

# Sightsavers International

Royal Commonwealth Society for the Blind

Registered charity number 207544 (England & Wales) • Charity registered in Scotland SC038110



## Annual Report and Financial Statements

31 December 2007



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**Cover picture** Vimala, 28, who is blind, is from the Paniya minority ethnic group in Tamil Nadu, India. With help from Sightsavers' partner the Centre for Tribal and Rural Development Trust, she is now growing and selling flowers and spices to help her family

**Picture left** Mwajuma (on right) with her granddaughter and great grandson, after having her sight restored through cataract surgery in Tanzania



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The Hon. Lady Ogilvy GCVO

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Lord Crisp KCB  
(appointed November 2007)

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Debbie Ramsay

*\*indicates a member of the audit committee*

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#### Director of Overseas

#### Programmes

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#### Director of Fundraising &

#### Communications

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#### Director of Finance & Support

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# The challenge

Millions of people in developing countries go blind for lack of simple treatment. Millions more stay blind for lack of surgery or are excluded because of their disability. Blindness is both a cause and an effect of poverty – they are inextricably linked.

- Every five seconds a person goes blind
- 45 million people in the world are blind
- Nine out of ten blind people live in the developing world
- 75% of global blindness can be prevented or cured
- 269 million people have low vision
- 153 million people are severely visