62	-	**62**
Operating expenditure		**8,057**	**30,752**	**38,809**	**15,705**	**31,246**	**46,951**
Net income/(expenditure)		**(1,113)**	**(4,386)**	**(5,499)**	**(1,709)**	**4,192**	**2,483**
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes on consolidation	19	1,154	-	**1,154**	(78)	-	**(78)**
Net movement in funds		**41**	**(4,386)**	**(4,345)**	**(1,787)**	**4,192**	**2,405**
Transfer of funds	13	**112**	**(112)**	**-**	**-**	**-**	**-**
Reconciliation of funds							
Total funds brought forward		**13,401**	**8,236**	**21,637**	15,188	4,044	19,232
Total funds carried forward		13,554	3,738	17,292	**13,401**	**8,236**	**21,637**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 68 to 86 form part of these financial statements.

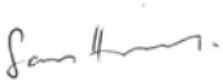
Balance sheet

As at 31 March 2022

	Note	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Fixed assets					
Intangible assets	8b	18	18	36	36
Tangible assets	8a	213	197	325	298
Investments	9	-	2,892	-	2,892
Total fixed assets		**231**	**3,107**	**361**	**3,226**
Current Assets					
Debtors	10	6,772	7,047	6,316	6,829
Short-term cash deposits		7,001	7,001	14,959	14,959
Cash at bank and in hand:					
In the UK and held by group subsidiaries		7,125	4,174	5,871	2,010
Overseas		1,227	1,227	1,918	1,918
Total current assets		**22,125**	**19,449**	**29,064**	**25,716**
Liabilities					
Creditors: amounts falling due within one year	11a	(3,312)	(3,124)	(4,062)	(3,894)
Net current assets		**18,813**	**16,325**	**25,002**	**21,822**
Total assets less current liabilities		**19,044**	**19,432**	**25,363**	**25,048**
Creditors: amounts falling due after one year	11c	(370)	(370)	(399)	(399)
Provisions for liabilities	12	(1,382)	(1,382)	(3,327)	(3,327)
Total net assets		**17,292**	**17,680**	**21,637**	**21,322**
Restricted funds					
Income funds	13,15	3,738	2,780	8,236	6,732
Unrestricted funds					
General fund	14,15	11,882	13,248	12,821	14,037
Designated funds	14,15				
Pension deficit repayment plan fund		(567)	(567)	(2,286)	(2,286)
Change programme fund		365	365	522	522
Fixed asset fund		231	211	361	334
Income generation		1,643	1,643	1,983	1,983
Total unrestricted reserves		**13,554**	**14,900**	**13,401**	**14,590**
Total funds		**17,292**	**17,680**	**21,637**	**21,322**

The notes on pages 68 to 86 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 11 August 2022.



Susan Hickey
Honorary Treasurer on behalf of the Trustees

Consolidated cashflow statement

for the year ended 31 March 2022

	Note	Group 2022 £'000	Group 2021 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities		**(5,859)**	**340**
Cash flows from investing activities			
Interest received		30	9
Proceeds from sale of assets	8	13	40
Purchase of property, plant and equipment	8	(1,579)	(510)
Net cash used in investing activities		**(1,536)**	**(461)**
Change in cash and cash equivalents in the reporting period		**(7,395)**	**(121)**
Cash and cash equivalents at the start of the reporting period		22,748	22,869
Total cash and cash equivalents at the end of the reporting period		**15,353**	**22,748**
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		**(5,499)**	**2,483**
Adjustments for:			
Depreciation charges	8	1,709	705
Gains on disposal of fixed assets	2d	(13)	(40)
Interest received		(30)	(9)
(Increase) / decrease in debtors	10	(456)	6,969
Decrease in creditors falling due within one year	11a	(750)	(9,028)
Decrease in creditors falling after one year and provisions	11c,12	(1,974)	(662)
Accounts related to the defined benefit pension scheme included within the statement	19	1,154	(78)
Net cash provided by operating activities		**(5,859)**	**340**
Analysis of cash and cash equivalents			
Cash at bank and in hand		8,352	7,789
Short-term cash deposits		7,001	14,959
Total cash and cash equivalents		**15,353**	**22,748**

Notes forming part of

the financial statements for the year ended 31 March 2022

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the group's ability to continue.

Group financial statements

The consolidated financial statements incorporate the financial statements of the charity, including overseas branches, and its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included line by line in the statement of financial activities. Balances and transactions between the charity and its subsidiary undertakings are eliminated on consolidation. The overall results of the group are materially the same as those of the parent charity, therefore the charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).

- Overseas tax liability – The charity has recognised a liability based on prudent estimations provided by tax advisers (see note 12).

- Revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in income recognition accounting policy.

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves policies are given on page 39-40 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 14 and 15).

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), VSO has chosen to report its charitable expenditure by the four thematic areas and core approaches as set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is apportioned across thematic areas based on the proportion of direct costs incurred across those practice areas.

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3). Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Grants for development programmes tend to be given on a three-year basis. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. VSO also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

VSO is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to VSO each year.

Where VSO is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of VSO's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction. Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are considered in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight-line basis over the term of the lease, adjusted for lease incentives where applicable.

Fixed and intangible assets and depreciation

Fixed and intangible assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is charged over the useful economic life of an asset on a straight line basis as follows:

Assets held in the UK and subsidiaries	
Leasehold improvements	Length of the lease
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years
Assets held overseas	
All categories	Fully in the year of acquisition

The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use outside of the UK in the year of acquisition, in view of the uncertainty of conditions in the operating environment. It is the charity's policy to record these assets as disposals after three years.

Investments

The only investments VSO currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Netherlands) Limited	Stated at cost
100% ownership of Voluntary Service Overseas USA, Inc.	Stated at cost

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

VSO has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and the debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Provisions

Provisions are recognised where VSO has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Going Concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. In the aftermath of the COVID-19 pandemic and the delays and reductions in funding available from institutional bodies, especially governments, VSO continues to undertake regular scenario-planning exercises. Those review projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2022/23 and going forward. During the year, we used the results of the scenario planning to continue to re-align VSO's cost base to the new level of activities and as a basis from which to formulate a model for strategic planning. As described throughout this report, in 2021/22, as in 2020/21, VSO demonstrated it can adapt and realign its cost base to changing levels of funded activities. Nevertheless, VSO remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected financial changes and to allow us time to continue to adjust our expenditure as necessary. We will continue to monitor the situation and manage our finances accordingly. Based on our scenario planning, the current level of unrestricted reserves, and our shift to a more adaptable unrestricted cost structure, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. The trustees are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Income analysis

a. Institutional grants	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Governmental bodies				
British Council	-	68	68	**344**
FCDO – other funding	-	5,361	5,361	**6,360**
European Union	-	854	854	**975**
Global Affairs Canada	-	886	886	**855**
Global Partnership to End Violence Against Children	-	-	-	**650**
Irish Aid	-	-	-	**(3)**
KfW	-	3,619	3,619	**2,350**
Ministry of Foreign Affairs of the Netherlands	-	579	579	**1,612**
Norwegian Embassy	-	83	83	**724**
Scottish Government	-	-	-	**71**
UK HMRC Coronavirus Job Retention Scheme	-	24	24	**692**
UN Agencies	-	1,252	1,252	**1,260**
USAID	-	84	84	**67**
Other public funding	-	2	2	**158**
Total governmental bodies	**-**	**12,812**	**12,812**	**16,115**
Non-government bodies				
Companies	11	208	**219**	**196**
Trusts and Foundations	48	1,696	**1,744**	**6,481**
Other charitable organisations	14	2,719	**2,733**	**1,193**
Total non-government bodies	**73**	**4,623**	**4,696**	**7,870**
Total Institutional grants	**73**	**17,435**	**17,508**	**23,985**

2. Income analysis (continued)

b. Other donations	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Individuals	5,865	3	5,868	**6,348**
Legacies	510	-	510	**1,525**
Gifts in kind and pro bono services	190	-	190	**148**
Total donations and legacies	**6,565**	**3**	**6,568**	**8,021**

c. Charitable activities	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Volunteering for Development	-	8,928	**8,928**	11,507
ICS	-	-	**-**	5,647
Total charitable activities income	**-**	**8,928**	8,928	**17,154**

d. Other trading income	Unrestricted funds 2022 £'000	Restricted funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Lettings	263	-	**263**	172
Community projects	-	-	**-**	3
Events	-	-	**-**	6
Volunteer fundraising	-	-	**-**	44
Sale of assets	13	-	**13**	40
Total other trading income	**276**	**-**	**276**	**265**

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2022 £'000	Total costs 2021 £'000
By practice area						
Inclusive education	1,350	5,493	9,676	2,374	**18,893**	17,871
Health	1,021	1,948	2,875	826	**6,670**	8,109
Resilient livelihoods	749	2,322	2,261	486	**5,818**	8,180
Core approaches*	597	1,106	664	480	**2,847**	5,839
ICS consortium partners						
Raleigh International	-	-	-	-	**-**	1,087
Restless Development	-	-	-	-	**-**	732
Total ICS consortium partners	-	-	-	-	**-**	1,819
Total	3,717	10,869	15,476	4,166	**34,228**	**41,818**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

Charitable activities (excluding apportioned support costs) include pro bono services valued at £19,000 (2021: £24,000).

b. Analysis of support costs

	Governance costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2022 £'000	Total costs 2021 £'000
Inclusive education	404	462	275	680	554	2,375	**2,122**
Health	138	163	100	227	197	825	**961**
Resilient livelihoods	57	116	69	114	130	486	**965**
Core approaches	81	92	56	137	114	480	**697**
Apportioned support costs - charitable activities	680	833	500	1,158	995	4,166	**4,745**
Raising funds	78	89	54	131	107	459	**662**
Total apportioned support costs	758	922	554	1,289	1,102	4,625	**5,407**

Apportioned support costs include pro bono services valued at £171,000 (2021: £119,000).

4. Net incoming resources

Net movement in funds is stated after the following charges:

	2022 £'000	2021 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	38	39
Fees payable for the audit of the charity's subsidiaries	30	32
Fees payable for grant-specific audits	-	21
Fees payable for overseas tax consultancy	5	2
Fees payable for VAT services	-	2
Other services	-	22
Total fees payable to the charity's auditors	**73**	**118**
Depreciation		
Assets in the UK and held by group subsidiaries	312	195
Assets held overseas	1,397	510
Total depreciation charges	**1,709**	**705**
(Gain)/loss on exchange rate movements (realised and unrealised)		
Realised gains	(269)	(180)
Unrealised (gains)/losses	(70)	709
Total (gain)/loss on exchange rate movements	**(339)**	**529**

Unrealised gains and losses on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2021: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to £1,000 (2021: £nil), paid to five trustees (2021: 9).

6. Employee benefits including the cost of key management personnel

	2022 £'000	2021 £'000
Salaries and wages*	13,185	17,671
Social security costs	863	1,098
Pension costs	860	1,103
Other employee benefits	772	1,227
Temporary staff	9	75
Total	**15,689**	**21,174**

* Excluding overseas tax provision - see note 12

The 2022 wages and salaries figure above does not include an amount of £244,000 (2021: £778,000) relating to termination costs. ICS project closure in 2021 resulted in termination of all project roles, as was planned with reserves designated in previous years. The pension figures do not include £1,141,000 of amendments to the defined benefit plan's contribution schedule (Note 19).

The table below shows the number of individual staff whose employee benefits, excluding employer pension costs, were in bands during the financial year:

	2022 £'000	2021 £'000
£60,001 - 70,000	13	19
£70,001 - 80,000	5	7
£80,001 - 90,000	2	7
£90,001 - 100,000	1	7
£100,001 - 110,000	2	-
£110,001 - 120,000	2	1
£120,001 - 130,000	2	-
£130,001 - 140,000	-	2
£140,001 - 150,000	1	-
Total	**28**	**43**

Total benefits, excluding employer pension costs, disclosed in the above bands include termination costs of £35,000 (2021: £255,000), and health benefits, housing, dependents' education, relocation / travel allowances totalling £118,000 (2021: £301,000).

The key management personnel comprise the trustees who make up the International Board, and the executive team led by the Chief Executive Officer. All trustees serve VSO voluntarily. They do not receive any employee benefits, only payment for reimbursement of out-of-pocket expenses (see note 5).

The executive team is made up of four members including the Chief Executive Officer. The total compensation costs, including employer's National Insurance contributions, pension and termination costs were £575,000 (2021: £608,000.

The Chief Executive Officer's salary, excluding pension contribution and taxes, for the year was £142,000 (2021: £135,000). As part of the Covid-19 response, the Chief Executive Officer's salary was reduced for part of 2020/21.

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2022 Headcount	2022 FTE	2021 Headcount	2021 FTE
UK and subsidiaries based	136	124	198	185
Overseas based	382	380	462	461
Total	**518**	**504**	**660**	**646**

8. Fixed assets

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and Fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2021	**1,324**	**201**	**1,389**	**2,067**	**4,981**
Additions	-	18	164	1,397	1,579
Disposals	-	-	-	(669)	(669)
At 31 March 2022	**1,324**	**219**	**1,553**	**2,795**	**5,891**
Accumulated depreciation					
As at 1 April 2021	**1,039**	**182**	**1,368**	**2,067**	**4,656**
Charge for the year	132	25	137	1,397	1,691
Disposals	-	-	-	(669)	(669)
At 31 March 2022	**1,171**	**207**	**1,505**	**2,795**	**5,678**
Net book value					
At 31 March 2021	**285**	**19**	**21**	**-**	**325**
At 31 March 2022	**153**	**12**	**48**	**-**	**213**
Held by parent charity	**153**	**-**	**44**	**-**	**197**
Held by subsidiaries	**-**	**12**	**4**	**-**	**15**

8. Fixed asset (continued)

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2021	72	72
As at 31 March 2022	**72**	**72**
Accumulated depreciation		
As at 1 April 2021	36	36
Charge for the year	18	18
As at 31 March 2022	**54**	**54**
Net book value		
As at 31 March 2021	36	36
As at 31 March 2022	**18**	**18**

Intangible assets are all held by parent charity.

9. Investments

	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Market value at the beginning of the year	-	2,892	-	2,892
Market value at 31 March 2022	**-**	**2,892**	**-**	**2,892**

Investments held by the charity at 31 March 2022 comprise £2 held in VSO Trading Limited, £953,000 held in Voluntary Service Overseas (Ireland) Limited and £1,939,000 held in Voluntary Service Overseas (Netherlands).

VSO Trading Limited, Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost; other subsidiaries have nil value (see note 17).

10. Debtors

	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Trade debtors	2,578	2,263	2,114	1,796
Amounts due from VSO Ireland	-	54	-	47
Amounts due from VSO Netherlands	-	-	-	-
Amounts due from VSO USA	-	656	-	466
Other debtors	668	650	849	1,146
Accrued income	2,795	2,778	2,691	2,631
Prepayments	731	646	662	743
Total	**6,772**	**7,047**	**6,316**	**6,829**

All amounts above are due within one year, with the exception of £4,000 relating to non-current prepayments (2021: £2,000), and £40,000 relating to lease deposits (2021: £58,000).

Legacies of which we have been notified, but not recognised as income, are valued at £175,000 (2021: £92,000).

11. Creditors

a. Amounts falling due within one year	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Trade creditors	780	778	481	480
Amounts due to VSO Netherlands	-	181	-	17
Other creditors	769	536	890	853
Pension contributions payable	92	74	14	8
Tax and social security	151	149	386	389
Accrued expenditure	870	854	1,206	1,189
Deferred income	159	159	478	453
Accrual for compensated employee leave	491	393	607	505
Total	**3,312**	**3,124**	**4,062**	**3,894**

Income is deferred when it is received ahead of income recognition criteria being met.

b. Movement on deferred income during the year	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Balance brought forward	478	453	656	656
Released to income	(319)	(294)	(203)	(203)
Received in year	-	-	25	-
Balance carried forward	**159**	**159**	**478**	**453**

c. Amounts falling due after one year	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Other creditors	370	370	399	399
Total	**370**	**370**	**399**	**399**

No interest is incurred on any of the above creditors.

12. Provisions for liabilities – group and charity

	As at 1 April 2021 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2022 £'000
Overseas tax	**744**	-	(193)	(157)	**394**
Volunteer flights	**11**	8	-	-	**19**
Dilapidations	**286**	116	-	-	**402**
Pension deficit	**2,286**	-	(578)	(1,141)	**567**
Total	**3,327**	**124**	**(771)**	**(1,298)**	**1,382**

Overseas tax

A liability across VSO's global portfolio has been identified in relation to overseas taxes. This has been provided for and is being managed with relevant authorities and expert services.

Volunteer flights

Provision is made in the financial statements for the cost to the charity of return airfares for volunteers on placement at the end of the financial year.

Dilapidations

The provision for dilapidations is to cover the probable future costs of restoring properties to their required condition at the end of their lease.

Pension deficit

VSO participates in the Pensions Trust Growth Plan, a multi-employer defined benefit scheme in the UK. The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure the scheme has sufficient assets to meet its past service liabilities.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid £579,000 (2021: £562,000) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

13. Restricted funds

a. Movement on restricted funds		Opening balance 2022 £'000	Incoming resources 2022 £'000	Resources expended* 2022 £'000	Closing balance 2022 £'000	Opening balance 2021 £'000	Incoming resources 2021 £'000	Resources expended 2021 £'000	Closing balance 2021 £'000
Volunteering for Development	FCDO	(56)	8,928	(8,872)	**-**	(101)	11,508	(11,463)	**(56)**
Unlocking Talent Primary Education	KFW	534	3,619	(4,153)	**-**	207	2,350	(2,023)	**534**
Building Learning Foundations	FCDO	5	3,074	(3,079)	**-**	5	2,633	(2,633)	**5**
Empowering a New Generation of Adolescent Girls	FCDO	(3)	1,201	(1,197)	**1**	(63)	963	(903)	**(3)**
Empowering Adolescent Girls to Learn and Earn	Global Affairs Canada	474	886	(843)	**517**	251	855	(632)	**474**
Education for Life	FCDO	96	773	(797)	**72**	84	590	(578)	**96**
Learning through Play	Lego Foundation	155	716	(415)	**456**	-	155	-	**155**
Inclusive Education in Baglung	Hempel Foundation	18	586	(205)	**399**	31	-	(13)	**18**
Challenge Fund for Youth Entrepreneurship	Dutch MOFA	55	553	(649)	**(41)**	71	288	(304)	**55**
Enhancing Youth Entrepreneurship and Employment	Standard Chartered	-	411	(236)	**175**	-	-	-	**-**
Preventing Gender Based Violence	UNFPA	-	373	(344)	**29**	-	-	-	**-**
Emergency Operation Centers -Polio Project	Bill & Melinda Gates Foundation	-	333	(333)	**-**	-	-	-	**-**
Integrated Peace, Safety, Security and Justice (SHAHAJ)	FCDO	103	305	(408)	**-**	174	1,220	(1,291)	**103**
Unlocking Talent	Hempel Foundation	206	300	(505)	**1**	-	321	(115)	**206**
Promoting Inclusive Resilience and Accountability through Youth Association Strengthening	European Commission	221	275	(276)	**220**	334	-	(113)	**221**
Strategic Opportunities Fund 2	Aidsfonds	75	217	(294)	**(2)**	-	162	(87)	**75**
All Pupils Learning for Ultimate Success	UNICEF	-	212	(212)	**-**	-	-	-	**-**
Strengthening Civil Society for Resilient and Inclusive Education Governance in Nepal	European Commission	175	205	(92)	**288**	-	177	(2)	**175**
Youth Empowerment and Employment Project	Randstad	17	204	(221)	**-**	-	56	(39)	**17**
Voice of Youth	European Commission	12	181	(182)	**11**	199	-	(187)	**12**
Other Grants	Various donors	6,149	3,014	*(7,551)	**1,612**	2,852	14,160	(10,863)	**6,149**
Total restricted funds		**8,236**	**26,366**	***(30,864)**	**3,738**	**4,044**	**35,438**	**(31,246)**	**8,236**

***includes £112k transfer from restricted to unrestricted funds.*

The presentation of restricted funds has changed during 2022 from country to significant grant which more accurately reflects the organisational structure and decision-making processes. The top twenty grants for 2021/22 and their prior year comparators are shown.

The closing balance of the restricted funds comprises the unexpended balances of donations and grants held for specific purposes. It is anticipated that any surpluses on funds will be expended during the coming financial year.

13. Restricted funds (continued)

b. Movement on contracted funds	Opening balance 2022 £'000	Incoming resources 2022 £'000	Resources expended 2022 £'000	Transfer of funds 2022 £'000	Closing balance 2022 £'000	Opening balance 2021 £'000	Incoming resources 2021 £'000	Resources expended 2021 £'000	Transfer of funds 2021 £'000	Closing balance 2021 £'000
International Citizen Service (ICS)	-	-	-	-	-	500	5,647	(5,417)	(730)	-

Income and expenditure relating to the above contract is recorded under the unrestricted column on the Consolidated Statement of Financial Activities. The International Citizen Service contract ended in February 2021.

14. Unrestricted funds

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Total £'000
As at 1 April 2020	**13,657**	**(2,708)**	**868**	**500**	**556**	**2,315**	**15,188**
Surplus / (deficit) for the year	(1,761)	422	(346)	230	-	(332)	**(1,787)**
Transfer between funds	925	-	-	(730)	(195)	-	**-**
As at 31 March 2021	**12,821**	**(2,286)**	**522**	**-**	**361**	**1,983**	**13,401**
Surplus / (deficit) for the year	(602)	1,140	(157)	-	-	(340)	**41**
Transfer from restricted	112	-	-	-	-	-	**112**
Transfer between funds	(449)	579	-	-	(130)	-	**-**
At 31 March 2022	**11,882**	**(567)**	**365**	**-**	**231**	**1,643**	**13,554**

Designated funds:

Pension deficit repayment plan fund
The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 19).

Change Programme fund
The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country. The balance is carried forward to fund the ongoing programme of transformational change.

ICS fund
As the ICS contract was concluded during 2021, all remaining costs of the contract, including redundancy costs of employees, were expended during the year. No further fund balance has been designated.

Fixed asset fund
Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Income generation fund
In March 2019, the trustees designated a £3.0m fund to support unrestricted income growth and income portfolio diversification over the next three years. The priorities and programmes for this fund continue to be revised based on returns and the investment timeframe has been extended.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	Fixed assets £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2021 were represented by:							
Tangible fixed assets	-	-	-	361	-	-	361
Current assets	18,318	-	522	-	1,983	8,241	29,064
Current liabilities	(4,057)	-	-	-	-	(5)	(4,062)
Long term liabilities and provisional	(1,440)	(2,286)	-	-	-	-	(3,726)
Total net assets	**12,821**	**(2,286)**	**522**	**361**	**1,983**	**8,236**	**21,637**

	General fund £'000	Pension Deficit Repayment Plan £'000	Change programme £'000	Fixed assets £'000	Income generation £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2022 are represented by:							
Tangible fixed assets	-	-	-	231	-	-	231
Current assets	16,366	-	365	-	1,643	3,751	22,125
Current liabilities	(3,299)	-	-	-	-	(13)	(3,312)
Long term liabilities and provisional	(1,185)	(567)	-	-	-	-	(1,752)
Total net assets	**11,882**	**(567)**	**365**	**231**	**1,643**	**3,738**	**17,292**

16. Operating leases

As at 31 March 2022 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below.

	2022 £'000	2021 £'000
In the UK:		
Within one year	536	536
Within two to five years	48	582
Overseas:		
Within one year	158	204
Within two to five years	64	169
In more than five years	-	31
Total	**806**	**1,522**
Lease expense	**905**	**1,208**

16. Operating leases (continued)

As at 31 March 2022 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2022 £'000	2021 £'000
In the UK		
Within one year	71	71
Within two to five years	9	80
In more than five years	-	-
Total	**80**	**151**

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building which is due to end May 2023.

17. Subsidiary companies

	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000	VSO Ireland 2021 £'000	VSO Netherlands 2021 £'000	VSO USA 2021 £'000
Total income	319	3,058	1	341	4,174	111
Total expenditure	294	3,594	192	421	3,120	389
Net income / (expenditure)	25	(536)	(191)	**(80)**	**1,054**	**(278)**
Retained profit / (loss) for the year	-	-	-	(80)	1,054	(278)
Total assets	935	2,620	26	892	2,986	31
Total liabilities	72	347	658	59	167	472
Total funds	**863**	2,273	(632)	833	2,819	**(441)**

As at 31st March 2022, the VSO Group comprises the parent charity (VSO), three active subsidiary undertakings and one dormant subsidiary undertaking. A further subsidiary Beijing VSO Consultancy Company Limited ceased to be in existence during the 2020/21 financial year.

Voluntary Service Overseas (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799. Registered address: Ten Earlsfort Terrace, Dublin 2, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

The principal activity of the subsidiary is to advance education and to aid in the relief of poverty in any part of the world; they do this by supporting programmes that deliver sustainable change in VSO's three thematic practice areas: Inclusive Education, Health and Resilient Livelihoods.

Voluntary Services Overseas (VSO Netherlands)

A charitable foundation Stichting VSO Nederland; registration number 41155934. Registered address; Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company is a wholly owned subsidiary and was acquired on 1 April 2019.

Voluntary Service Overseas USA, Inc.

A US corporation with US 501 (c) (iii) status; registered in the state of Delaware; registration number 82-4699627. Registered address: 700 K Street NW, Suite 4-143, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018.

17. Subsidiary companies (continued)

VSO Trading Limited

A company limited by share capital incorporated in England and Wales (company number 02315724, 100 London Road, Kingston upon Thames, KT2). VSO Trading Limited is wholly owned by VSO.

The principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO. The net taxable profit of the subsidiary is transferred by Gift Aid to VSO. In 2021, this company was made dormant, as this type of activity is not planned for the foreseeable future.

Beijing VSO Consulting Company Limited

A decision was taken in 2014/15 to wind down Beijing VSO Consulting Company Limited which was completed in financial year 2020/2021.

This was a company limited by share capital incorporated in People's Republic of China in June 2012 (company number 110000450208624 and registered address Chao Wai Avenue, Building 1, 5th Floor, Room 62, Chaoyang District, Beijing).

The registered capital of the company was initially valued at US$210,000. The investment held by VSO in Beijing VSO Consulting Company Limited was recorded as impaired in prior years and based on its future expected value was written down to US$ nil in financial year 2015/16.

18. Related party transactions

There have been no related party transactions that require disclosure, other than the transactions with subsidiary companies detailed below:

	VSO Ireland 2022 £'000	VSO Netherlands 2022 £'000	VSO USA 2022 £'000	VSO Ireland 2021 £'000	VSO Netherlands 2021 £'000	VSO USA 2021 £'000
Payments received for services	55	-	-	35	-	-
Sub-grants paid to	-	140	190	-	60	131
Sub-grants received from	-	758	-	216	486	-

19. Pension costs

The primary scheme for the charity's UK employees is a Scottish Widows defined contribution scheme. Auto-enrolment has been available for all eligible UK employees since February 2014. A variety of other suppliers provide schemes for staff based in the rest of the world.

The following table shows the impact to the consolidated statements of financial activities in 2022 and 2021.

	2022 £'000	2021 £'000
Contributions to defined contribution schemes	816	867
Contributions to defined benefit scheme - The Pension Trust	31	96
The Pension Trust – deficit reduction liability: unwinding of discounting	13	62
The Pension Trust – deficit reduction liability: impact of any change in assumptions	(13)	78
The Pension Trust – deficit reduction liability: amendments to the contribution schedule	(1,141)	-
Total	**(294)**	**1,103**

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 638 non-associated participating employers. The Plan is a defined benefit scheme in the UK which has been closed to new VSO entrants since October 2009.

19. Pension costs (continued)

As at 31 March 2022, VSO employed 8 (2021: 10) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme, so it is treated as a defined contribution scheme.

The Plan is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

The rules of the Plan give the trustees the power to require employers to pay additional contributions to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as technical provisions.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the trustee has asked the participating employers to continue paying contributions to the scheme until 31 January 2025. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement, the employer must recognise a liability for this obligation.

Future contributions for VSO as at 31 March 2022 are as follows:

Financial Year	£'000
2022/23	206
2023/24	206
2024/25	172

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed below. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2022 £'000	2021 £'000	2020 £'000
Present value of provision	566	2,286	2,708

19. Pension costs (continued)

Reconciliation of opening and closing provisions	2022 £'000	2021 £'000
Provision at start of period	2,286	2,708
Unwinding of the discount factor (interest expense)	13	62
Deficit contribution paid	(579)	(562)
Remeasurements – impact of any change in assumptions	(13)	78
Remeasurements – amendments to the contribution schedule	(1,141)	-
Provision at end of period	**566**	**2,286**

Income and expenditure impact of defined benefit scheme	2022 £'000	2021 £'000
Interest expense	13	62
Remeasurements – impact of any change in assumptions	(13)	78
Remeasurements – amendments to the contribution schedule	(1,141)	-
Cost recognised in the SOFA	**(1,141)**	**140**

Assumptions

	2022 % per annum	2021 % per annum	2020 % per annum
Rate of discount	2.35	0.66	2.53

These discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Plan is classified as a 'last-man standing arrangement', so VSO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme although participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Thank you

Our work wouldn't be possible without the dedication and support of thousands of people, partners and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising.

From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work – and all those who generously choose to leave a gift in their Will.

The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you.

Here are just some of the individuals and organisations who made a vital contribution to our work in 2021/22.

African Union
AmplifyChange
Amplio
ARM
Avert
British Council
Citi Group
Civil Society and Indigenous People's Mechanism of the Committee on World food security
Dubai Cares
Education Cannot Wait
Education Consortium
Education Development Trust
European Commission
ERIKS
Foreign, Commonwealth & Development Office
Global Affairs Canada
Global Campaign for Education
Global Partnership for Education
Greg Dyke and Sue Howes
GSRD Foundation
Hempel Foundation
Imagine Worldwide
Institute of Development Studies (IDS)
International Civil Society Centre (ICSC)
International Forum for Volunteering in Development
Irish Aid
Jersey Overseas Aid
KfW
Lego Foundation
London School of Economics
Mastercard Foundation
Medicor Foundation
MESH Guides (Education Future Collaboration)
Ministry of Foreign Affairs of The Netherlands
NHS Lewisham and Greenwich Trust
Nyagatare Hospital in Rwanda
Onebillion
Pan African Climate Justice Alliance (PACJA)
Population Services Kenya
Randstad
Robert Carr Civil Society Networks Fund
Royal Norwegian Embassy
Scottish Government
Southern Africa Network of Prisons (SANOP)
Standard Chartered Foundation
Tackle Africa
The Bill & Melinda Gates Foundation
The British Asian Trust
UNESCO
UNFPA
UNICEF
United Nation Girls Education Initiative (UNGEI)
UNOCHA
UN Trust Fund
UNV
University of Northumbria
University of Nottingham
USAID
Weeshuis der Doopsgezinden
Wees een Kans
Wemos
WHO

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VSO

England & Wales - Charity number 313757

Accounts

Annual report and accounts

2020/21

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Thank you 85

Foreword

The past year has been a year like no other for VSO. When the severity of COVID-19 became apparent, we knew that the most vulnerable would be most at risk.

In spite of the challenges of travel and the increased difficulty of working in communities, we were determined we would continue supporting the most vulnerable through this crisis. Thanks to the strength of VSO's blended volunteer model which draws on the commitment, resilience and adaptability of community, national and international volunteers, we could step up in the hour of need. In just 10 days, we pivoted 80% of VSO programming to respond to the crisis. By listening to our primary actors, we responded to their most urgent needs, whilst at the same time ensuring continuity of education, livelihoods and health.

Our ability to act quickly was thanks in great part to the adaptability and responsiveness of the UK government funded Volunteering for Development (V4D) grant. This allowed for fast decisions in a rapidly changing situation. The V4D grant invests in building long term development through its focus on resilience, inclusion, and accountability. The enormous benefits of this approach have been clear over the last year with community and national volunteers continuing to deliver to those most vulnerable with the support of international volunteers working from their home countries.

In just 10 days, we pivoted 80% of VSO programming to respond to the crisis.

Here volunteers Uzoamaka Diyoke and Mary Watkins explain how they have been able to continue working together on programmes like Education for All, which is helping to improve early childhood learning around the world.

Mary Watkins:

"Every child deserves a good quality early years education. It's the building block of opportunity but denied to so many children. I've had a long career in education in the UK but I still have a lot to offer. That urge to contribute took me to Rwanda where I volunteered in a primary school for two years. Every day I could see the motivation of my Rwandan colleagues. They wanted their students to learn but many of the teaching resources I'd taken for granted in the UK were simply unavailable. So together, we decided to create our own from materials – like scrap cardboard and bottle-tops – easily found in the community. From there, I went on to develop a guide for teachers on how to do this.

This year, VSO asked me if I would help train trainers so more teachers learn how to create teaching materials and deliver high-quality lessons where resources are scarce. Because of travel restrictions, I did this by video, training teachers and volunteer educators in Myanmar, Bangladesh, Nigeria and Ethiopia, all from my living room in Wales. It is so satisfying to know that thanks to my experience and training, more teachers can provide high-quality, early years teaching.

VSO is an incredibly cost-effective way of harnessing the skills of volunteers to make a difference at scale. This year, VSO has shown how it can adapt its volunteering model to continue to support communities and provide continuity of education, around the world.

Every child deserves a good quality early years education. It's the building block of opportunity.

Mary Watkins doing a video training for training volunteers in Bangladesh

VSO national volunteer Uzoamaka Diyoke teaching children sign

Uzoamaka Diyoke:

"For a long time, numeracy has been a difficult subject to teach in Nigerian primary schools. There's a lack of teaching materials, poor teaching methods and an over-reliance on rote learning. Yet good numeracy is so important to education and for Nigeria's overall development. The situation for deaf children is particularly tough because of a lack of skills in teaching children with special needs.

I am a sign language trainer in Nigeria and for the last few years I've been a national volunteer educator with VSO. For much of that time, I've been supporting special needs education – training teachers in sign language so that deaf children can be taught in regular schools. Before the pandemic, I would travel around and go into communities. But this year has been different. I've been developing training videos that we upload onto a VSO app. Teachers can easily access these through their phones without the need for us to visit.

I've seen with my own eyes; this is the difference that VSO volunteers make.

Thanks to VSO, teachers at the schools where I volunteer received 'Numeracy for All' training, delivered by Mary Watkins via video. We learnt about more interactive teaching methods, moving away from rote learning to help our pupils really understand the building blocks of numeracy. We learnt how to create teaching resources from a whole range of waste materials such as bottle tops, toilet roll tubes, used toothpaste tubes, and empty tins and jars. As a result, we've improved teaching methods and teaching resources in more than sixty schools across Enugu State and we're having far higher learning outcomes in numeracy. I've seen with my own eyes; this is the difference that VSO volunteers make."

Our year in numbers

3,403 **people volunteered with VSO**

VSO worked with communities in 29 countries, nine of which VSO were working in for the first time.

12.9 million

people were reached over 7.65 million indirectly and nearly 5.25 million directly including:

Over
2.8million
through our education projects

Almost
30,000
through our resilient livelihoods programme

Nearly
1.95million
through our wider work on resilience, inclusion and social accountability. To help people prepare for disaster, build peaceful communities, tackle gender-based violence, and create inclusive societies for people with disabilities.

Nearly
435,000
through our health projects

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Taking volunteering for development to scale

In 2015, the world committed to meet the UN Sustainable Development Goals (SDGs) by 2030. In its commitment, the United Nations recognised the power of volunteering. The world will fail to meet the Goals unless we can engage citizens across the world to support, demand, oversee and deliver them.

At VSO, we committed to play our part in delivering the Goals. But given the scale of the challenge, we know that playing our part means being more ambitious. It means challenging ourselves to make a bigger difference. We intend to meet that challenge by taking Volunteering for Development (V4D) to scale.

Our ambition is born out of evidence that volunteering is a highly effective approach to create a fair world for everyone. Done right, the Volunteering for Development model creates a space for every person to play their role in making change happen. It helps drive the change needed to create a world that is equitable and just in its opportunities and in the rights and justice it offers for all.

In 2019, we set ourselves the objective of reaching an additional 5 million people by 2022. This year we have already exceeded that number. We continue to develop the quality of our programming through new design standards. We invested in new capability in our practice areas of health, education, and livelihoods, allowing for better strategic oversight and accelerated growth in our work.

Innovation at VSO is now about scaling our work. It means doing what we know works well in many more places. It means sharing what we know to help others grow their impact.

To support our move to scale, we strengthened our capacity to deliver, creating a Global Programme Implementation Team to ensure quality and consistency. Focusing our technical, programme and business support teams on implementation enables clear prioritisation of work and demonstrates value for money for those who support us financially.

These adaptations mean that we're in a stronger position than ever to deliver greater impact and create a fair world for everyone.

This year we overachieved our target, reaching 12.9m people directly and indirectly.

BANGLADESH

Recovering childhood, maintaining learning: Education in emergencies

Millions of children around the world are forced from their homes by conflict and natural disaster. Many of these children do not automatically have the right to state education in the place they find themselves. The trauma they experience by being displaced can have long term effects on their development.

VSO has developed an education in emergencies programme that provides quality early childhood care and education to children aged 3 to 14 living in such circumstances in Kenya, Uganda, Ethiopia, and Bangladesh. We combine volunteers who have teaching expertise with those who have community knowledge to provide support, helping children overcome the stress of their experience and environment. Creating safe spaces for learning and play provides a sense of normality, allowing children to regain their childhood.

18-year-old Moreom lives in a shelter made of plastic and bamboo, without running water or electricity. She and her Rohingya community were subject to violent attacks from the army and were forced to leave their home in Myanmar. They found shelter in a refugee camp in Bangladesh, but the camp is overcrowded and at risk of landslides, fires, and cyclones. Life there is difficult and Moreom misses freedoms of her old life in Myanmar, where she hopes to return one day.

Moreom was inspired to educate children in her camp. She was accepted to train as a VSO 'Big Sister', joining VSO's network of volunteer educators and caregivers in the camp.

One of Moreom's students is four-year-old Monir. His mother, Rashida, was pregnant with him when the army killed her daughter and stole the family's valuables. Rashida fled with her four other children, leaving behind their farm, cattle, and all other possessions. Monir's father was separated from them when he fled to Malaysia before Monir was born. They do not know if he is alive.

Despite this, Monir is happy. He loves playing with friends in camp and started going to VSO's home-based early childhood learning centre aged 2. He learnt to name colours, fruits, and animals, write his name, as well as the Burmese and English alphabets. He now helps Rashida write her own name.

Moreom's VSO training taught her that affection and support are important for children's learning. She explains this to Rashida and other parents, encouraging them to support rather than punish children.

When the camp went into COVID-19 lockdown, Moreom and Rashida worried about Monir's learning. So Moreom continued visiting Monir to help continue his education and provide support. VSO provided materials such as books and colouring pencils so he can learn at home. Monir misses playing outside but Moreom's regular visits make him happy.

Rashida and Moreom know that education is key to the Rohingya's next generation if they are

to save their community. They hope Monir can continue his education and realise his dream of becoming a teacher.

Education in emergencies work is also rolled out to host communities, meaning that all children benefit from VSO expertise. Working with host communities creates acceptance of displaced people. VSO-trained teachers also identify and work with children with disabilities, referring them for further support where necessary. As migration and displacement increases, VSO will continue to provide education to children, wherever needed. Many teachers in Rwanda lack adequate training. National volunteers, mentored by international volunteer teaching advisers, are improving the skills of local teachers.

ACROSS AFRICA

Defeating Polio in Africa: Delivering in new places

Last year, as the world dealt with a new deadly virus, the 100-year fight against wild polio reached a milestone as Nigeria became the last African country to be declared free of the disease. Yet the threat of rare "vaccine-derived" polio remains. To reduce that risk, VSO has been working with the Bill & Melinda Gates Foundation to establish Emergency Operations Centres (EOCs) that coordinate and manage national disease response.

VSO established polio coordination centres in nine countries across east and west Africa. These bring together health experts and other national leaders to analyse data and make quick decisions to tackle disease outbreaks. Community volunteers play a critical role, engaging with trusted leaders and polio survivors to challenge mistrust around vaccination and encourage communities to adopt new behaviours to stop the spread of the disease. Dr Philip Goodwin, VSO's Chief Executive Officer, notes the urgency of this work; "This could not have come at a more critical moment. This year Liberia recorded an outbreak of circulating vaccine-derived polio. With the effective infrastructure now in place, the Government of Liberia is equipped to conduct a high-quality outbreak response."

"2020 has highlighted the fragility of health systems which were already very weak," adds project lead, Sara Jacobson. "EOCs have long-term benefits beyond polio, as volunteers are trained to build the national capacity to fight future outbreaks." Along with the physical infrastructure, EOCs will increase partnerships and coordination with the support of technical working groups, led by government experts, to ensure decisions are based on real-time, high-quality data.

The $6.3 million grant from the Bill and Melinda Gates Foundation that has funded the multi-country polio project represents another milestone for VSO. We implemented this project across several countries in francophone Africa, where VSO hasn't previously worked. Despite the difficulties caused by COVID-19 travel restrictions, we showed our ability to be agile and respond to where needs are greatest. We demonstrated that we're able to deliver in new contexts without creating new and expensive country infrastructure. The experience gained from this vital work against polio will allow us to scale and grow our work to reach the poorest and most marginalised, wherever they are.

RWANDA

Adapting to reach new customers

As COVID-19 took hold in Tanzania, 43-year-old Sada Nalinga felt conflicted about her soap making business. Her liquid soap had been regarded as a luxury, but it was now an essential item. Sada saw an opportunity to expand her business, but travel restrictions prevented her from moving around her region to engage potential customers.

Sada knew she had skills to adapt because she had taken part in VSO's Tanzania Local Enterprise Development project. This promotes sustainable economic growth by supporting women, young people, and people with disabilities to grow businesses and create jobs. Since 2015, it has provided guidance to 5,000 small businesses and created nearly 3,000 jobs.

Advice Sada received from volunteers became critical. 29-year-old business expert and volunteer Grace Kajange explains, "It's sometimes difficult to change the way people run their business", especially since "some men do not allow their wives to do business and believe that women are supposed to look after the family."

Grace realised that COVID-19 required her to adapt the training; "There is a real need to help our entrepreneurs to adapt to the situation right now, for example using digital marketing and online social networks to promote their businesses." Adaptation was vital because economic factors including lower incomes, price increases due to scarcity and decreased ability to save, affected businesses. Displaying the positivity and resilience she encourages in participants, Grace adds "In every challenge there is an opportunity."

After attending trainings, Sada formally registered and licensed her business. Registration meant her product acquired Tanzania Bureau of Standards certification and a barcode that allowed her to supply supermarkets. Her digital marketing training meant she found new customers online. Annual production grew from 240 to 1,200 litres of soap. Sada now invests in the business and support her husband and child.

"I get orders from various companies such as lodges, restaurants, pharmacies, nursing colleges and schools to make liquid soap for them. I feel good that the demand is high, and I can now sell more

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due to the high demand in the community". Sada now supports others, "I have conducted trainings on soap-making to various Small and Medium Enterprises as a way of supporting my community in the fight against COVID-19."

By working with VSO, Sada's experience shows how businesses can adapt and support their communities during crisis. She demonstrates that scaling and growing means embedding local knowledge and expertise.

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GLOBALLY

Mobilising Youth: ICS - 40,000 active young citizens delivering change

This year saw the closure of the International Citizen Service (ICS) programme. Led by VSO, ICS was the UK government's flagship international youth volunteering programme. From 2011 to 2020, over 40,000 young people - half from the UK and half from developing countries - volunteered to deliver the Sustainable Development Goals for communities across Africa and Asia.

ICS made a real impact on poor and marginalised communities, with over 90% of project partners saying they were better able to bring about change after working with young ICS volunteers. It also improved the skills, knowledge, and personal development of each youth volunteer. The programme fostered active citizenship, not just in the UK but around the world, reaching young people across all demographics. Inclusion sat at the heart of the programme with, for example, 37% of UK volunteers coming from the least advantaged social backgrounds, accessing experiences that otherwise would have remained out of reach.

Independent research demonstrated the value of ICS to the UK economy in particular, finding that for every £1 spent on ICS, £4.64 was generated in social value through the skills developed by young volunteers, including increased resilience, problem-solving abilities, and intercultural communication skills. It also showed that volunteers ended placements with a greater understanding

International Citizen Service Impact:

40,167 volunteers

19,203 in country volunteers

20,964 UK volunteers

32 countries

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of poverty, inequality and development, and the skills and capabilities young people can offer in tackling these issues.

After their placements, UK volunteers delivered an 'Action at Home' project, taking part in social action or further volunteering back in their home community. For many, 'Action at Home' was the start of their active citizenship journey, with many involving themselves in the COVID-19 pandemic response.

When lockdown began in the UK in March 2020, former ICS volunteer Molly Bufton Spear, 22, thought about the impact of COVID-19 on her community. Inspired by her placement - a youth employment project in Zanzibar, Tanzania in 2019 - she set up a food delivery service, Molly's Meals, to deliver food to the most vulnerable during the pandemic in Kenilworth, Warwickshire. For her efforts, she won a Prime Minister's Point of Light Award. Elsewhere, former ICS volunteers mobilised their youth networks to tackle disinformation about COVID-19 in Zimbabwe. The legacy of ICS will continue to be felt. Many volunteers will deliver change in their communities and around the world for years to come. Those skills are needed now more than ever before.

Former ICS volunteer Molly Bufton Spear with her Points of Light Award

Our vision

A fair world for everyone

Our purpose

Creating lasting change through volunteering

Collaboration

- Empower poor and marginalised people to take charge of their own development
- Share skills and knowledge to create long lasting, sustainable change
- Build collaborative partnerships that promote innovation, growth and impact

Knowledge

- Lead volunteering for development, setting the standard for ourselves and others
- Use evidence and insight to guide our actions
- Recruit the right people and work where we have the greatest impact

Inclusion

- Stand beside and advocate for those who have been denied choice and opportunity
- Promote diversity and equality throughout our work
- Encourage different, inquisitive perspectives

Integrity

- Commit to safeguarding and take a zero-tolerance approach to abuse and harm
- Treat others with respect, as equals
- Be open, transparent and accountable in everything we do

Putting people at the centre of their own development

VSO's volunteering for development model provides opportunity for everybody to bring about lasting change.

It does that by focusing on those left out by society – those living in extreme poverty, or with disability and illness, those who face discrimination for their gender, sexuality or social status.

These are not passive "beneficiaries" of aid. They are the "primary actors" at the heart of our work. It is from their viewpoint that we seek to define the issues, opportunities and solutions that deliver sustainable change.

What do we mean by primary actors?

Primary actors are the people and communities that we work with. They are the ones engaging in projects, helping us understand the community's needs, and working with volunteers to build a fairer world. Our responses are driven by demand from the poorest and most marginalised. We always work with local partners who can guide the most effective support.

Why do we use that term?

'Primary', because they are principal contributors to VSO's work and they lead the design and delivery of programmes. 'Actors', because they are active agents. VSO doesn't do development to communities, it works with them.

All our programmes address the root causes of marginalisation by focusing on three areas – what we call "core approaches" - that reliably tackle the structures, systems and conditions that make people vulnerable.

These core approaches are fundamental to our Volunteering for Development approach, ensuring the people we work with have the confidence and capacity to bring about change in their own lives.

Social inclusion and gender

Millions of people face discrimination because of their gender, age, disability, cultural background, sexual orientation. VSO aims to dismantle the causes behind exclusion in all its forms.

Resilience

Disasters, disease outbreaks and other shocks and stresses can have a devastating effect on communities. Those who are already vulnerable are most at risk. Our goal is to help communities and societies prepare and adapt to disasters, as well as reducing their vulnerability to shocks and stresses.

Social accountability

Many people around the world are denied basic rights that are guaranteed in law. Corruption, fear, and unequal power dynamics stop people from speaking up and demanding what they're entitled to. VSO works to support people exercising their voice, no matter who they are or where they are from. We also help authorities respond to the needs of people they are there to serve.

Putting the last, first

This year, the world has faced the biggest global health shock in generations. The COVID-19 pandemic presented severe challenges to health systems and created economic upheaval and food shortages. At the same time, global pressures such as climate change and political instability continue to grow. These challenges are interconnected – sustained health emergencies, for instance, cause major economic disruption.

People who are marginalised are hit the hardest in a crisis. They lack resources to cushion against shocks and many will face exclusion due to gender, disability, or social status. The needs of the most vulnerable communities are complex and diverse, and VSO's investment in our core approaches ensures that people who are marginalised remain at the forefront of our response.

VSO cannot provide specific solutions to every threat, but our volunteers' work to build a resilient, inclusive, and accountable world enhances people's ability to respond - on their own terms.

Our core approaches ensures that people who are marginalised remain at the forefront of our response.

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RWANDA

Reaching the deaf community during COVID-19

The first case of COVID-19 in Rwanda was recorded on 14 March 2020. Seven days later, the government imposed a full national lockdown. The disadvantages faced by marginalised groups, including people with disabilities have only been heightened by the pandemic. VSO national volunteers in Rwanda have been working to overcome the specific challenges faced by the deaf community.

The communication channels used to convey safety information to most Rwandan citizens are often inaccessible for deaf people who cannot hear radio broadcasts or television programmes. In response, VSO national volunteers, Community Health Workers and National Youth Council representatives collaborated on socially distanced, door-to-door home visits to people with hearing impairments. They reached 297 deaf adolescents who were at risk of not receiving essential safety messaging.

Eric, a VSO national deaf volunteer, worked alongside other national volunteers and partners to develop sign language videos broadcast over television and social media. The videos provided life-saving information based on official messages from the World Health Organisation and the Rwandan Government. Over 600 deaf people re-tweeted the video messages and an estimated 134,000 viewers from the general population viewed further messages broadcast on television. Eric says,

> "For deaf people, the project has helped us access information about COVID-19 and how we should protect ourselves. It's created awareness about the rights of deaf people during this time... We feel safe and are being careful to wear masks and wash our hands ... many deaf people are not able to access information on radio or TV, so they are left behind. We're able to ensure that the messages reach many people."

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GLOBALLY

Preparing for disaster and reducing risk

This year saw the conclusion of a disaster response and community resilience programme that reached 15 countries. Known as the Prepared for Resilience, Recovery and Rehabilitation initiative, the programme was a collaboration between the European Commission Education Audiovisual and Culture Executive Agency and the UK Foreign, Commonwealth and Development Office.

This work came at a crucial time as many communities that VSO works with are facing increased risk of emergencies – from natural disasters such as floods, drought, and typhoons, to conflict and gender-based violence. Through the programme, we strengthened the capacity of over 7,000 VSO volunteers and 300 staff on disaster preparedness and resilience. We then used these skills to support 10,000 people from local communities and schools in preparing for different kinds of hazards.

Communities put in place early warning systems, community notice boards, undertaken emergency simulations, and created support plans. Early indications show that communities and schools are now better prepared to respond to disasters.

Volunteers respond to Cyclone Idai, Mozambique

As well as supporting the communities we work with, the programme helped VSO better understand how to support those volunteering in these at-risk contexts. There are now disaster preparedness plans for 15 countries, which will help us better support emergency responses to disaster in those places. In the past year alone, these plans and response systems have supported VSO to respond to multiple conflict, climate and COVID-19 emergencies.

Volunteers mobilise to respond to fires in Sierra Leone

Communities prepare for provincial disaster response in Pakistan

SIERRA LEONE

Citizens holding governments to account

Charilous, 20, is a member of the Sierra Leone Union for Persons with Disability youth group. Alongside other national volunteers in Sierra Leone, he has been trained by VSO to monitor the government's delivery of education and health services. Using monitoring tools such as community scorecards and "mystery visitor" exercises, they collect data which can be used to ensure the government delivers on its promises. By enabling citizens to review progress, we are helping citizens monitor issues that affect them and at the same time, helping governments to improve their performance.

"I am glad to be part of this" Charilous said. "To lead a process of change that empowers someone like me to exercise my voice, claim my right and hold those in power to account. This is something I have wished to undertake but never got an opportunity, prior to the support and empowerment from VSO." Charilous is now lead facilitator for a team that monitors services by using the tools gained from VSO training.

"Due to VSO believing in and empowering me, I am now in a very good position to take this learning to my disabled community, and to use the lessons to open the eyes of citizens on issues affecting them in accessing service and accountability challenges within communities, primary actors, and various development sectors."

Charilous is not alone. Around the world, over 1,500 people have been trained on citizen led monitoring. With the evidence they gather, people are being empowered to use evidence to help governments recognise what they need to do deliver on their promises to marginalised people.

Volunteering for development response to the COVID-19 Pandemic

Volunteering for development has never been more critical. We witnessed huge disruption to people's health, education, and livelihoods. In response, thousands of people volunteered in communities around the world, contributing to resilience and recovery.

A VSO volunteer recently said that rough seas make stronger sailors. Over the last year, our organisational resilience has been tested. In just 10 days, we had pivoted 80% of our Volunteering for Development accountable grant funded by the UK government, towards responding to the pandemic. This meant we were able to support girls' education, children living with disabilities, strengthening healthcare systems, protecting basic livelihoods, building community resilience to crises.

The pandemic demanded new solutions, particularly when people could not be brought together physically. Our decades of experience in health, education and livelihoods, and investments in resilience and preparedness planning, enabled VSO to ensure communities could access the support they needed.

We trained and mobilised youth and community volunteers to raise COVID-19 awareness and disseminate information on risks and prevention. They operated alongside governments to bolster national responses. Our livelihoods and emergency teams responded to growing humanitarian needs, including access to basic food support, cash, and other vital items.

Elsewhere, we established support hotlines and peer support networks to address mental health impacts. VSO's emergency education work responded to huge increases in out of school children as schools closed. Volunteers sustained access to education by supporting families and carers to provide home or community teaching aided by broadcasts accessed by radio and through VSO's education app.

As we remain in the midst of a global pandemic and ever-accelerating climate crisis, VSO continues to strengthen national and community resilience, ensuring the most vulnerable can adapt and respond.

WE WORKED TO 5 OBJECTIVES:

1. **Raising awareness of Covid-19**
2. **Continuity of education**
3. **Continuity of health provision**
4. **Continuity of livelihoods**
5. **Building resilience to the pandemic**

Adapting to new challenges at speed

NEPAL

VSO response to school shutdowns in rural Nepal

VSO stepped up, delivering services whilst schools closed. We ensured children remained safe by training volunteers on safeguarding through the VSOSCHOOL app. We maintained communication between schools and communities through social media. We produced widely accessible radio lessons and broadcast information about staying safe and combating COVID-19 myths, since just 24% of households have regular internet access – far lower rurally.

VSO reacted quickly when Nepal's government announced a countrywide lockdown that left six million children out of school, denying them the stability, safety, and support that school provides. With many of our international volunteers having to return to their home countries, VSO adapted by taking on more community and national volunteers. We conducted research to understand the emerging challenges, which confirmed that prospects were worsening for all children, particularly girls. Adolescent suicide and gender-based violence increased. Lower incomes and high dowry prices meant early marriage became a serious consideration for many households. Almost 90% of girls spent more time on domestic chores.

VSO adapted our Sisters for Sisters programme, which has supported almost 10,000 vulnerable girls through community mentoring. 15-year-old 'little sister' Anjali describes its importance, "When I was 10 years old, I would rarely go to school as I was occupied with house chores. My parents also didn't find it important for me." Her 'big sister' offered support, "It was Big Sister Muni who came and talked with my parents about how important it is for me to access education."

During lockdown, Big Sisters engaged encouraged parents to prioritise education, not chores and marriage. Anjali explained, "Most of my days during lockdown were spent doing house chores and taking care of my nephews. The schools are closed, and we are unable to get an education."

Despite face-to-face mentoring being impossible, Muni persevered. "Big Sister Muni called me and informed me about the virus and how we can protect ourselves. Through mobile mentoring, Muni informed us that if we take the proper precaution of washing hands and not going out from home without any urgency, we will stay protected."

When reduced incomes, school closures, and lack of supplies meant sanitary products were unavailable, VSO delivered hygiene kits and lessons on making reusable sanitary towels. After restrictions eased, Big Sister Muni taught Anjali "to make homemade sanitary pads which we learned earlier in school. This helped me and my mother to access pads during the height of lockdown."

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ZIMBABWE

Youth engagement to stop the spread of COVID-19 disinformation

Myths and misinformation about COVID-19 abound, particularly in remote communities. This has created an 'infodemic', making the pandemic worse. The World Health Organization describes an infodemic as 'an over-abundance of information – some accurate and some not – that makes it hard for people to find trustworthy sources and reliable guidance when they need it'. In this environment, false claims about cures and prevention, scams, manipulated videos and conspiracy theories thrive.

In Zimbabwe, a team of 16 VSO youth volunteers, known as the Youth Engagement Action Team, worked with communities to debunk myths and share tips for spotting fake news, and spread scientifically accurate messages. They exposed false claims that people of African descent cannot get COVID-19 or that drinking alcohol provides immunity and showed 'official' documents used for disinformation to be false.

The team in Zimbabwe are part of a wider Youth Engagement Network established by VSO in Africa and Asia, that supports young people to volunteer in their communities. Many former International Citizen Service (ICS) volunteers – inspired by their experience - are involved. These youth-led networks exist in Zimbabwe, Bangladesh, Cambodia, India, Nepal, and Tanzania and are integrated to work alongside other VSO volunteers on our projects where possible. This strengthens projects by introducing new perspectives and energy which compliments the expertise of others.

Young volunteers plan how to stop the spread of COVID-19 disinformation amongst communities in Zimbabwe

Whilst the UK government decides its future international youth volunteering approach, these networks demonstrate the power of young people to create and deliver change. VSO continues to support these networks, seeing the vital difference they make in communities they are uniquely placed to serve.

The Zimbabwean Youth Engagement Action Team (YEAT)

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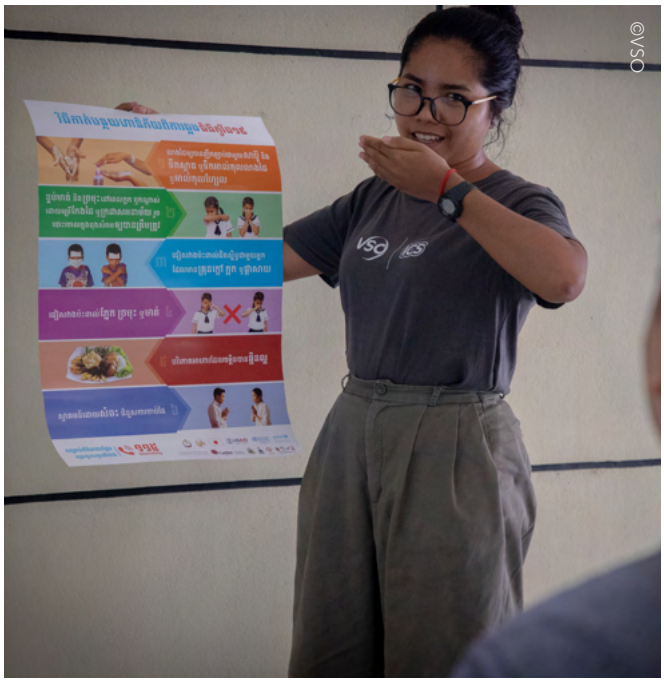
unicef
CORONAVIRUS (COVID -19)
COVID-19 AWARENESS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Scaling up our policy and advocacy work

VSO uses evidence from our projects to create policy change around the world so that societies are fairer, open, and inclusive.

Our work takes a "bottom-up" approach, helping people in the communities we support to identify the drivers of poverty, vulnerability and exclusion around them. We don't speak for our primary actors; we support them in making their voices heard on issues and decisions that affect them.

Across Africa and Asia, our volunteers and staff help bring the voices of primary actors into decision-making spaces. VSO volunteers help bridge the gap between governments, service providers and people who have been marginalised. They bring expertise on how to drive policy change and advocate for rights.

In Bangladesh, we worked with the Ministry of Education to ensure pupils had access to digital learning materials while schools were closed. In Ethiopia, we contributed to regional guidelines for the continuation of essential health services during the pandemic. In Myanmar, Thailand, Sierra Leone, and Zimbabwe we worked to help citizens hold their governments accountable for their delivery of the Sustainable Development Goals by supporting their participation in the UN's High Level Political Forum.

This year, VSO delivered fifteen policy changes in countries around the world – five more than the year before. For instance, we led Zimbabwe's National Volunteer Draft Strategy alongside the Ministry of Youth, Sports, Arts and Recreation, Zimbabwe Youth Council, UNV, and Higherlife. Together, we created a National Volunteer Strategy that empowers volunteers, prioritising their recognition, participation, and support. Crucially, it encourages inclusivity, meaning that people who are marginalised are not left behind. Our policy and advocacy work has intensified to ensure the needs of the world's most marginalised are not forgotten during the pandemic.

Representatives from VSO presenting our Citizens Voices report to UN Secretary-General Antonio Guterres

Bringing marginalised voices to power holders

VSO and United Nations Volunteers (UNV) have worked together for over a decade to advocate for inclusive, impactful, and quality volunteerism. Collectively, we put marginalised people's voices at the centre of UN discussions on development.

This year, VSO has made sure that Voluntary National Reviews - which governments use to report progress against the United Nations Sustainable Development Goals – include marginalised voices.

All over the world, VSO volunteers have run sessions with local communities. Citizens share views and experiences on what is happening in their neighbourhoods, learning about the Sustainable Development Goals (SDGs) and their government's commitments to reaching those targets. We specifically work with underrepresented groups - such as youth, people with disabilities, LGBTQI+, and people of certain castes or ethnicities - and submit evidence we gather to national governments or directly to the UN.

This work is vital because marginalised people are often unheard, meaning issues they face are not addressed. VSO's standing in the UN system and our membership of the Volunteer Groups Alliance - one of 17 UN-recognised stakeholder groups - allows us to make those voices heard. By doing this, we raise awareness of government obligations towards citizens. Hearing marginalised voices in UN-associated forums gives governments opportunities and motivation to act.

Last year, we submitted our 'Citizens Voices Nepal' report to the UN. The report incorporated marginalised people's voices and presented a fuller picture of progress towards the SDGs, providing evidence that certain groups are being left behind.

In Thailand, we worked with UNV to gather evidence from other volunteering organisations to understand how youth volunteers responded to COVID-19. The voices of youth project volunteers were featured in Thailand's national review, which included information on issues affecting them but impacting across society, such as child and youth mental health.

Using our evidence, we are influencing national SDG policy by emphasising the importance of volunteering in making progress against the Goals. Governments in many countries now consider volunteering as vital to the development agenda, reiterating the view of VSO and the UN that delivering the SDGs is impossible without volunteering.

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Raising the Global Standard of volunteering for development

Throughout the pandemic, VSO continued to lead efforts with other volunteer-involving organisations across the globe, to advance responsible and impactful volunteering.

Since 2017, VSO has played a key role in the development of the world's first Global Standard for Volunteering for Development. This promotes responsible international volunteering work. The standards were developed with the involvement of organisations from the "Global South" and cover four key areas: Designing and Delivering Projects, Duty of Care, Managing Volunteers and Measuring Impact.

Since the launch of the Global Standard in Kigali, Rwanda, in 2019, 111 organisations have become signatories, meaning they agree with the principles of the Global Standard, and they intend to implement them in practice. Volunteer-involving organisations have also used the Global Standard as a tool to support the development of national volunteering policies in Ethiopia, Kenya, Nepal, the Philippines, and Sierra Leone.

In partnership with the African Union, VSO has used its position to promote the Global Standards across 55 member states. As a trusted voice, we are now building on this work to advance national volunteering policies that reflect the Standards and our Volunteering for Development method across the African continent. This is a great leap forward in integrating volunteering into national development initiatives.

Last year, VSO led the development and pilot of a self-assessment process that helps organisations assess themselves against the Global Standard. This process was tested and successfully validated by 30 volunteer-involving organisations, including Mission Des Jeunes Togo, National Forum for Advocacy Nepal, Rwanda Initiative for Sustainable Development, Singapore International Foundation, World University of Canada, and Yayasan Sukarelawan Siswa Malaysia.

We are now in a process of drafting additional content for the standards, covering online volunteering, increasing volunteer diversity, environmental protection during placements, and enhanced safeguarding for volunteers and communities.

VSO is a global leader in volunteering for development, and as more organisations continue to adopt the Standard, we are proud to be leading on improving the impact, quality, safety and effectiveness of volunteering everywhere.

> "We really wanted to test the content and structure of the Global Standard to ensure it works in practice. This process also has been key in ensuring that Volunteering Involving Organisations' have a voice in informing revisions to the Global Standard itself before rollout to the wider Volunteering for Development sector in late 2021."
>
> **- Rahim Hassanali, VSO's Project Coordinator for the Global Standard**

Government and civil society representatives unite behind the Global Standard in Kigali, Rwanda

Our voluntary workforce at VSO

This year was no doubt one of the most challenging years in recent history. Our incredible voluntary workforce rose to the challenge, supporting VSO in delivering effective life-saving initiatives to primary actors, in a rapidly changing context.

Many of our returned volunteers continue to engage with VSO beyond their initial placement, returning as part of our voluntary workforce. This year, over 175 people joined our voluntary workforce pool, giving up their time to support the VSO mission of creating a fair world for everyone. Altogether, they donated over 7,250 hours, supporting our global teams.

In responding to the global pandemic, we have harnessed the wide range of technical skills that exist amongst the voluntary workforce including:

- Emotional and Psychosocial Learning Supports Specialists
- Disability and Inclusion Specialists
- Gender and Gender Based Violence Specialists
- Social Accountability Specialists
- Psychosocial Counsellors
- Youth Development Specialists
- Research and Analysis Specialists

Often operating remotely, many from their living space or bedrooms, volunteers with expertise in curriculum development and radio programming supported the adaption of teaching and learning resources in education settings around the world. This helped children to continue to access quality education during lockdown through online learning and radio programmes.

Volunteer specialists also delivered sessions on emotional and psychosocial learning support to students and teachers. They trained teachers to identify mental health issues and how to signpost students towards the help they need.

As part of VSO's partnership with UNICEF in the Philippines, 9 voluntary workforce members supported a national helpline programme to provide psychosocial counselling to those who needed it during the pandemic. In Mozambique, 25 voluntary workforce members supported the community response to COVID-19, carrying out awareness-raising and sensitisation activities within local communities.

Our volunteer Research Specialists helped research the impact of COVID-19 on primary actors. This supported communities in coming up with initiatives that support vulnerable people and particularly those affected by the wider impacts of the pandemic, such as 'one-stop centres' for women at risk of gender-based violence.

This year, we also welcomed undergraduate and postgraduate students from the London School of Economics, who joined our voluntary workforce pool supported research and analysis to help improve operational delivery, particularly in talent sourcing.

Our volunteer application managers and selectors continue to play a very significant role in assessing applicants and finding those with the right skills, knowledge, and attitudes to work with VSO.

Finally, our International Board of Trustees also welcomed seven new members, each bringing their diverse perspectives and experiences to guide and support VSO's leadership team.

We remain grateful to all our committed voluntary workforce members, who have helped deliver on the organisation's vision of creating a fair world for everyone.

Over 175 people joined our voluntary workforce pool, giving up their time to support the VSO mission donating over 7,250 hours.

Looking forward

I am grateful to all those individuals, institutions and companies who've helped us in the last year. Together we've shown we can support the most vulnerable to change their world - our world - for the better.

This last year has probably been the most challenging for VSO in delivering its mission in our entire sixty-year history. Not only did the global pandemic create greater vulnerability for millions of people who were already at risk, but it disrupted and challenged our ability to work around the world. I am incredibly proud of how VSO people – our staff and volunteers - have risen to the challenge and adapted our work to respond to COVID-19 and in doing so, reached more people than ever before.

In the coming year, we will continue to focus on alleviating the impacts of COVID-19. We will focus on ensuring continuity of education, health and livelihoods for those people who are marginalised by society. We will continue to build the resilience of communities and countries to anticipate and withstand shocks and disasters. We will continue to support the ability of the most vulnerable to hold governments to account and, in turn, to help governments respond to and meet the needs of their populations. Over the coming years, we will also be scaling up our work on climate action which alongside the long-term impact of COVID-19, is probably the most pressing issue facing the world today.

Our ambition is to use our Volunteering for Development approach to make a bigger contribution to delivering the Sustainable Development Goals. Given how VSO has adapted and extended its work over the past year, I am confident that we will meet that ambition in the years ahead.

Philip Goodwin

Chief Executive Officer

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Financial Review

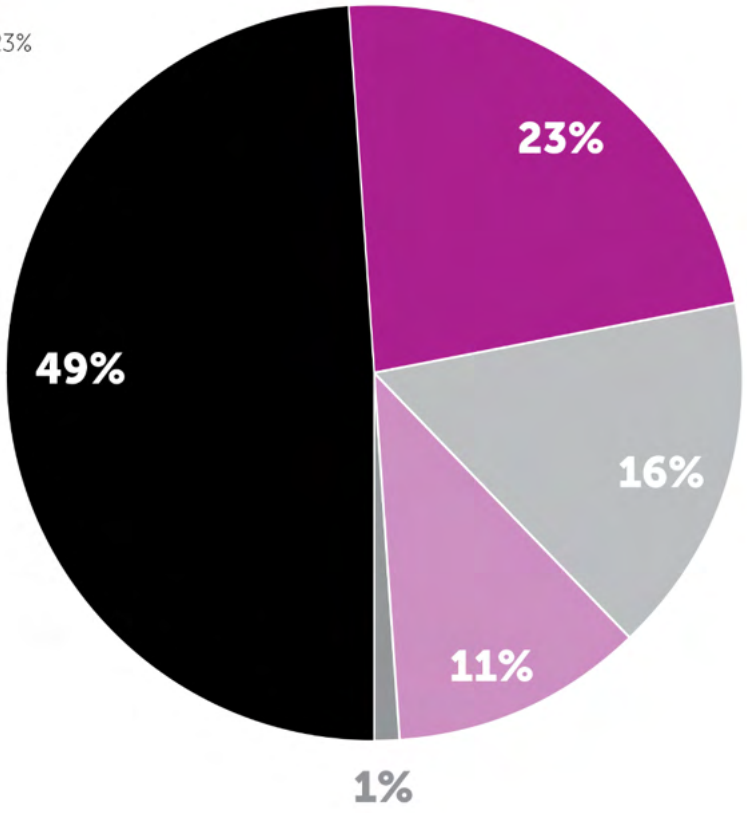
How we raised and spent our money in 2020/21

Income

In 2020/21, our income levels reduced significantly. The decrease is mostly linked to a further reduction of our ICS contract income, as it was not possible to send volunteers in the last year of the contract due to COVID-19. The Foreign, Commonwealth & Development Office (FCDO) remain a significant income source, although the overall proportion has decreased, as we have diversified our donor portfolio.

Where our income came from 2020/21

- Institutional Grants: 49%
- FCDO Volunteering for Development Grant: 23%
- Individual giving: 16%
- ICS 2 Contract: 11%
- Other income: 1%



Total income for the year

£49.4m

Institutional grants and charitable activities

Volunteering for Development (£11.5 million)

This income contribution from FCDO is through an accountable grant for the delivery of three short term extensions to the Volunteering for Development programme covering the financial year. An additional one-year extension has been granted for 2021-22. There is a wide support within FCDO for the continuation of this work with discussion on a new multi-year grant from April 2022. However, further discussions are ongoing to align the programme with new UK government priorities.

ICS contract income (£5.7 million)

The ICS programme closed in February 2021 after 10 years and with 40,000 volunteers placed in some of the poorest regions of the world to contribute to sustainable change.

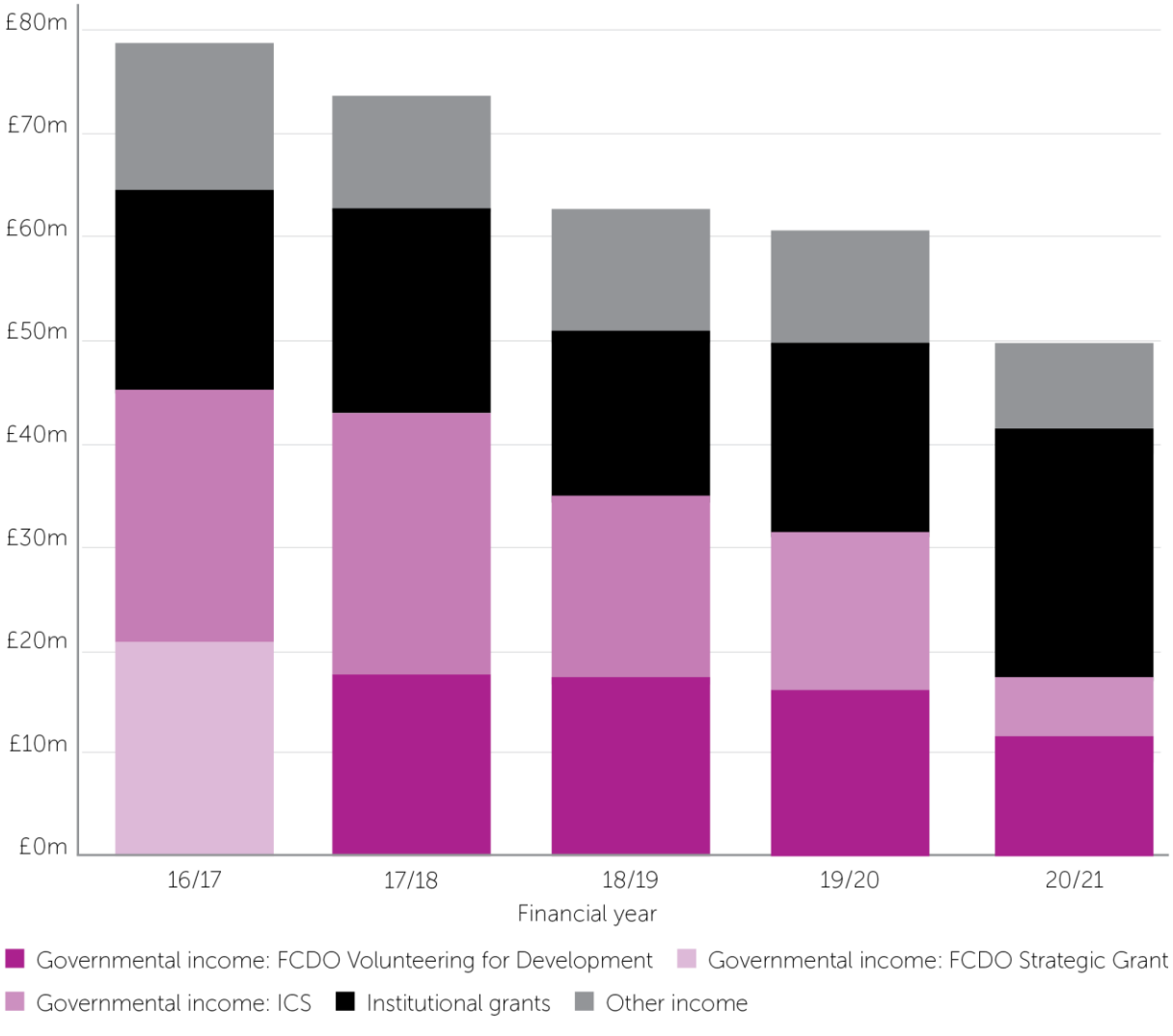
There is widespread support within government and across UK overseas missions for a new international youth volunteering programme to be developed. VSO continues work to influence UK government thinking in this respect and to define the shape and focus of a potential new programme when global circumstances allow.

Institutional grants

Governmental income: other (£16 million):
VSO has made progress in diversifying its income from governments. We have scaled up existing work with our main donors: FCDO, Global Affairs Canada, European Union, the German development bank (KFW) and UN agencies, while building relationships with new partners, such as USAID, which is supporting the Women's Economic Empowerment programme in Pakistan, and the Netherlands Ministry of Foreign Affairs on a major new multi-country programme to address barriers to marginalised girls' sexual and reproductive health and rights.

Non-governmental bodies (£8 million):
Partnerships with the philanthropic sector play a significant role in deepening the impact of our core

Income by type



programmes. They include support from Robert Carr Civil Society Networks Fund, Mastercard Foundation, AmplifyChange, and the Hempel Foundation.

New partnerships have also been developed with the Bill and Melinda Gates Foundation on a project to establish Emergency Operations Centres in a range of countries in west Africa dealing with vaccine-derived Polio outbreaks and a new partnership with the Lego Foundation which is supporting a Learning Through Play inclusive education programme in Rwanda.

VSO also continues to work closely with a range of private sector partners to access funds, as well as technical skills through corporate employee volunteering. We have continued valuable volunteering partnerships with Randstad and though placement of international volunteers has been impossible this year due to the pandemic, it is expected that the programme will recommence once circumstances allow.

Other income

Individuals (£6.3 million)

Over 40,000 regular giving donors form the foundation of VSO's individual giving programme. Most of these supporters make consistent, monthly donations. In 2020/21 VSO launched a new strategy focused on practical, high return channels and products with significantly lower cost structure. These changes have already had a positive impact on fundraising performance. For instance, in April 2020 a Covid-19 emergency appeal was launched generating £223k and the Christmas appeal, which focused on girls' education in Kenya during lockdown, raised over £175k. A significant number of our donors were VSO volunteers themselves, often many years ago. Now their funding allows volunteers from all over the world to work alongside communities and deliver sustainable impact. The recruitment of new donors has also been encouraging and will help ensure long term sustainable income for VSO's work.

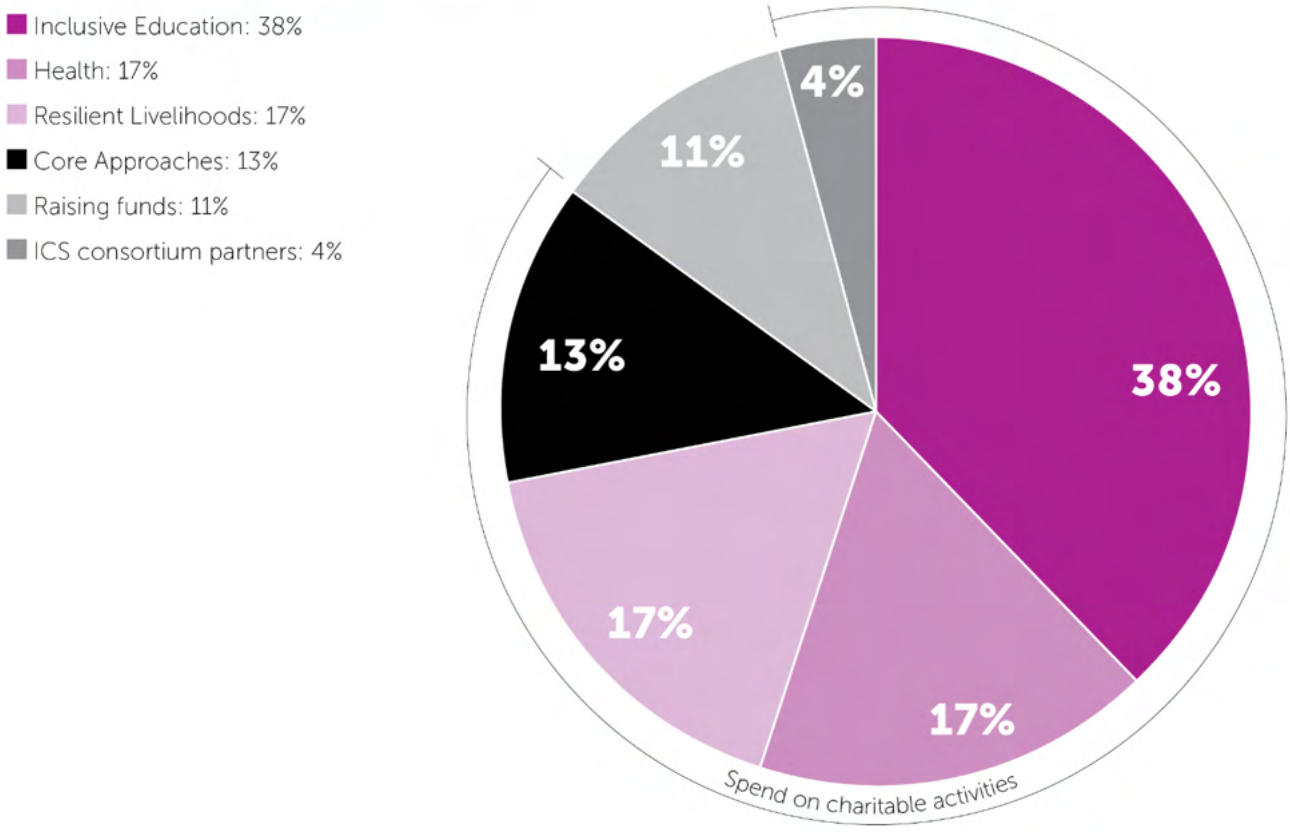
Legacies (£1.5 million)

Legacies continued to provide a proportion of unrestricted funds in 2020/21. We are deeply grateful to the 42 supporters who left a legacy to VSO through gifts in their Wills. These generous legacies will provide valuable funding of our work for generations to come. We extend our sympathy and heartfelt thanks to their loved ones.

For more information: Financial statements, note 2 Income analysis.

Expenditure

How the money was spent 2020/21



Raising funds

Raising funds (£5.1 million): Expenditure in raising funds has reduced compared to 2019/20, as cost savings measures were implemented. Efforts to diversify institutional donors continued, and the implementation of the individual fundraising strategy focused on practical, high return channels and products with significantly lower cost structures. The best outcomes for the spending was sought at all time, and when results were not as expected, alterations to the spending were made to maximise net benefit of fundraising.

Spend on charitable activities

Total spend on charitable activities in 2020/21 was £41.8 million.

Expenditure on our health programmes has increased compared to 2019/20; while inclusive education, resilient livelihoods and core approaches programmes decreased compared with 2019/20 spend. Overall programme spending was significantly impacted by the reduction FCDO funded programmes: Volunteering for Development funding decreased by 30% from £16m in 2019/20 to £11.5m in 2020/21, and our ICS contract came to an end, resulting in a decrease in spending of £10m. COVID-19 and related lockdown restrictions in many countries also impacted our ability to implement programme activities.

Expenditure on health (£8.1 million) has increased by £0.9 million reflecting two new projects: the Polio Emergency operations centres funded by the Bill & Melinda Gates Foundation and Speak it Loud in Zimbabwe funded by UN Women. Other projects were delayed or experienced challenges in implementing during lockdowns, which partially offsets the new projects.

Expenditure on resilient livelihoods (£8.2 million) has decreased by £9.1 million primarily due to several projects closing during the year: ICS (FCDO), Bank Asia in Bangladesh and Knowledge Exchange (FCDO). In addition, ongoing projects were delayed or ran reduced activities as a result of lockdowns.

Expenditure on inclusive education (£17.9 million) has decreased by £0.6 million, related to reduced implementation activity as a result of the pandemic for projects such as EAGLE in Mozambique (Global Affairs Canada), Unlocking Talent (KFW and Royal Norwegian Embassy) in Malawi, BLF in Rwanda, Sisters for Sisters in Nepal, Leave No Girl Behind Education for Life in Kenya and Global Partnership to EVAC in Nepal. New projects that were launched in the year (Norwegian Refugee Council and Ministry of Peace in Ethiopia) partially offset this, but these were also delayed in start-up.

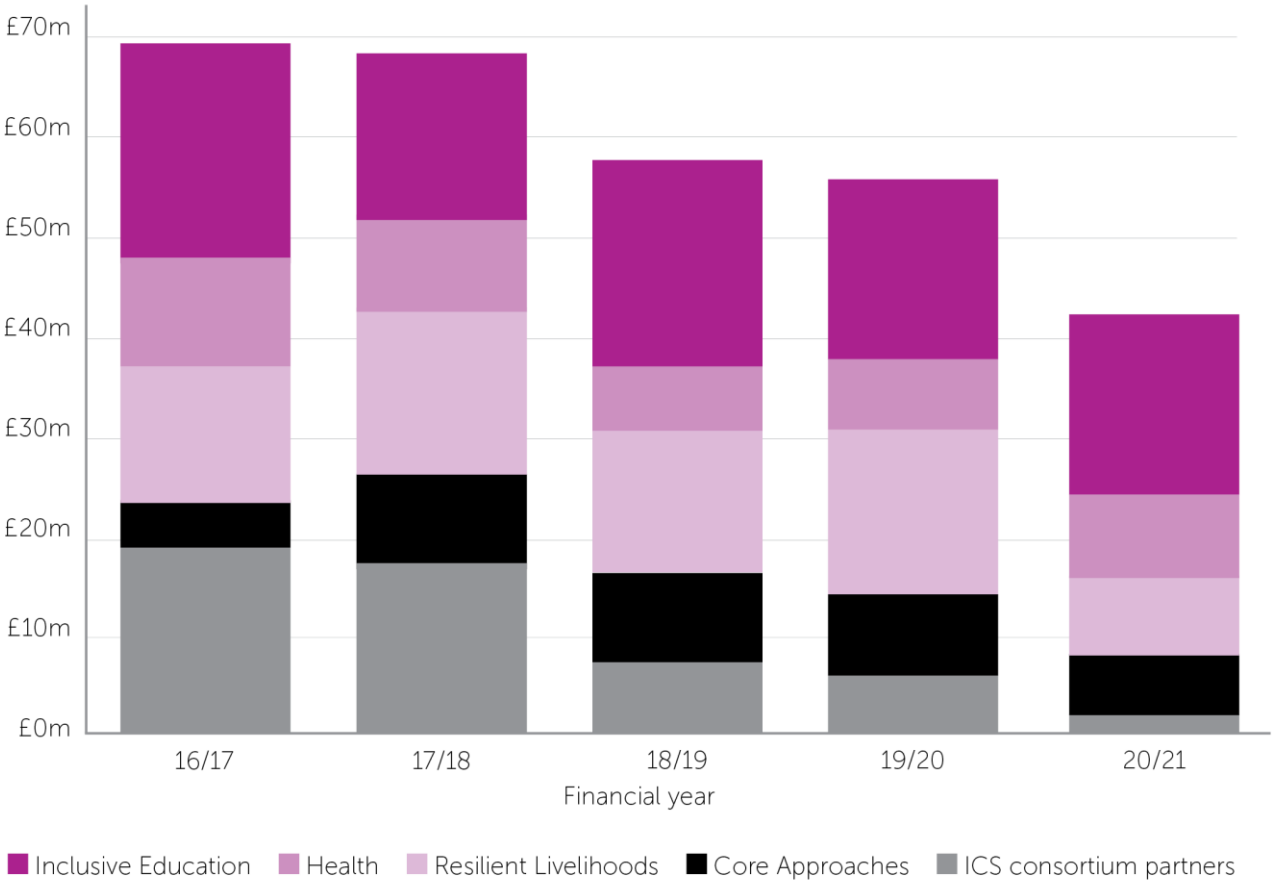
Grant-making

Throughout its programmes, VSO works with and funds in-country partner organisations, for them to undertake agreed activities in pursuit of VSO aims.

ICS was delivered working with a consortium of respected development agencies. Contractual payments to ICS consortium partners (£1.8 million) for delivery against the ICS contract have reduced by £4.0 million compared to 2019/20. As already mentioned, the programme ended during the year. The ICS extension operated with two consortium members, Raleigh and Restless Development since the middle of 2018/19.

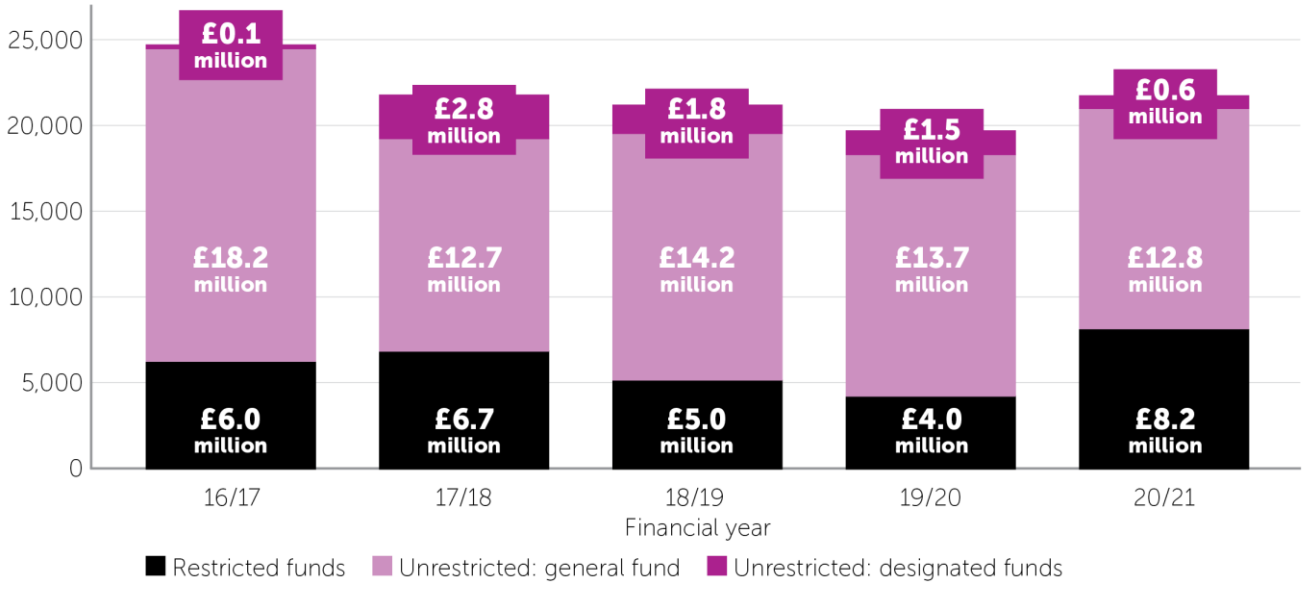
For more information: Financial statements, note 3 Charitable activities.

Spend on charitable activities



Reserves

Funds – multi year view



The reserves policy prescribes the appropriate level of reserves that should be available, and the actions trustees are expected to take to maintain reserves at an appropriate level. The policy insulates VSO against volatility in income and uncontrollable fluctuations in operating expenditure. It helps us deal with any setbacks and provides the flexibility to take advantage of strategic opportunities.

Closing reserves position	19/20 £'000	20/21 £'000
Restricted	4,044	8,236
Unrestricted: general fund	13,657	12,821
Designated: fixed asset fund	556	361
Designated: ICS	500	-
Designated: pension deficit	(2,708)	(2,286)
Designated: change programme	868	522
Designated: income generation	2,315	1,983
Designated (total)	1,531	580
Total Reserves	**19,232**	**21,637**

At 31 March 2021, VSO's general reserves stand at £12.8 million, which is £3.8 million above the £9 million target level set out in VSO's reserves policy. This high level has helped us manage the multiple shocks and stresses encountered since March 2020, especially the reduction in available resources linked to the COVID-19 crisis and the political environment in the UK. Trustees have planned to use the surplus in the coming years as the organisation adapts to the current environment.

The designated change programme fund represents the unrestricted funds the trustees have earmarked to continue to deliver organisational change throughout the organisation.

The designated ICS fund was used to cover end-of-contract costs (see note 14).

The designated pension deficit fund matches the provision recognised for VSO's agreed contributions to the deficit funding arrangement for the Pensions Trust Growth Plan (see note 19).

The designated income generation fund is to be invested in income generating activities over the next year. This fund will support unrestricted income growth and the income portfolio diversification.

For more information: Financial statements,
- Note 12 Provisions for liabilities
- Note 13 Restricted funds
- Note 14 Unrestricted funds
- Note 19 Pension costs

Investments

Closing cash and investments position	19/20 £'000	20/21 £'000	Variance £'000
Short-term deposits	11,891	14,959	3,068
ICS working capital advance	3,429	-	(3,429)
Cash at bank: UK and subsidiaries	4,454	5,871	1,417
Cash at bank: overseas	3,095	1,918	(1,177)
Total	**22,869**	22,748	(121)

The aim of VSO's investment policy is to preserve capital while holding reserves in liquid or near-liquid assets.

VSO's policy is to maintain a risk profile with no assets rated less than single A and no investment in complex financial instruments. The Audit and Risk Committee reviews the policy annually. VSO's Articles give it the power to invest monies in investments, securities and property, subject to legal requirements. VSO's finance team reports regularly to the Audit and Risk Committee on the composition of investments held and their maturity profile.

Despite the decrease in overall funding, VSO's cash position has only slightly reduced as donors on some of our large programmes have paid in advance to help charities manage their cashflow in these unprecedented circumstances.

In 2020/21 VSO maintained its position in short-term deposits to ensure that sufficient funds were held in liquid deposits to allow VSO to respond to significant changes in future funding.

Cash held overseas continues to be managed with VSO's programme offices on a monthly basis. This ensures sufficient funds are available whilst monitoring and minimising the impact of foreign exchange fluctuations on non-sterling deposits and the risks of holding funds overseas.

Going concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. In light of the ongoing COVID-19 pandemic and the delays in funding related to the merger of DFID and the UK Foreign & Commonwealth Office, VSO continues to undertake regular scenario-planning exercises. Those Include projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2021 and going forward, taking into account the risk of decreased income from various sources and the ability of VSO to implement its activities across the globe. The results of the scenario planning have been used during the year to start re-aligning VSO's cost base to the new level of activities and as a basis from which to formulate a model for strategic planning. As described throughout this report, in 2020/21, VSO has demonstrated It can adapt to the situation, nevertheless VSO remains alert to ongoing risks and uncertainties. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected changes in income and expenditure to allow us to adjust our cost base and continue activities. We will continue to monitor the situation and manage our finances accordingly. The results of the scenario planning, together with VSO's current level of unrestricted reserves, and a continuation to shift to a more adaptable unrestricted cost structure, indicates that VSO has sufficient resources to continue in operational existence for the foreseeable future.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

Principal risks and uncertainties

VSO's work towards a fair world for everyone is inherently risky. This risk is part of our work, especially in fragile and conflict-prone countries and due to our model of working with partners and a range of volunteers. Our trustees recognise that the acceptance and management of risk is necessary to achieve our key objectives.

Over the last year, we have faced considerable financial risk from the uncertainty created by the changes at the UK's Foreign, Commonwealth and Development Office (FCDO). VSO has a strong and longstanding, strategic relationship with the FCDO.

However, the UK government's decision to reduce Overseas Development Assistance funding and the ongoing changes related to the merger of the Foreign and Commonwealth Office with the Department for International Development created uncertainty around continued funding for VSO programmes.

We received a series of short-term funding decisions in-year which meant adapting our programming and infrastructure at short notice. As we go into 2021/22, we are pleased to have received a further year's funding from the UK government alongside strong expressions of support from the government for the continuation of the strategic relationship.

The COVID-19 pandemic continues to have a significant impact on all organisations and VSO is no exception. The pandemic will be a significant risk for the next twelve months. The challenges are keeping our VSO people - our volunteers, employees and the primary actors we serve - safe and being able to deliver a high-quality programme of work. There are of course, opportunities too, including adapting our global portfolio of work to respond to the challenges of COVID-19.

VSO's dispersed leadership model and the high degree of organisational comfort in online and remote working ensured continued working during the pandemic. Our long-term strategy has been to create a more adaptable operating model and the global pandemic has underlined the value of this approach and the need to continue to reinforce it.

This is a challenging time for raising both restricted and unrestricted income. The fundraising environment changes at pace, with COVID-19 affecting the economic situation for more and more donors (individuals, institutions and companies).

Through good strategic management and a long-standing focus on the adaptability and sustainability of the organisation, VSO has the financial reserves in place to help it withstand shocks such as this. We also have an operating culture that allows us to respond and adapt quickly. This was demonstrated by the very rapid pivoting of our work to respond to the global pandemic at the start of the year. Nevertheless, given the scale of the disruption, we must continue to adapt and manage resources carefully, particularly our unrestricted spend, if we are to be able to continue to deliver our mission for the longer-term.

We have undertaken scenario planning to better understand the potential impact on VSO, those scenarios have been updated on an ongoing basis to reflect the pace of changes the organisation has faced and we have put in place plans and taken relevant actions to mitigate the risks to the organisation.

The Executive Board have managed this through the strategic risk management process. The Executive Board meets monthly to discuss all strategic risks. The Executive Board reported directly to the International Board of Trustees through an online meeting monthly at the beginning of the pandemic and bi-monthly as the situation stabilised.

Risk Management

The trustees are responsible for ensuring that VSO has a sound system of internal control to safeguard its assets and funds, and for ensuring that its assets and funds are used only in furtherance of VSO's objectives. The trustees have ultimate responsibility for identification of the risks to which VSO is exposed.

The system of internal control is intended to manage risks appropriately, rather than eliminate them and to give

reasonable, rather than absolute assurance. The risk management framework approved by the trustees includes the following measures:

- The Audit and Risk Committee reviews the organisational risk register at each meeting, assesses the risks facing VSO and the measures put in place to mitigate them, and reports its findings to the International Board of Trustees.
- Critical risks are monitored on an ongoing basis by the Executive Board, a process which includes a monthly review of the organisational risk register. The Chief Executive Officer regularly updates the chair of the Audit and Risk Committee on any significant new risks or other changes to the register.
- Risk management is embedded across the organisation through use of an online integrated system (Salesforce). Risks raised on the online system are monitored in 'real time', reviewed by senior staff, and inform the organisational risk register.

Each risk is analysed according to its perceived potential impact and likelihood of occurring, together with actions that either have been, or will be, taken in mitigation.

The internal audit function carries out a programme of audits across all operations and activities based on an annual internal audit plan approved by the Audit and Risk Committee.

The table below captures the principal strategic risks and uncertainties after mitigating controls currently in place. The residual risk of other significant risks is considered lower than the risks presented here and the management actions relating to them are subject to regular review by the Audit and Risk Committee.

We are clear about our duty of care responsibilities, ensuring that we have high standards of medical, security and safeguarding practices in place is a key part of our work.

We consider safeguarding to be a principal risk. As a result of the mitigating controls we have in place, the residual risk in this area is considered lower than the other strategic risk presented below.

Risk and potential consequences	Risk management actions
Restricted Funding Opportunities	
Loss of restricted funding opportunities due to the inability to articulate the relevance and value add of VSO. This would have a significant impact on volunteering for development and could lead to VSO not identifying and realising income opportunities which, in turn, undermines the delivery of our strategy.	During the year VSO has made progress in diversifying its income from governments, scaling up existing work with our main donors while building relationships with new partners. The COVID-19 pandemic has impacted on funding pipeline delays both for global programmes and bilateral programmes in VSO's country offices. Mitigating actions to reduce this risk include: • Actively pursuing top priority programme opportunities, including COVID-19 response and recovery projects. • Early engagement with donors and implementing partners to continue driving live programme proposals. • Tracking all top priority programmes in development to identify and respond to delays. **Controls in place** • Proactive approaches and systems by Business Development to reinforce VSO's position as the leader of volunteering for development. • Practice area reviews and clarification of global programme theories of change. • Impact statements and quantitative outcome ambitions to reflect the value of volunteering for development. These are used to position VSO and increase our visibility in the global marketplace. • Business development teams that effectively and consistently communicate VSO's value to stakeholders at local and regional level.

Risk and potential consequences	Risk management actions
	• High performing business pursuit team structures in the UK, US and Netherlands enabling wide ranging, integrated and consistent branding, positioning and access across global donor markets. **Progress in the year** • VSO has continued to diversify its funding base to include additional donors and is now less reliant on one donor. • All new funding sources in the year being from non FCDO sources. • Practice Area teams providing increased support in the positioning of VSO through several mechanisms, including thought leadership pieces and the use of the VSO website. • Appointing country representatives who are externally facing, able to spend more time on business pursuit, dedicated to building strong partnerships and increasing country and regional portfolio of programmes. • Country-level mapping exercises were undertaken and our portfolio of work with donors' strategies fully set out. **Further actions** • Improving and strengthening VSO's proposal development process and capabilities by implementing a strategic oversight system for managing and making decisions over what goes into and moves forward in the VSO pipeline. • Ensuring better integration of market intelligence from global teams to country-based teams and between country-based teams.
Insufficient Unrestricted Income	
Insufficient unrestricted income to invest in organisational growth and guarantee organisational independence.	**Controls in place** • Careful reserves management and scenario planning. • Investment funding for new unrestricted fundraising initiatives. • Support plans for fundraisers that include clear asks from supporters for unrestricted funds as an element of lifelong engagement. • Purposeful messaging and engagement approaches focused on securing unrestricted funding and minimising donor attrition rate. **Progress during the year** • Increased focus on emergency and COVID-19 appeals, including ongoing supporter care engagement to maximise regular giving and minimise donor attrition rates. • The VSO Public Fundraising team has been resized in line with the required ability to operate and in accordance with targeted income levels. • The VSO Data and Insight team has been re-targeted to focus on improvements which will impact growth in public fundraising income. • Developing a returned volunteering engagement strategy. **Further actions** • Continues review of where short-term savings can be made, including reduction in structural costs. • Reorganising resources around programmes grants, creating a more adaptive and flexible cost structure.

Risk and potential consequences	Risk management actions
	• Ongoing efforts to refine and target VSO's support networks, including return volunteers. • Pursuing additional income-generating projects, such as mass donor recruitment, supported by digital events to enable higher participation and engagement. • Ensuring all contacts in VSO databases are visible for Public Fundraising purpose, ensuring enhanced selection of target audiences and analysis of performance to ensure efficiency of budget. • Developing an acquisition strategy and linking this to the returned volunteering engagement strategy and other public fundraising work.
Political Uncertainty	
The uncertainty created by the changes at the UK's Foreign, Commonwealth and Development Office (FCDO) **disrupts our relationship** with our major donor and impedes our ability to deliver on our strategy and operating plan.	**Controls in place** • VSO has an excellent track record of successfully implementing a global portfolio of work reflective of VSO's existing value proposition. • Achieving A ratings on all FCDO grants and contracts during the year. • Written statement by the UK Foreign Secretary setting out the financial allocations for UK development assistance to the UK Parliament. The statement commits to protect civil society programmes and explicitly mentions protecting VSO programmes. • Confirmation from UK government that the FCDO will provide continued funding of our V4D work. **Progress in the year** • Urging the UK government to ensure that the UK aid budget remains focused on helping those in poverty. • Working with the FCDO and with organisations throughout the sector to ensure that the needs and voices of the most vulnerable continue to be championed in the UK. **Further actions** • Continue with the strategy of positive engagement with all UK government departments. Seek to influence the FCDO on issues around volunteering for development and learning from our practice areas.
Recovering Programme Costs	
An inability to recover our full costs on grants, contracts and programmes could impact negatively on VSO reserves.	**Controls in place** • Regular monitoring of operating platform expenditure to reduce costs, improve effectiveness and maximise value for money. • Budgeting performance and monitoring systems that ensure use of unrestricted funds is maximised. • Commercial pricing models that ensure we build in margins whenever possible, including during commercial contract negotiations. • Involving the Programme Implementation Team in programme designs, ensuring programmes are adequately resourced by people and that all costs are covered by donor funds.

Risk and potential consequences	Risk management actions
	• Business pursuit system that enables effective decision making, including the need for firming up consortia, bidding decisions and decision to submit applications that are fully costed. • Integrating pricing and negotiation strategies in the business pursuit system. Progress in the year • Adding clear controls within the business pursuit process to enhance pricing and negotiation strategies. • Commercial contracting capabilities and donor financial proposal development have been strengthened to meet our full cost recovery requirements. • Guidance to help business pursuit with decisions for entering consortiums, including bidding for new work (or not). • Establishing a costing methodology for remote and e-volunteering that recovers full costs as part of a people costing methodology. Further actions • Training all VSO people on how full cost recovery is achieved, what is required to change in the organisation and the roles and responsibilities of all VSO teams in delivering the business model.

Governance

Structure, governance and management

Our organisational structure

Voluntary Service Overseas (VSO) is a company limited by guarantee, registered in England and Wales (registration number 00703509). VSO is also registered as a charity in England and Wales (registration number 313757).

VSO operates through the following subsidiary entities:

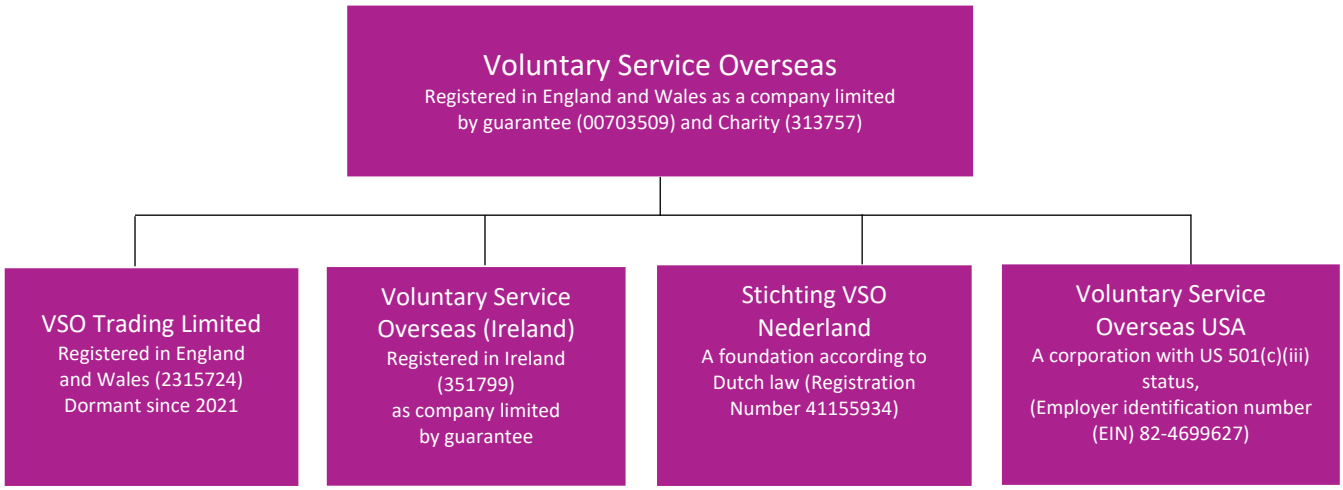
- Voluntary Service Overseas (Ireland) Company Limited by Guarantee, incorporated as a charitable entity in Ireland.
- Stichting VSO Nederland BV, a Dutch charitable organisation
- Voluntary Service Overseas USA, Inc. a US corporation with US 501 (c) (iii) status.
- VSO Trading Limited whose principal activity was delivery of non-charitable activities is now dormant.

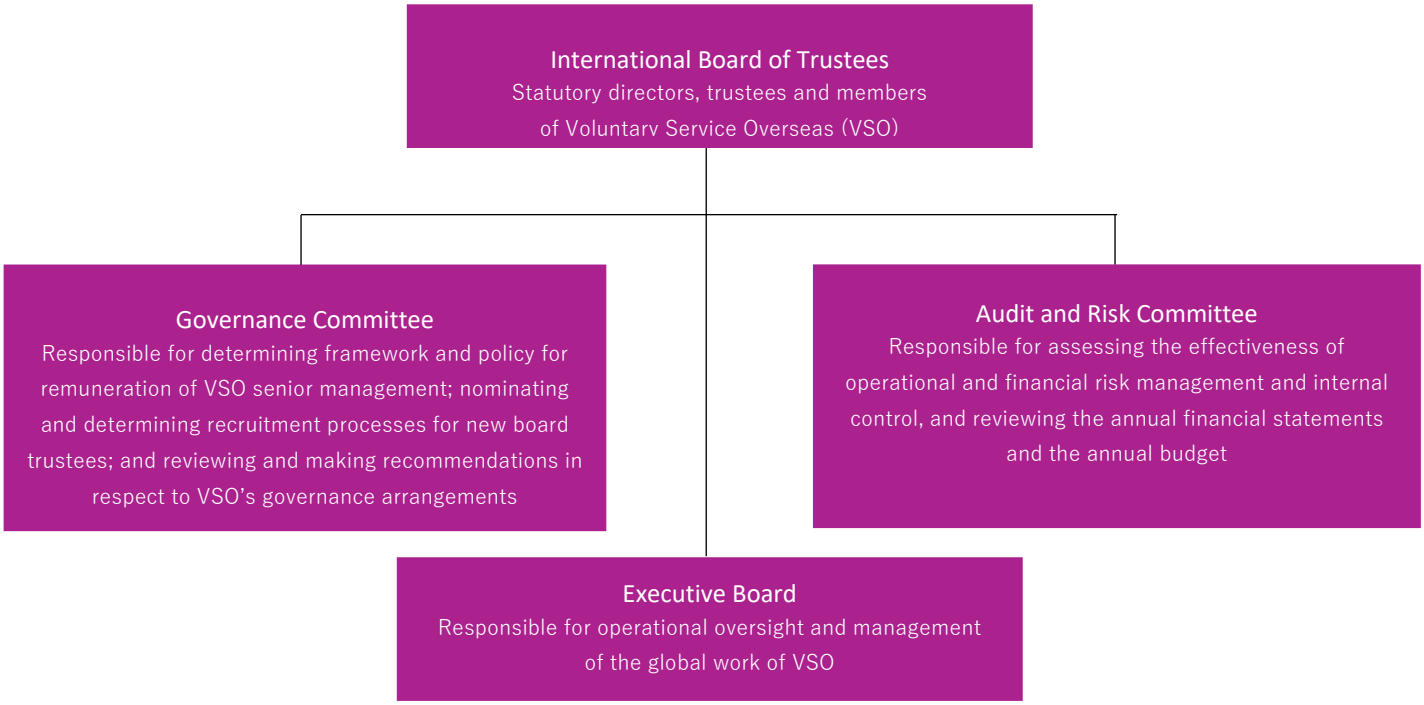
VSO operates otherwise internationally largely through branch offices.

This structure of branch offices and subsidiaries assists us to effectively deliver VSO's mission globally. It helps us respond quickly to challenges and opportunities as well as reducing duplication of work and administration and to take advantage of tax exemptions where legally available.

Where relevant, binding agreements are put in place with our subsidiaries to govern their use of the VSO brand and trademarks and to protect and preserve financial controls and to agree how operations are carried out jointly. Appointment of directors to subsidiaries and branch offices is subject to Governance Committee approval in accordance with the VSO Schedule of Delegations.

We have deregistered in Scotland to reduce operating expenses of maintaining a rented office in Scotland. We still greatly value our Scottish supporters and continue to fundraise in Scotland.





Our governance and management

VSO is governed by an International Board of Trustees who set the strategic direction for VSO, are responsible for upholding the organisation's values, and ensure we meet our objectives. Some tasks of the International Board are delegated to board committees, which operate under clear terms of reference and reporting processes.

The International Board approves and monitors the implementation of VSO's long-term strategy, operational plan, objectives, budget, key policies, constitutional changes and the appointment of the Chief Executive Officer. They carry out their duties through a formal Schedule of Delegations, which specifies reserved decisions and records how operational authority is maintained.

The International Board usually meets three times a year in person and three times a year via video link. However, during the initial period of the COVID-19 pandemic – between April and November - the International Board was meeting more frequently - monthly and at times bi-weekly to receive reports from the Executive Board on the risks, impact and mitigating actions applied because of the initial crisis and then to monitor VSO's position on cash and reserves levels. These were all virtual meetings. In addition to this, the Board met four times virtually as part of its regular governance oversight. The members receive management information on organisational performance on a quarterly basis.

Trustees

The International Board members are all unpaid trustees. They are usually appointed to the International Board for an initial period of three years, which can be extended for a further three-year period if there is willingness on both sides. Trustees are not remunerated but their expenses are reimbursed in accordance with VSO's expenses policy.

Trustees are recruited through an open selection process and receive a comprehensive induction on appointment. They also receive ongoing training and engagement throughout their term of office. They participate in country visits to VSO programmes and act as expert advisers to VSO working groups.

VSO's trustees are committed to compliance with the Charity Governance Code and regularly review VSO's charitable purposes and our trustee roles and time commitment. The latest such review took place in November 2020.

Review of performance of the International Board is a continuous process. The Governance Committee formally discuss how overall board performance might be improved. Feedback on board performance is sought from Board members and the senior executive team . All trustees are subject to annual appraisal. Individual trustees also make annual commitments to VSO over and above their responsibilities as directors and members.

International Board of Trustees

Sam Younger CBE *
Chair
Chair of CILEx Regulation; Chair of the Consumers' Association

Susan Hickey ^
Appointed 14 July 2020
Honorary Treasurer and Chair of Audit & Risk Committee
Group Finance and Investment Director, Igloo Regeneration; and non-executive director at various organisations

Susan Wardell, CBE *
Appointed 14 July 2020
Chair of Governance Committee
Board Member, Family Counselling Trust and Strategic Adviser; Director and Chair, Development Initiatives

Guus Eskens
Chair , VSO Netherlands Supervisory Board;
Board member of Health Net TPO, Amsterdam; Board member of the Netherlands Society for Tropical Medicine and International Health (Utrecht); Board member of the Knowledge Centre Global Health (Utrecht)

Julia Lalla-Maharajh OBE *
Appointed 14 July 2020
Consultant and Founder of the Orchid Project

Maurice Makoloo ^
Appointed 1 November 2020
Regional Director, Habitat for Humanity

Christopher Muwanguzi ^
Chief Executive, Child's i Foundation

Lara Naqushbandi ^
Appointed 1 November 2020
Finance Director, Google UK & Ireland

Aditi Thorat
Appointed 14 July 2020
Director of Development, Global Witness

Geoffrey Skingsley *
Appointed 1 November 2020
Non-executive Board Member Medecins sans Frontieres Foundation; Chairman, L'Oreal UKI; Member of the Global Leadership Council of the Said Business School in Oxford; member of the CBI's London Council Governance Committee

Former members International Board of Trustees
Charles Abani * (resigned May 2020)
Noerine Kaleeba (resigned July 2020)
Chris Merry ^ (resigned July 2021)
Amanda Rowlatt ^ (resigned July 2021)
Jose Gonsalves ^ Vacated his role as co-opted member of the Audit and Risk Committee in September 2020

* Governance Committee member ^ Audit and Risk Committee member

Trustees' duties

The trustees fulfil their duties both under charity law and company law through a formal governance framework which includes board approval of the strategic direction operating and expenditure plan, formal review of risk, and mitigations and monitoring performance data. They delegate certain board functions to board committees and through a Schedule of Delegations, daily decision making is delegated to the Chief Executive Officer and the Executive Board.

VSO's formal organisation and Board Committee structure and membership is set out on pages 50 and 51.

Board capability is reviewed regularly considering how the organisation is adapting to the changing operating environment.

Trustees serve terms of office as provided in VSO's Articles. They are appointed for an initial three-year term which may be renewed once. There is provision in VSO's Articles for the Chair to serve a third three-year term if appointed as Chair when already a trustee.

As trustees come to the end of their maximum permitted terms of office this presents opportunity for reviewing the need for new trustees particularly where specific gaps in skills are identified and bearing in mind the need for board diversity. Seven new appointments were made this year and two trustees completed their second term of three years in office.

A nominated board trustee has specific responsibility for supporting the executive around duty of care matters and in explicitly ensuring all board members are diligent in their attention to duty of care. The level of incidents and detail on critical and crisis incidents is reported to all board members on a quarterly basis.

During their tenure with VSO, trustees are briefed on their duties by the Chair of the Board and through professional advice either from the Company Secretary or if they judge it necessary, from an independent adviser. Trustees are supplied with an online trustee handbook containing all relevant governance documents, contact lists and VSO's Key Performance Indicators.

In keeping with our approach to learning, all trustees have permanent access to our VSO Learning Platform. They can access the key organisational documents from the trustee pathway; their role description, memorandum and articles, delegation of authority, organisation structure, committee terms of reference This also signposts them to the most recent UK Charity Commission guidance for trustees.

During the year, trustees have fulfilled their duties regarding the following:

The likely consequences of any decision in the long term

All key strategic decisions with long-term impact on VSO's future are discussed in the relevant Board Committee and then by the Board as a whole. Each Board agenda will give time for an update on how long-term projects are progressing and all Board members are actively encouraged to raise their questions and any concerns, so that appropriate actions can be taken under the Board's oversight.

The interests of the company's employees

The Board defines VSO people as inclusive of employees, volunteers, consultants, suppliers and partners.

The Board ensures that the interests of the employees are considered through regular updates at Board and Committee meetings. The impact of major decisions on staff are discussed by the Board and its committees who also receive regular updates on staff pay, employee pensions scheme, health and safety, and safeguarding.

The new trustees to the Board have begun some virtual group conversations with employees and volunteers; introducing themselves, their view on the work we do, governance and VSO direction and inviting questions.

All the trustees have had the opportunity this year to participate in two virtual field visits to discover in more depth some of the projects we are implementing.

In line with VSO's inclusive approach, VSO global communications are available with captions to be inclusive of those who are hard of hearing.

Since the previous annual report, the Board has reviewed several of VSO's core policies including:

- Reserves Policy (November 2020)
- Data Protection (March 2021)
- Preventing Criminal Practices (July 2021)

The need to demonstrate inclusive ways of working between trustees

All Board members are recognised equally as trustees and directors and given opportunity to raise questions and issues. All have access to the CEO, Company Secretary and Chair. Communication directly between board members and members of the executive team, or VSO colleagues is actively encouraged.

To contribute to the ongoing review of board effectiveness the Board Chair maintains regular contact with all trustees to ensure they can raise concerns and questions. A dedicated review conversation happens at least annually.

The need to foster VSO's business relationships with supporters, implementing partners and suppliers

Our Knowledge, Evidence and Learning team systematically reviews and evaluates relationships with partners and primary actors, reporting results to the Board regularly. The Board receives updates on supporter and other complaints via the Audit and Risk Committee and discusses relationships with key stakeholders. At each Board meeting plans for key partnerships, donor relationships, and strategic suppliers are reported to the Board. Suppliers' interactions are supported by the Global Procurement Policy, ensuring transparent and fair selection processes. In addition to assessment through donor and statutory audits, VSO's internal audit function reviews procurement activity and shares outcomes with the VSO Board via the Audit & Risk Committee.

The impact of the company's operations on the community and environment

VSO has been training its programme teams, volunteers and partners across livelihoods, education and health sectors to undertake risk assessments and resilience action planning to identify and reduce human, social, environmental, physical and economic vulnerabilities to climate change. The Board is updated with the positive impacts that are being made in communities. The Board also supported a global environmental impact assessment, receiving analysis of two years' worth of information. The results from this are being evaluated by management to propose plans to improve and reduce overall environmental impact. The environmental impact of our work is captured in detail in the Environmental Impact Assessment detailed on page 58.

The desirability of the company maintaining a reputation for high standards of business conduct

High standards of business conduct are underpinned by VSO's value of Integrity – taking a zero tolerance approach to abuse and harm, treating others with respect and being open transparent and accountable in what we do. The Board is keenly aware of the moral requirements of our mission.

All key stakeholders, partner organisations; donors, employees, volunteers, consultants are subject to a range of background checks, strict procurement guidelines are in place for the selection of suppliers. The key processes are audited by the Internal Audit team.

Management through the Executive Board

The International Board delegates VSO's day-to-day management to the Executive Board. The Executive Board has operational oversight of VSO's work globally. There are four members of the Executive Board, the Chief Executive Officer, and three Executive Directors, they jointly hold accountability for the delivery of the VSO Operating Plan, leading across Programmes, People, Corporate Services and Business Pursuit.

The Executive Board meets at least weekly to oversee implementation of strategic and operational activity, allocate resources, set, and monitor standards and determine core approaches to how VSO works. The Executive Board undertakes a formal Quarterly Business Review of performance against VSO's operational and financial objectives. This is done in collaboration with colleagues across the organisation and specifically the Strategic Leadership Group. The Executive Board reports back on performance to the International Board through a regular performance report provided to all board members.

Scott Desmarais resigned from the VSO Executive Board with effect from 15th January 2021 to pursue his career in education in the USA.

Duty of care

In the last 12 months the general understanding of Duty of Care has taken on unique perspective. Individuals, communities, and nations have had to consider the local and global impact of their day-to-day habits and decisions as we all live through the COVID-19 pandemic.

VSO continued to approach duty of care as a fundamental element of how we operate, guided by our Code of Conduct, our approach to risk, our Safeguarding, Security and Safety, Anti-Bullying, People Resourcing, and Data Protection policies and the sector standards promoted by the UK government, Global Volunteering for Development Standards, Keeping Children Safe Standards.

The pivoting of our programmes and the necessary changes we had to make in implementation practice was strengthened by our understanding of "do no harm". Our mandate is to implement development programmes with volunteers and partners in fragile and resource-scarce environments. Ensuring our employees, volunteers, partners, vendors, operations, and programmes do no harm is a prime responsibility for VSO. This is one of our seven key programming pathways. We build trust with those people through reinforcing our commitment to physical and psychological health and safety in their engagement with VSO.

We take all reasonable steps to ensure that

- we do not expose children, young people and other vulnerable people to the risk of discrimination, neglect, harm and sexual exploitation, abuse and harassment.
- we protect our employees and volunteers when they are vulnerable or at risk of harm.

The provision of online, and digital support for Duty of care training and awareness has been strengthened, working with interpreters and local staff.

Colleagues have been supported with professional and peer assistant to inform of the risks associated with online and remote working, develop coping mechanisms, and generate solutions for effective ways of working during the global COVID-19 pandemic.

VSO has continued to learn from and contribute to inter-agency support networks and safeguarding working groups, the VSO Executive and Global Safeguarding Team actively contribute to the INGO Safeguarding Leads Network. VSO is registered with the Misconduct Disclosure Scheme and contributing to the development of the sector initiatives with Interpol and the FCDO to develop further strength in background checking.

Our duty of care team of professionals in safeguarding, security and medical continue to adapt to the varied and fast-changing environments in which we deliver Volunteering for Development. Their approach is consultative and collaborative in generating individual and programme plans and responding 24/7. Specifically, with regard to safeguarding this is across People Management, People Resourcing, Programme Implementation, Medical, Safety and Security with the safeguarding team proactively sharing between practitioners.

Duty of care support was provided in a range of situations, COVID-19 outbreaks particularly in East and Southern Africa, and political unrest in Myanmar (Feb 2021)

Our Medical clearance assessments process was adapted to take account of the COVID-19 pandemic. Risk factors were identified, and much time was spent with individuals discussing personal risk and risk to others. 100 people went through this adapted clearance process before a travel risk assessment was undertaken to mitigate potential risks during their journey to a new place of work.

Medical, security and safeguarding incident categories are defined at VSO to aid with appropriate response and consistent reporting.

Medical incidents can vary from minor illness, which keeps a person off work for a few days, to serious illness or injury which requires hospitalisation, transfer to another country with better medical facilities or return to their home nation.

Safety and security incidents can range from nonviolent robbery or police detention, political or civil unrest near to volunteer locations, natural disasters, accidents, and potentially hazardous conditions which can include fragile and hostile environments.

Safeguarding incidents are defined as any act of discrimination, neglect, harm, or abuse. They can include sexual harassment (unwelcome sexual advances without touching), sexual assault (sexual touching without consent), sexual exploitation and rape. VSO places a mandatory obligation on all employees, volunteers, contractors, and partners to report safeguarding concerns, suspicions, allegations, and incidents that indicate actual or potential abuse or exploitation of vulnerable people. Twenty-one safeguarding investigations were commissioned during the year. Nine of these were requests about protection and seeking advice they were not related to VSO activities.
The VSO team provided some signposting of advice and assistance.

Medical, security and safeguarding incidents reported 2020/21	Medical	Security	Safeguarding
Across the **whole** VSO global portfolio of work	18	34	21

Reporting and whistleblowing

VSO has zero tolerance of corrupt practices of any type or in any circumstances.

We aim to maintain the highest standards of openness, decency, integrity and accountability in our work. Everyone who works with or for VSO must be vigilant for signs of wrongdoing or criminal activity and are encouraged to report suspicions about criminal practices, misconduct, or serious concerns about any aspect of VSO's work in accordance with our whistleblowing process. Our Whistleblowing Policy encourages anyone to report any serious concerns they have, without fear of punishment or unfair treatment.

VSO's systems to protect confidentiality and offer anonymity aim to keep a whistle-blower safe. To ensure the safety of whistle-blowers, VSO undertakes to treat all whistleblowing reports as either confidential or anonymous. The choice between confidential or anonymous whistleblowing is entirely that of the whistle-blower.

VSO's Criminal Practices Policy underpins our operational practice in the areas of fraud and risk. This Policy requires all incidents or allegations of fraud, loss, and bribery to be reported regardless of financial materiality and ensures a consistent approach to fraud awareness, prevention, reporting, and investigations across VSO.

We have mandatory online training on criminal practices and whistleblowing for all staff and volunteers. The Executive Board and Senior managers often remind People of their duty to report any wrongdoing through various channels so the process of reporting is fully understood.

Serious incidents have been reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate, and in accordance with VSO serious incident reporting protocol.

Despite our enhanced approach to fraud prevention, the reality is that from time to time we will be victims of corrupt practices. During the year, 31 suspicions were reported and investigated of which 16 were found to be unsubstantiated, 10 were substantiated, and 5 are under investigation. These include incidents of falsification of expenses by staff, inflated procurement and collusion by staff with vendors, and false beneficiary information. In total the cost to VSO in matters related to fraud and losses after recovered amounts was £56,500.

Our approach to pay

To deliver our mission, VSO continues to attract high quality, committed people who can drive organisational performance.

Our pay philosophy is based on the principles of fairness, internal equity, and external competitiveness to support the wider agenda of equity, localisation, and accountability.

VSO does not operate a bonus scheme. We use one pay scheme for all employees; we do not operate a dual system for national staff and international staff
We are a supporter of the work of Project FAIR.

To realise on these principles, we pay the appropriate rate for the role in each country where we operate. External competitiveness is achieved by benchmarking salaries against actual pay for similar positions in comparable organisations, in the location of the work, we benchmark annually.

The banding level for each role is determined by considering:

- job purpose – the scope, depth, and difficulty of the work
- level of engagement – communicating and connecting with others
- delivery – level of planning and organising necessary to successfully execute the role, and how the role fits within the team or function.

Our leaders and managers work with our employees to support their performance and development in role. Our recruiters and hiring managers discuss with applicants the rationale behind the way in which our pay practice is linked to dismantling the broader historical and colonial dynamics of power and privilege within the sector.

We recognise and incentivise our people to perform by creating a positive working environment and providing interesting and purposeful roles. We are working through an organisational redesign to generate increased accountability for each of our colleagues in their role and to recognise the necessity of collaborating for high performance.

Gender pay gap reporting for UK employees

Gender pay reporting is a statutory requirement in the UK for employers with more than UK 250 based employees. VSO employees 114 people in the UK.

To demonstrate transparency VSO has reported its gender pay gap in the UK, since 2017.

On 5 April 2021, the difference in mean (average) pay between female and male employees in the UK was 8.2% (compared to 7.43% to 5 April 2020). The difference in median pay between female and male employees in the UK is 4.57%.

Modern slavery statement

Modern slavery is a global crime resulting in an abhorrent abuse of dignity and human rights which disproportionately affect women and children. Modern

slavery is deeply incompatible with the ethos of VSO. VSO takes a position of zero tolerance towards trafficking in human beings for sexual and labour exploitation and all forms of modern slavery. VSO's zero tolerance position extends to all those working for, and in collaboration with, VSO. VSO believes that all those working for VSO should not engage in activities and/or be involved with entities that violate human rights.

VSO is committed to taking proactive steps both at global and location level with the aim of ensuring that modern slavery does not exist at any level of the organisation and that the best possible support, care and compassion is provided to any victims of this crime with whom VSO comes into contact.

VSO has in place policies, procedures and processes to combat the risk of modern slavery. However, VSO recognises that more can be done to combat this risk.

Further information about the framework VSO has in place to combat the risk of modern slavery and the actions VSO plans to take over the next financial year can be found in VSO's Modern Slavery Statement on our website: vsointernational.org/about/policies-and-statements/statement-on-modern-slavery.

Our approach to fundraising

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way, adhering to high standards. We take our commitments in this area very seriously. VSO's policy can be found at vsointernational.org/privacy.

VSO adheres to the Charities (Protection and Social Investment) Act 2016. We are a proud member of the Fundraising Regulator and pay an annual levy as required. In addition, we are a member of the Institute of Fundraising, and actively follow the Code of Fundraising Practice.

VSO has a safeguarding policy which guides us on how to respect people in vulnerable situations. Training is given to ensure that there is not unreasonable intrusion on a person's privacy, to protect vulnerable people, and to ensure no undue pressure is given.

We aim to inspire our supporters to help us tackle poverty and seek to raise funds from a diverse range of sources. In our recruitment and retention of supporters in 2020/21 we used the following channels: direct mail, telemarketing, email communications, and digital advertisement.

We monitor complaints and take on board feedback to help us improve our fundraising approach, our systems and internal processes, as well as the work undertaken for us through external agencies.

VSO continues to report to the Fundraising Regulator on the number of complaints received in response to our fundraising activity. In 2020/21 this number totalled 9. Our Supporter Care team examines every complaint, responding within three working days. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

VSO has not had any investigations from the Fundraising Regulator regarding complaints in 2020/21.

We must invest in our fundraising in order to achieve our plans to increase our scale, influence and impact to create a fair world for everyone. We monitor our spending in all areas of our fundraising activity to measure our impact and returns. We recognise that growth is dependent on sound investment.

We are introducing a single supporter view of all VSO's individual supporters. This will enable us to make significant improvements to communications effectiveness through testing and supporter insight and improved targeting and tailoring.

As we expand our public fundraising activity, it is vital that we communicate with our supporters in the way they prefer, and we are very keen to respect their privacy and communication preferences. VSO supports measures that will improve public trust and support for the sector and has in place a Global Ethical Fundraising policy.

Our approach to data protection

We are committed to protecting the personal data of all individuals whose personal data is processed by us. We ensure that we use it only for clear and stated lawful reasons, and that we store and transfer it safely in line with the requirements and principles of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

We operate a compulsory awareness training programme for all staff and volunteers to be completed as part of VSO induction and we monitor compliance.

As part of our programme design process we complete privacy impact assessments prior to processing personal data in cases where that processing may give rise to high risks to data subjects. In this way we ensure that we know that the processing is lawful and that we can mitigate risks. We integrate data protection into our programmes and in so doing we consider the likelihood and impact of our processing on the rights and freedoms of data subjects.

During the year we discovered one potential data breach. In this matter and in the small number of occasions where a minor data breach has occurred, we have recorded the details on our data breach log and have in each case conducted a learning session to mitigate the risks of a similar breach occurring in future.

Environmental impact assessment

Our drive towards greater sustainability

Our commitment to monitoring and reducing our environmental impact continues this year, despite the challenges posed by the global pandemic. Last year we set a target of 20% reduction for the year which we met; however, the figures should be looked at in the context of the global pandemic and the impact it has had on international travel.

As an organisation that works across 29 countries, a large part of our carbon is the result of air travel; the border restrictions, coupled with our commitment to protecting our volunteers and local communities from coronavirus transition, has meant a dramatic decrease in international travel and thus our carbon footprint.

Streamlined Energy & Carbon Reporting

Energy consumption: (kWh)	2020-21 UK '000	2020-21 Non-UK '000	2020-21 Global '000	2019-20 Global '000
Electricity	170	213	383	664
Gas	4	-	4	42
Fuel for electricity generation and transport	-	439	439	2,549
Total energy consumption	**174**	**652**	**826**	**3,255**

Emissions (tCO2e)	UK	Non-UK	Global	Global
Scope 1				
Emissions from combustion of gas in buildings	1	-	1	10
Emissions from combustion of fuel for electricity generation	-	104	104	517
Scope 2				
Emissions from purchased electricity (location based method *)	40	118	158	315
Total Scope 1 & 2 emissions	**41**	**222**	**263**	**842**
Scope 3				
Emissions from business travel in rental cars or employee vehicles where company is responsible for purchasing the fuel	-	-	-	130
Emissions from upstream transport and distribution losses and excavation and transport of fuels	9	58	67	221
Total Scope 3 emissions	**9**	**58**	**67**	**351**
Total emissions for mandatory reporting	**50**	**280**	**330**	**1,193**

Intensity (tCO2e / £ million turnover)	UK	Non-UK	Global	Global
Revenue £m			49	60
Intensity ratio: tCO2e / £m			**6.7**	**20**
Optional Scope 3				
Emissions from business travel – air	19	105	124	4,703
Emissions from business travel – road	-	7	7	498
Emissions from business travel – rail	-	-	-	46
Total emissions from business travel (third-party vehicles)	19	112	131	5,247
Total emissions for Scopes 1, 2, & Scope 3 (Categories 3 & 5)	**69**	**392**	**461**	**6,441**

Intensity (tCO2e / £ million turnover)	Global	Global
Intensity ratio: tCO2e / £m	**9.3**	**107**

*Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.

Calculating our carbon impact

The 2020-21 figures cover the periods of 1st April 2020 to 31st March 2021. It details the carbon emissions from the 29 countries in which we worked this year. It includes:

- Business travel (road, rail and air travel for our staff and volunteers)
- Energy consumption (gas and electricity use from our global office locations)
- Fuel (petrol and diesel for VSO's owned and hired vehicles and for electricity generators)
- Reviewing our procurement policies and setting minimum environmental standards for our suppliers.

Comparison with last year

The 69% reduction in Scope 1 & 2 emissions can be attributed to many colleagues working from home, in line with local public health guidelines, and reduced programme activities during the pandemic. This has invariably transferred energy consumption from the office to people's homes so we are exploring ways to measure this shift in the future, should home working become a permanent feature in the ways we work.

Scope 3 emissions, which encompass all business travel, saw the biggest drop of 81%, which is unsurprising given the restrictions on international travel.

Moving forward we have set an aggressive target of a 50% reduction over 3 years, using the period 2019-20 as a reference point.

We continue to strengthen our sustainability practices and intend to build on the changes in ways of working which COVID-19 accelerated by

- Setting internal carbon budgets to actively manage international travel against clear development outcomes
- Assessing travel needs to international meeting and events in a systematic way and allow for only essential travel
- Finding alternatives to large international conferences by more frequent digital collaboration
- Regular reporting to raise awareness on the scale and impacts of international travel
- Conducting annual carbon assessments and sharing the results with our employees

Measuring our operations' impact on the environment is only one aspect of our efforts, additionally, we are developing longer term environmental strategies for delivering more sustainable programmes. A cross organisational team has started integrating environmental sustainability into the volunteer standards. We have also defined our environmental sustainability process for programme design which will be piloted in the next programme period.

Reference and administrative details

Charity name: Voluntary Service Overseas (VSO)

Charity registration: 313757 (England and Wales)

Company registration: 00703509

Registered office: 100 London Road, Kingston upon Thames KT2 6QJ

Company secretary: Jenny Owen

Objects

VSO's objects, for which the charity was established, are to:

- advance education and aid the relief of poverty in any part of the world
- promote the effective use of resources for the purpose of advancing education or relieving poverty in any part of the world
- promote the voluntary sector.

Public benefit

VSO is a registered charity which acts at all times in accordance with its Articles. The activities undertaken by VSO to further its purposes for the public benefit are described throughout this Report.
The trustees have at all times had due regard to the Charity Commission's guidance on public benefit.

Governing document: Voluntary Service Overseas (limited by guarantee) is governed by its Articles of Association

Royal patron: HRH The Princess Royal

Principal bank: Barclays Bank plc, 1 Churchill Place, Canary Wharf, London E14 5HP

Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

For more information

Website: www.vsointernational.org

Facebook: www.facebook.com/vso.international

Twitter: www.twitter.com/VSO_Intl

Instagram: www.instagram.com/vsointernational

YouTube: www.youtube.com/user/vsointernational

Have a question or feedback?

Tel: (+44) 20 8780 7500 Email: enquiry@vsoint.org

Statement of Trustees' responsibilities

The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing the financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable group's transactions, disclose with reasonable accuracy at any time, the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006, and the provision of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware.
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.
- This report, incorporating the strategic report, was approved by the trustees in their capacity as company directors. The charity trustees (who are also the directors of VSO for the purposes of company law) are responsible for preparing an annual report and financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

By order of the Board of Trustees

Sam Younger
Chair
23 September 2021

Financial Statements

Independent auditor's report

to the members and trustees of Voluntary Service Overseas

Opinion

We have audited the financial statements of Voluntary Service Overseas ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the consolidated statements of financial activities, the consolidated balance sheet, the consolidated cashflow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 50, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this

context for the UK operations were General Data Protection Regulation (GDPR), anti-fraud, bribery and corruption legislation, taxation legislation and employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and contract income and major donations and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 6th October 2021

Consolidated statements

of financial activities for the year ended 31 March 2021

Income and expenditure	Note	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000	Unrestricted funds 2020 £'000	Restricted funds 2020 £'000	Total 2020 £'000
Income							
Donations and legacies							
Institutional grants	2a	107	23,878	23,985	166	17,790	17,956
Other donations	2b	7,968	53	8,021	7,349	505	7,854
Charitable activities	2c						
FCDO Volunteering for Development grant		-	11,507	11,507	-	16,006	16,006
ICS contract with FCDO		5,647	-	5,647	15,366	-	15,366
Other trading activities	2d	265	-	265	1,941	4	1,945
Bank interest		9	-	9	118	-	118
VAT rebate		-	-	-	941	-	941
Total income		**13,996**	**35,438**	**49,434**	**25,881**	**34,305**	**60,186**
Expenditure	3						
Raising funds		**5,071**	**-**	**5,071**	**5,916**	**-**	**5,916**
Charitable activities							
Inclusive education		3,064	14,807	17,871	4,243	14,212	18,455
Health		1,552	6,557	8,109	2,650	4,542	7,192
Resilient livelihoods		2,991	5,189	8,180	6,929	10,385	17,314
Core approaches*		1,146	4,693	5,839	1,910	6,095	8,005
ICS consortium partners		1,819	-	1,819	5,797	-	5,797
Interest payable and similar costs		62	-	62	45	-	45
Operating expenditure		15,705	31,246	46,951	27,490	35,234	62,724
Exceptional item	12	-	-	-	(776)	-	(776)
Total expenditure		15,705	31,246	46,951	26,714	35,234	61,948
Net operating income/(expenditure)	4	(1,709)	4,192	2,483	(1,609)	(929)	(2,538)
Net income/(expenditure)		(1,709)	4,192	2,483	(833)	(929)	(1,762)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit pension schemes	19	(78)	-	(78)	73	-	73
Exchange translation difference arising on consolidation		-	-	-	12	-	12
Net movement in funds		(1,787)	4,192	2,405	(748)	(929)	(1,677)
Transfer of funds	13	-	-	-	-	-	-
Reconciliation of funds							
Total funds brought forward		15,188	4,044	19,232	15,936	4,973	20,909
Total funds carried forward		**13,401**	**8,236**	**21,637**	**15,188**	**4,044**	**19,232**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

All amounts relate to continuing activities. The notes on pages 66 to 84 form part of these financial statements.

Balance sheet

As at 31 March 2021

	Note	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Fixed Assets					
Tangible assets	8a	325	298	502	466
Intangible	8b	36	36	54	54
Investments	9	-	2,892	-	2,892
Total Fixed Assets		361	3,226	556	3,412
Current Assets					
Debtors	10	6,316	6,829	13,285	14,068
Short-term cash deposits		14,959	14,959	11,891	11,002
Cash at bank and in hand:					
In the UK and held by group subsidiaries		5,871	2,010	4,454	1,787
ICS working capital advance		-	-	3,429	3,429
Overseas		1,918	1,918	3,095	3,095
Total current assets		29,064	25,716	36,154	33,381
Liabilities					
Creditors: amounts falling due within one year	11a	(4,062)	(3,894)	(13,090)	(12,792)
Net current assets		25,002	21,822	23,064	20,589
Total assets less current liabilities		25,363	25,048	23,620	24,001
Creditors: amounts falling due after one year	11c	(399)	(399)	(306)	(306)
Provisions for liabilities	12	(3,327)	(3,327)	(4,082)	(4,082)
Total net assets		21,637	21,322	19,232	19,613
Restricted funds					
Income funds	13,15	8,236	6,732	4,044	3,873
Unrestricted funds					
General fund	14,15	12,821	14,037	13,657	14,245
Designated funds	14,15				
Pension deficit repayment plan fund		(2,286)	(2,286)	(2,708)	(2,708)
Change programme fund		522	522	868	868
ICS fund		-	-	500	500
Fixed asset fund		361	334	556	520
Income generation		1,983	1,983	2,315	2,315
Total unrestricted reserves		13,401	14,590	15,188	15,740
Total funds		21,637	21,322	19,232	19,613

The notes on pages 66 to 84 form part of these financial statements.

The financial statements were approved by the Board of Trustees and authorised for issue on 23 September 2021.

Susan Hickey
Honorary Treasurer on behalf of the Trustees

Consolidated cashflow statement for the year ended 31 March 2021

	Note	Group 2021 £'000	Group 2020 £'000
Cash flows from operating activities			
Net cash provided by operating activities		340	(1,444)
Cash flows from investing activities			
Interest received		9	118
Proceeds from sale of assets	8	40	-
Purchase of property, plant and equipment	8	(510)	(963)
Net cash provided by / (used in) investing activities		(461)	(845)
Change in cash and cash equivalents in the reporting period		(121)	(2,289)
Cash and cash equivalents at the reporting period		22,869	25,158
Total cash and cash equivalents at the end of the reporting period		22,748	22,869
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		2,483	(1,762)
Adjustments for:			
Depreciation charges	8	705	1,143
(Gain)/losses on disposal of fixed assets	8	(40)	2
Interest received		(9)	(118)
(Increase) / decrease in debtors	10	6,969	(727)
Increase / (decrease) in creditors falling due within one year	11a	(9,028)	1,343
Increase / (decrease) in creditors falling after one year and provisions	11c,12	(662)	(1,410)
Effect of exchange rate changes on subsidiary consolidation		-	12
Accounts related to the defined benefit pension scheme included within the statement	19	(78)	73
Net cash provided by operating activities		340	(1,444)
Analysis of cash and cash equivalents			
Cash at bank and in hand		7,789	10,978
Short-term cash deposits		14,959	11,891
Total cash and cash equivalents		22,748	22,869

Notes forming part of

the financial statements for the year ended 31 March 2021

1. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) – Charities SORP (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

The charity meets the definition of a public benefit entity under FRS 102.

The accounts have been produced on the going concern basis. There are no material uncertainties about the group's ability to continue.

Group financial statements

The consolidated financial statements incorporate the financial statements of the charity, including overseas branches, and its subsidiary undertakings (the group). The results of the subsidiary undertakings have been included line by line in the statement of financial activities. Balances and transactions between the charity and its subsidiary undertakings are eliminated on consolidation. The overall results of the group are materially the same as those of the parent charity, therefore the charity has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 in not presenting its own statement of financial activities in these statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

- Pension liabilities – The charity recognises its liability to its defined benefit multi-employer pension scheme, which involves several estimations (see note 19).

- Overseas tax liability – The charity has recognised a liability based on prudent estimations provided by tax advisers (see note 12).

- Due to the range and complexity of the group's funding streams, revenue recognition is deemed to be an area that requires judgement to appropriately apply the income accounting policies explained in income recognition accounting policy

In the view of the trustees, no other assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Reserves polices are given on page 39-40 of the strategic report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities.

Unrestricted funds are those that have not had a restriction placed on them by the donor and are available to spend on activities that further any of the purposes of the charity. Designated unrestricted funds are those which the trustees have decided at their discretion to set aside to use for a specific purpose (see note 14).

Income

Income is recognised when the charity has entitlement to the funds, any conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Contracted funds constitute the income generated via the provision of a service. Where a contract activity extends for a period exceeding one year these are treated as long-term contracts. Income is accounted for as unrestricted and any excess of income over expenditure during the life of the contract is shown as designated funds until the completion of the contract (see notes 14 and 15).

For restricted grants, where income is related to performance or actual expenditure of the grant, entitlement is either the charity having incurred the expenditure to which the grant relates, or the grant having been received, whichever occurs first.

For legacy income, recognition is the earlier of probate being granted, the estate being finalised, or a distribution being received. Entitlement to legacy income is only considered probable when the amount can be measured reliably, and the charity has been notified of the executor's intention to make a distribution. Where the criteria for income recognition have not been met, legacy income is treated as a contingent asset and disclosed if material (see note 10).

Pro bono services and gifts in kind for use by the charity are valued at the estimated value to the charity.

Gift aid recovered on donations is treated as part of the related gift unless specified otherwise by the donor or in the terms of the appeal.

Expenditure and basis of allocation of costs

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes the salaries, direct expenditure, and overhead costs of the staff in the UK and other countries where we work who are engaged in fundraising activities, including negotiating grants for operational programmes and organising fundraising events.

Under Charities SORP (FRS 102), VSO has chosen to report its charitable expenditure by the three thematic areas and the core approaches set out in its strategic plan.

Support costs are apportioned between raising funds and charitable activities based on headcount of fundraising teams. The charitable element is apportioned across thematic areas based on the proportion of direct costs incurred across those practice areas.

The costs of recruiting, selecting and training volunteers, matching them to a suitable placement and supporting them while in their placement and on their return are included in other direct costs (see note 3). Other direct costs also include the cost of programme management and development and other programme inputs, such as workshops and study visits.

Grants and consortium payments

The majority of our charitable work is carried out by making grants to partner organisations. Grants are made within our agreed strategies. Grants for development programmes tend to be given on a three-year basis. Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. VSO also disburses grants to a range of donor-approved grantees. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures. Also included under this heading are contract payments made to the consortium partners of the ICS Programme. These grants and contract payments are recognised as expenditure in the year they are due.

Taxation and irrecoverable VAT

VSO is a registered charity and, as such, is potentially exempt from taxation of its income and gains to the extent that they fall with the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in other subsidiaries, including our non-charitable subsidiary due to its policy of gifting all taxable profits to VSO each year.

Where VSO is unable to recover VAT that is incurred on purchases of goods and services in the UK it is charged as a cost against the activity for which the expenditure was incurred.

Pension costs

Pension contributions paid by the charity in respect of employees to a defined contribution scheme are charged to the statement of financial activities when they become payable (see note 19).

Pension contributions paid by the charity in respect of employees to a defined benefit, multi-employer scheme are charged to the statement of financial activities when they become payable. This is in line with FRS 102 requirements for multi-employer schemes where the assets are co-mingled for

investment purposes, and benefits are paid out of the scheme's total assets (see note 19). A provision has been recognised for the present value of VSO's contribution to the agreed deficit reduction plan (see notes 12 and 19 for further details).

Foreign exchange transactions

Foreign currency transactions are translated at the rate of exchange ruling at the dates of the transaction. Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are taken into account in the statement of financial activities.

Operating leases

Rentals are classified as operating leases where the title remains with the lessor and the assets are used for less than expected economic life. Operating lease payments and any related lease incentives are charged to the statement of financial activities on a straight line basis over the term of the lease.

Income from the sub-letting of office space is also accounted for on a straight line basis over the term of the lease, adjusted for lease incentives where applicable.

Fixed and intangible assets and depreciation

Fixed and intangible assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is charged over the useful economic life of an asset on a straight line basis as follows:

Assets held in the UK and subsidiaries	
Leasehold improvements	Length of the lease
Furniture, equipment, fixtures and fittings	5 years
IT hardware and software	4 years
Assets held overseas	
All categories	Fully in the year of acquisition

The trustees consider it prudent to fully depreciate equipment and motor vehicles purchased for use outside of the UK in the year of acquisition, in view of the uncertainty of conditions in the operating environment. It is the charity's policy to record these assets as disposals after three years.

Investments

The only investments VSO currently holds are in its subsidiary companies:

100% shareholding in VSO Trading Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Ireland) Limited	Stated at cost
100% ownership of Voluntary Service Overseas (Netherlands) Limited	Stated at cost
100% ownership of Voluntary Service Overseas USA, Inc.	Stated at cost

Realised gains and losses are shown in the statement of financial activities.

Financial instruments

VSO has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in-hand, short-term cash deposits and the debtors excluding prepayments and accrued income. Short-term deposits are held when cash in hand temporarily exceeds operational requirements.

Financial liabilities held at amortised cost comprise the short and long-term creditors excluding deferred income and accrued expenditure.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Provisions

Provisions are recognised where VSO has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be estimated reliably. A provision is recognised where there is uncertainty regarding the timing or the amount (see note 12). Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Going Concern

We have set out in this report a review of VSO's financial performance, the reserves position and principal risks and uncertainties. In light of the ongoing COVID-19 pandemic and the delays in funding related to the merger of DFID and the UK Foreign & Commonwealth Office, VSO continues to undertake regular scenario-planning exercises. Those include projections of income and planned expenditure, including financial and cashflow, to forecast how various outcomes might affect VSO's operations in 2021 and going forward, taking into account the risk of decreased income from various sources and the ability of VSO to implement its activities across the globe. The results of the scenario planning have been used during the year to start re-aligning VSO's cost base to the new level of activities and as a basis from which to formulate a model for strategic planning. As described throughout this report, in 2020/21, VSO has demonstrated it can adapt to the situation, nevertheless VSO remains alert to ongoing uncertainties and risks. As detailed in our reserves policy, we hold general reserves to provide cover for unexpected changes in income and expenditure to allow us to adjust our cost base and continue activities. We will continue to monitor the situation and manage our finances accordingly. The results of the most recent scenario planning, together with VSO's current level of unrestricted reserves, and a continuation to shift to a more adaptable unrestricted cost structure, indicates that VSO has sufficient resources to continue in operational existence for the foreseeable future.

The trustees therefore have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and are not aware of any other material uncertainties which may adversely affect the organisation. Accordingly, the financial statements continue to be prepared on the going concern basis.

2. Income analysis

a. Institutional grants	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Governmental bodies				
Australian Department for Foreign Affairs and Trade	-	-	**-**	1,309
British Council	-	344	**344**	448
FCDO – other funding	-	6,360	**6,360**	7,353
European Union	-	975	**975**	1,081
Global Affairs Canada	-	855	**855**	321
Global Partnership to End Violence Against Children	-	650	**650**	-
Irish Aid	-	(3)	**(3)**	198
KfW	-	2,350	**2,350**	596
Ministry of Foreign Affairs of the Netherlands	-	1,612	**1,612**	-
Norwegian Embassy	-	724	**724**	1,321
Scottish Government	-	71	**71**	64
UK HMRC Coronavirus Job Retention Scheme	-	692	**692**	-
UN Agencies	-	1,260	**1,260**	1,875
USAID	-	67	**67**	82
Other public funding	71	87	**158**	347
Total governmental bodies	71	16,044	**16,115**	14,995
Non-government bodies				
Companies	15	181	**196**	1,784
Trusts and Foundations	2	6,479	**6,481**	733
National Lottery Community Fund	-	-	**-**	27
Other charitable organisations	19	1,174	**1,193**	417
Total non-government bodies	36	7,834	**7,870**	2,961
Total Institutional grants	**107**	**23,878**	**23,985**	**17,956**

2. Income analysis (continued)

b. Other donations	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Individuals	6,319	29	**6,348**	6,821
Legacies	1,525	-	**1,525**	836
Gifts in kind and pro bono services	124	24	**148**	197
Total donations and legacies	**7,968**	**53**	**8,021**	**7,854**

c. Charitable activities	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Volunteering for Development	-	11,507	**11,507**	16,006
ICS	5,647	-	**5,647**	15,366
Total charitable activities income	**5,647**	**11,507**	**17,154**	**31,372**

d. Other trading income	Unrestricted funds 2021 £'000	Restricted funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Lettings	172	-	**172**	208
Community projects	3	-	**3**	4
Events	6	-	**6**	63
Volunteer fundraising	44	-	**44**	1,589
VSO Shop	-	-	**-**	1
Sale of assets	40	-	**40**	80
Total other trading income	**265**	**-**	**265**	**1,945**

3. Charitable activities and support costs

a. Charitable activities

	Grants to partner organisations £'000	Direct staff costs £'000	Other direct costs £'000	Apportioned support costs £'000	Total costs 2021 £'000	Total costs 2020 £'000
By practice area						
Inclusive education	1,579	6,471	7,699	2,122	**17,871**	18,455
Health	1,478	2,913	2,757	961	**8,109**	7,192
Resilient livelihoods	447	3,736	3,032	965	**8,180**	17,314
Core approaches*	1,432	2,490	1,220	697	**5,839**	8,005
ICS consortium partners						
Raleigh International	1,087	-	-	-	**1,087**	3,635
Restless Development	732	-	-	-	**732**	2,162
Total ICS consortium partners	1,819	-	-	-	**1,819**	5,797
Total	**6,755**	**15,610**	**14,708**	**4,745**	**41,818**	**56,763**

*VSO's core approaches are social inclusion and gender, resilience and social accountability.

Charitable activities (excluding apportioned support costs) include pro bono services valued at £24,000 (2020: £197,000).

b. Analysis of support costs

	Governance and CEO costs £'000	Facilities and purchasing £'000	Human resources £'000	Finance and corporate performance £'000	IT £'000	Total costs 2021 £'000	Total costs 2020 £'000
Inclusive education	366	383	431	461	481	**2,122**	1,567
Health	166	173	195	208	219	**961**	651
Resilient livelihoods	166	175	196	209	219	**965**	1,843
Core approaches	119	125	141	151	161	**697**	669
Apportioned support costs - charitable activities	**817**	**856**	**963**	**1,029**	**1,080**	**4,745**	**4,730**
Raising funds	114	120	135	143	150	**662**	682
Total apportioned support costs	**931**	**976**	**1,098**	**1,172**	**1,230**	**5,407**	**5,412**

Apportioned support costs include pro bono services valued at £119,000 (2020: £141,000).

Governance and CEO costs include costs directly related to the charity's Chief Executive Officer role, including remuneration, travel and executive assistance, of £179,000 (2020: 216,000). Refer to Note 6 for remuneration details.

4. Net incoming resources

Net movement in funds is stated after the following charges:

	2021 £'000	2020 £'000
Auditors' remuneration (exclusive of VAT)		
Fees payable for the audit of the charity's annual accounts	39	39
Fees payable for the audit of the charity's subsidiaries	32	36
Fees payable for grant-specific audits	21	11
Fees payable for overseas tax consultancy	2	43
Fees payable for VAT services	2	35
Other services	22	14
Total fees payable to the charity's auditors	**118**	**178**
Depreciation		
Assets in the UK and held by group subsidiaries	195	255
Assets held overseas	510	888
Total depreciation charges	**705**	**1,143**
(Gain)/loss on exchange rate movements (realised and unrealised)		
Realised (gains)/losses	(180)	165
Unrealised (gains)/losses	709	(447)
Total (gain)/loss on exchange rate movements	**529**	**(282)**

Unrealised gains and losses on exchange rate movements occur predominately from the translation of non-sterling cash balances for reporting purposes.

5. Trustees remuneration and expenses

The trustees received no remuneration or other benefits during the year (2020: £nil). Trustees are reimbursed for their travel and accommodation expenses in attending meetings, visiting programmes overseas, and other activities undertaken on behalf of the charity. Expenses reimbursed to trustees or paid for on their behalf amounted to nil (2020: £8,359), paid to nine trustees (2020: 9).

6. Employee benefits including the cost of key management personnel

	2021 £'000	2020 £'000
Salaries and wages*	17,671	19,186
Social security costs	1,098	1,316
Pension costs	1,103	1,016
Other employee benefits	1,227	1,380
Temporary staff	75	231
Total	**21,174**	**23,129**

* Excluding overseas tax provision - see note 12

The 2021 wages and salaries figure above does not include an amount of £778,000 (2020: £307,000) relating to termination costs. ICS project closure in 2021 resulted in termination of all project roles, as was planned and reserves designated in previous years.

The table below shows the number of individual staff whose employee benefits, excluding employer pension costs, were in bands during the financial year

	2021 £'000	2020 £'000
£60,001 - 70,000	19	13
£70,001 - 80,000	7	6
£80,001 - 90,000	7	3
£90,001 - 100,000	7	6
£100,001 - 110,000	-	4
£110,001 - 120,000	1	-
£120,001 - 130,000	-	-
£130,001 - 140,000	2	2
£140,001 - 150,000	-	1
£150,001 - 160,000	-	1
Total	**43**	**36**

Total benefits, excluding employer pension costs, disclosed in the above bands include termination costs of £255,020 (2020: £72,000), and health benefits, housing, dependents' education, relocation / travel allowances totalling £301,000 (2020: £435,000).

The key management personnel of the charity comprise the trustees who make up the International Board, and the executive team, led by the Chief Executive Officer. All trustees serve VSO voluntarily. They do not receive any employee benefits; they receive payment only for reimbursement of out of pocket expenses (see note 5).

The executive team is made up of five members, although one role was vacant for a portion of the 2021 year. The total compensation costs, including employer's National Insurance contributions, pension and termination costs was £608,000 (2020: £670,000). As part of our COVID-19 response, the compensation of the executive team was adjusted down for part of the 2021 financial year. The Chief Executive Officer's salary, excluding pension contribution and taxes, for the year was £135,000 (£141,000 for 2020).

7. Employee numbers

Average monthly headcount and full-time equivalent (FTE) number of persons employed:

	2021 Headcount	2021 FTE	2020 Headcount	2020 FTE
UK and subsidiaries based	198	185	223	208
Overseas based	462	461	565	564
Total	**660**	**646**	**788**	**772**

8. Fixed assets

a. Tangible fixed assets	Leasehold improvement £'000	Furniture, equipment, fixtures and Fittings £'000	IT hardware £'000	Assets held overseas £'000	Total £'000
Cost					
As at 1 April 2020	1,324	201	1,389	2,382	5,296
Additions	-	-	-	510	510
Disposals	-	-	-	(825)	(825)
At 31 March 2021	**1,324**	**201**	**1,389**	**2,067**	**4,981**
Accumulated depreciation					
As at 1 April 2020	906	180	1,326	2,382	4,794
Charge for the year	133	2	42	510	687
Disposals	-	-	-	(825)	(825)
At 31 March 2021	**1,039**	**182**	**1,368**	**2,067**	**4,656**
Net book value					
At 31 March 2020	418	21	**63**	-	502
At 31 March 2021	**285**	**19**	**21**	**-**	**325**
Held by parent charity	285	-	13	-	298
Held by subsidiaries	-	19	8	-	27

8. Fixed asset (continued)

b. Intangible fixed assets	IT software £'000	Total £'000
Cost		
As at 1 April 2020	72	72
Additions	-	-
Disposals	-	-
As at 31 March 2021	**72**	**72**
Accumulated depreciation		
As at 1 April 2020	18	18
Charge for the year	18	18
Disposals	-	-
As at 31 March 2021	**36**	**36**
Net book value		
As at 31 March 2020	54	54
As at 31 March 2021	**36**	**36**
Held by parent charity	36	36
Held by subsidiaries	-	-

9. Investments

	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Market value at the beginning of the year	-	2,892	-	2,892
Impairment	-	-	-	-
Market value at 31 March 2021	**-**	**2,892**	**-**	**2,892**

Investments held by the charity at 31 March 2021 comprise £2 held in VSO Trading Limited, £953,000 held in Voluntary Service Overseas (Ireland) Limited and £1,939,000 held in Voluntary Service Overseas (Netherlands).

VSO Trading Limited, Voluntary Service Overseas (Ireland) Limited and Voluntary Service Overseas (Netherlands) are stated at cost; other subsidiaries have nil value(see note 17).

10. Debtors

	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Trade debtors	2,114	1,796	7,683	7,655
Amounts due from ICS consortium partners	-	-	1,071	1,071
Amounts due from VSO Trading Limited	-	-	-	84
Amounts due from VSO Ireland	-	47	-	732
Amounts due from VSO USA	-	466	-	220
Other debtors	849	1,146	926	902
Accrued income	2,691	2,631	2,820	2,619
Prepayments	662	743	785	785
Total	**6,316**	**6,829**	**13,285**	**14,068**

All amounts above are due within one year, with the exception of £2,000 relating to non-current prepayments (2020: £10,000), and £40,000 relating to lease deposits (2020: £58,000).

Legacies of which we have been notified, but not recognised as income, are valued at £92,000 (2020: £413,000).

11. Creditors

a. Amounts falling due within one year	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Trade creditors	481	480	3,614	3,564
Working capital advance from FCDO for ICS	-	-	4,500	4,500
Amounts due to VSO Netherlands	-	17	-	94
Other creditors	890	853	971	895
Pension contributions payable	14	8	97	91
Tax and social security	386	389	707	707
Accrued expenditure	1,206	1,189	2,168	1,997
Deferred income	478	453	656	656
Accrual for compensated employee leave	607	505	377	288
Total	**4,062**	**3,894**	**13,090**	**12,792**

Income is deferred when it is received ahead of income recognition criteria being met.

b. Movement on deferred income during the year	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Balance brought forward	656	656	859	837
Released to income	(203)	(203)	(203)	(181)
Received in year	25	-	-	-
Balance carried forward	**478**	**453**	**656**	**656**

11. Creditors (continued)

c. Amounts falling due after one year	Group 2021 £'000	Charity 2021 £'000	Group 2020 £'000	Charity 2020 £'000
Other creditors	399	399	306	306
Total	**399**	**399**	**306**	**306**

No interest is incurred on any of the above creditors.

12. Provisions for liabilities – group and charity

	As at 1 April 2020 £'000	Arising in the year £'000	Utilised in the year £'000	Released in the year £'000	As at 31 March 2021 £'000
Overseas tax	1,069	(118)	(207)	-	744
Volunteer flights	19	-	-	(8)	11
Dilapidations	286	-	-	-	286
Pension deficit	2,708	140	(562)	-	2,286
Total	**4,082**	**22**	**(769)**	**(8)**	**3,327**

Overseas tax

A liability across VSO's global portfolio has been identified in relation to overseas taxes. This has been provided for and is being managed with relevant authorities and expert services. The value of the provision released due to exemptions and waivers granted by local authorities of nil in 2021 (£776,000 in 2020) is shown as an exceptional item in the statement of financial activities.

Volunteer flights

Provision is made in the financial statements for the cost to the charity of return airfares for volunteers on placement at the end of the financial year.

Dilapidations

The provision for dilapidations is to cover the probable future costs of restoring properties to their required condition at the end of their lease.

Pension deficit

VSO participates in the Pensions Trust Growth Plan, a multi-employer defined benefit scheme in the UK. The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure the scheme has sufficient assets to meet its past service liabilities.

If the actuarial valuation reveals a deficit, the trustees agree to a recovery plan to eliminate it over a specified period of time. This year VSO has paid £562,000 (2020: £545,000) as contribution to the Plan's deficit. The agreed contribution by VSO to the current recovery plan has been recognised as a provision at the present value of future payments (see note 19).

13. Restricted funds

a. Movement on restricted funds	Opening balance 2021 £'000	Incoming resources 2021 £'000	Resources expended 2021 £'000	Closing balance 2021 £'000	Opening balance 2020 £'000	Incoming resources 2020 £'000	Resources expended 2020 £'000	Closing balance 2020 £'000
Worldwide restricted funds	1,479	19,130	(16,334)	**4,275**	1,807	17,593	(17,921)	1,479
Restricted funds by country:								
Bangladesh	35	186	(152)	**69**	165	244	(374)	35
Cambodia	14	316	(315)	**15**	36	505	(527)	14
Ethiopia	2	372	(329)	**45**	78	438	(514)	2
Ghana	58	-	(58)	**-**	111		(53)	58
Kenya	314	1,014	(1,169)	**159**	207	1,077	(970)	314
Malawi	631	3,467	(3,124)	**974**	457	2,096	(1,922)	631
Mozambique	295	925	(688)	**532**	51	412	(168)	295
Myanmar	-	551	(435)	**116**	1	559	(560)	-
Nepal	406	3,909	(3,676)	**639**	9	3,714	(3,317)	406
Nigeria	-	133	(12)	**121**	6	-	(6)	-
Pakistan	11	231	(157)	**85**	128	108	(225)	11
Philippines	38	127	(165)	**-**	64	229	(255)	38
Rwanda	41	2,789	(2,627)	**203**	18	3,944	(3,921)	41
Sierra Leone	-	329	(121)	**208**	-	141	(141)	-
South Africa	22	120	(106)	**36**	150	92	(220)	22
Tanzania	392	574	(548)	**418**	198	2,067	(1,873)	392
Uganda	162	428	(548)	**42**	1,277	677	(1,792)	162
Zambia	-	338	(247)	**91**	172	99	(271)	-
Zimbabwe	144	499	(435)	**208**	38	310	(204)	144
Total country restricted funds	2,565	16,308	(14,912)	**3,961**	3,166	16,712	(17,313)	2,565
Total restricted funds	**4,044**	**35,438**	**(31,246)**	**8,236**	**4,973**	**34,305**	**(35,234)**	**4,044**

The closing balance of the restricted funds comprises the unexpended balances of donations and grants held for specific purposes. It is anticipated that any surpluses on funds will be expended during the coming financial year.

b. Movement on contracted funds	Opening balance 2021 £'000	Incoming resources 2021 £'000	Resources expended 2021 £'000	Transfer of funds 2021 £'000	Closing balance 2021 £'000	Opening balance 2020 £'000	Incoming resources 2020 £'000	Resources expended 2020 £'000	Transfer of funds 2020 £'000	Closing balance 2020 £'000
International Citizen Service (ICS)	500	5,647	(5,417)	(730)	-	500	16,955	(16,505)	(450)	500

Income and expenditure relating to the above contract is recorded under the unrestricted column on the Consolidated Statement of Financial Activities.

14. Unrestricted funds

Movement on unrestricted funds	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Total £'000
As at 01 April 2019	14,185	(3,285)	951	500	738	2,847	15,936
Surplus / (deficit) for the year	(1,160)	577	(83)	450	-	(532)	(748)
Transfer from restricted	-	-	-	-	-	-	-
Transfer between funds	632	-	-	(450)	(182)	-	-
As at 31 March 2020	**13,657**	**(2,708)**	**868**	**500**	**556**	**2,315**	**15,188**
Surplus / (deficit) for the year	(1,761)	422	(346)	230	-	(332)	(1,787)
Transfer from restricted	-	-	-	-	-	-	-
Transfer between funds	925	-	-	(730)	(195)	-	-
At 31 March 2021	**12,821**	**(2,286)**	**522**	**-**	**361**	**1,983**	**13,401**

Designated funds:

Pension deficit repayment plan fund

The pension deficit repayment plan fund is equal to the present value of future contributions payable by VSO to meet the obligation resulting from a funding agreement to eliminate the funding deficit on the Pensions Trust Growth Plan (see note 19).

Change Programme fund

The Change Programme fund was set up to finance organisational change which ensures that activities are prioritised and focused to achieve VSO's strategic plan and that resources are efficiently deployed at programme delivery level in country. The balance is carried forward to fund the ongoing programme of transformational change.

ICS fund

As the ICS contract was concluded during the year all remaining costs of the contract, including redundancy costs of employees, were expended during the year, so no further fund balance has been designated.

Fixed asset fund

Transfers to the fixed asset fund represent capital additions less disposals and depreciation charges for the financial year.

Income generation fund

In March 2019, the trustees decided to designate a £3m fund to be invested in income generating activities over the next three years to support unrestricted income growth and income portfolio diversification. The priorities and programmes for this fund continue to be revised based on returns, therefore investment timeframe has been extended.

15. Analysis of net assets between funds

	General fund £'000	Pension deficit repayment plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Restricted funds £'000	Total £'000
Fund balances at 31 March 2020 were represented by:								
Tangible fixed assets	-	-	-	-	556	-	-	556
Investments	-	-	-	-	-	-	-	-
Current assets	24,070	-	868	5,000	-	2,315	4,044	36,297
Current liabilities	(8,733)	-	-	(4,500)	-	-	-	(13,233)
Long term liabilities and provisional	(1,680)	(2,708)	-	-	-	-	-	(4,388)
Total net assets	**13,657**	**(2,708)**	**868**	**500**	**556**	**2,315**	**4,044**	**19,232**

	General fund £'000	Pension Deficit Repayment Plan £'000	Change programme £'000	ICS £'000	Fixed assets £'000	Income generation £'000	Restricted Funds £'000	Total £'000
Fund balances at 31 March 2021 are represented by:								
Tangible fixed assets	-	-	-	-	361	-	-	361
Investments	-	-	-	-	-	-	-	-
Current assets	18,318	-	522	-	-	1,983	8,241	29,064
Current liabilities	(4,057)	-	-	-	-	-	(5)	(4,062)
Long term liabilities and provisional	(1,440)	(2,286)	-	-	-	-	-	(3,726)
Total net assets	**12,821**	**(2,286)**	**522**	**-**	**361**	**1,983**	**8,236**	**21,637**

16. Operating leases

As at 31 March 2021 the charity was committed to making non-cancellable operating lease payments over various periods, as set out in the table below, including in year lease expense.

	2021 £'000	2020 £'000
In the UK:		
Within one year	536	536
Within two to five years	582	1,119
Overseas:		
Within one year	204	290
Within two to five years	169	56
In more than five years	31	-
Total	**1,522**	**2,001**
Lease expense	**1,208**	**1,287**

16. Operating leases (continued)

As at 31 March 2021 the charity was entitled to receive non-cancellable operating lease receipts during the various periods, as set out in the table below.

	2021 £'000	2020 £'000
In the UK		
Within one year	71	71
Within two to five years	80	150
In more than five years	-	-
Total	**151**	**221**

The receipts detailed above relate to the charity's sublease agreement for part of the VSO UK office building.

The current agreement is due to end in May 2023.

17. Subsidiary companies

	VSO Trading 2021 £'000	VSO Ireland 2021 £'000	VSO Netherlands 2021 £'000	VSO USA 2021 £'000	VSO Trading 2020 £'000	VSO Ireland 2020 £'000	VSO Netherlands 2020 £'000	VSO USA 2020 £'000
Total income	-	341	4,174	111	24	506	2,995	133
Total expenditure	-	421	3,120	389	24	442	2,825	296
Net income / (expenditure)	**-**	**(80)**	**1,054**	**(278)**	**-**	**64**	**170**	**(163)**
Gift aid payment to VSO	-	-	-	-	-	-	-	-
Retained profit / (loss) for the year	**-**	**(80)**	**1,054**	**(278)**	**-**	**64**	**170**	**(163)**
Total assets	-	892	2,986	31	89	1,661	2,135	58
Total liabilities	-	59	167	472	89	750	373	221
Total funds	**-**	**833**	**2,819**	**(441)**	**-**	**911**	**1,762**	**(163)**

The VSO Group comprises the parent charity (VSO) and five subsidiary undertakings.

VSO Trading Limited

A company limited by share capital incorporated in England and Wales (company number 02315724, 100 London Road, Kingston upon Thames, KT2). VSO Trading Limited is wholly owned by VSO.

The principal activity of the subsidiary is the delivery of non-charitable activities for the purpose of raising funds for VSO. The net taxable profit of the subsidiary is transferred by Gift Aid to VSO. In 2021, this company was made dormant, as this type of activity is not planned for the foreseeable future.

Beijing VSO Consulting Company Limited

A company limited by share capital incorporated in People's Republic of China in June 2012 (company number 110000450208624 and registered address Chao Wai Avenue, Building 1, 5th Floor, Room 62, Chaoyang District, Beijing).

A decision was taken in 2014/15 to wind down Beijing VSO Consulting Company Limited. This process was completed in financial year 2020/2021. The registered capital of the company was initially valued at US$210,000. The investment held by VSO in Beijing VSO Consulting Company Limited was recorded as impaired in prior years and based on its future expected value was written down to US$ nil in financial year 2015/16.

Voluntary Service Overseas (Ireland) Limited

A charitable company limited by guarantee incorporated in Republic of Ireland; charity number CHY 15048, company number 351799, registered address: Ten Earlsfort Terrace, Dublin 2, Republic of Ireland. The company is a wholly owned subsidiary and was acquired on 31 January 2017.

17. Subsidiary companies (continued)

The principal activity of the subsidiary is to advance education and to aid in the relief of poverty in any part of the world; they do this by supporting programmes that deliver sustainable change in VSO's three thematic practice areas: Inclusive Education, Health and Resilient Livelihoods.

Voluntary Services Overseas (VSO Netherlands)

A charitable foundation Stichting VSO Nederland. (Registration Number 41155934). Registered address; Way of the United Nations 1, 3527 KT Utrecht, Netherlands. The company is a wholly owned subsidiary and was acquired on 1 April 2019. (registration Number 41155934).

Voluntary Service Overseas USA, Inc.

A US corporation with US 501 (c) (iii) status; registered in the state of Delaware; registration number 82-4699627. Registered address: 700 K Street NW, Suite 4-143, Washington, DC, 20001. The company is a wholly owned subsidiary and was incorporated on 28 February 2018.

18. Related party transactions

There have been no related party transactions that require disclosure, other than the transactions with subsidiary companies detailed below:

	VSO Trading 2021 £'000	VSO Ireland 2021 £'000	VSO Netherlands 2021 £'000	VSO USA 2021 £'000	VSO Trading 2020 £'000	VSO Ireland 2020 £'000	VSO Netherlands 2020 £'000	VSO USA 2020 £'000
Payments received for management services	-	35	-	-	1	39	-	-
Donations received under Gift Aid	-	-	-	-	-	-	-	-
Sub-grants paid to	-	-	60	131	-	-	274	131
Sub-grants received from	-	216	486	-	22	339	529	-

19. Pension costs

Scottish Widows is the main scheme available to all UK employees. VSO offered this defined contribution scheme from October 2009 and it has been the primary scheme for the charity's employees since then. Scottish Widows has also provided an auto-enrolment scheme for all eligible UK employees since February 2014.

The Pensions Trust Growth Plan Series 4 was the previous main scheme; it has been closed to new VSO entrants since October 2009. The charity also contributes to certain pension schemes for some employees based overseas.

The following table shows the cost of pension contributions in 2021 and 2020.

	2021 £'000	2020 £'000
Scottish Widows	276	306
The Pension Trust	96	63
The Pension Trust – deficit reduction liability: unwinding of discounting	62	41
The Pension Trust – deficit reduction liability: revaluation	78	(73)
Other – overseas schemes	591	679
Total	**1,103**	**1,016**

The Pensions Trust Growth Plan

VSO participates in the Pensions Trust Growth Plan (the Plan), a multi-employer scheme, which provides benefits to some 950 non-associated participating employers. The Plan is a defined benefit scheme in the UK.

19. Pension costs (continued)

As at 31 March 2021, VSO employed 10 (2020: 17) active members of the Pensions Trust Defined Contribution Growth Plan Series 4. Deferred members and pensioners are also in the defined benefit scheme.

As a multi-employer scheme, it is not possible for VSO to obtain sufficient information to enable it to account for the Plan as a defined benefit scheme. Therefore it accounts for the Plan as a defined contribution scheme.

The Plan is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Plan trustees commission an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date.

The rules of the Plan give the trustees the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as technical provisions.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the trustee has asked the participating employers to continue paying contributions to the scheme until 31 January 2025.

Future contributions for VSO as at 31 March 2021 are as follows:

Financial Year	£'000
2021/22	578
2022/23	596
2023/24	614
2024/25	527

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the employer has agreed to a deficit funding arrangement, the employer must recognise a liability for this obligation.

The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision	2021 £'000	2020 £'000	2019 £'000
Present value of provision	2,286	2,708	3,285

19. Pension costs (continued)

Reconciliation of opening and closing provisions	2021 £'000	2020 £'000
Provision at start of period	2,708	3,285
Unwinding of the discount factor (interest expense)	62	41
Deficit contribution paid	(562)	(545)
Remeasurements – impact of any change in assumptions	78	(73)
Remeasurements – amendments to the contribution schedule	-	-
Provision at end of period	2,286	2,708

Income and expenditure impact	2021 £'000	2020 £'000
Interest expense	62	41
Remeasurements – impact of any change in assumptions	78	(73)
Cost recognised in the SOFA	140	(32)

Assumptions

	2021 % per annum	2020 % per annum	2019 % per annum
Rate of discount	0.66	2.53	1.39

These discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The Plan is classified as a 'last-man standing arrangement'. Therefore VSO is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Thank you

Our work wouldn't be possible without the dedication and support of thousands of people, partners and organisations.

From the volunteers who share their time and skills in our programmes around the world, to the partners who work with us on programme development, delivery, research and fundraising.

From the staff and supporters who work tirelessly on our behalf, to the people and organisations who donate the vital funds needed to support our work – and all those who generously choose to leave a gift in their Will.

The change is being felt by over a million people around the world, right now. Together, we're working towards a fair world for everyone. Thank you.

Here are just some of the individuals and organisations who made a vital contribution to our work in 2020/21.

African Union
AmplifyChange
Amplio
ARM
Avert
BT Supporters Group
Citi Group
Tanzania Citi Foundation
Department for Foreign Affairs Trade and Development
Dioraphte
Dubai Cares
Education Consortium
European Commission
ERIKS
Foreign, Commonwealth & Development Office
GIZ
Global Affairs Canada
Global Campaign for Education
Greg Dyke and Sue Howes
GSRD Foundation
Hempel Foundation
Imagine Worldwide
Institute of Development Studies (IDS)
International Civil Society Centre (ICSC)
International Forum for Volunteering in Development
Irish Aid
Jersey Overseas Aid
KfW
Lego Foundation
London School of Economics
Mastercard Foundation
Medicor Foundation
MESH Guides (Education Future Collaboration)
Onebillion
Randstad
Robert Carr Civil Society Networks Fund
Royal Norwegian Embassy
Scottish Government
Tackle Africa
The British Asian Trust
UNESCO
UNFPA
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UN Trust Fund
UNV
University of Nottingham
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Weeshuis der Doopsgezinden
Wees een Kans
Wemos
WHO

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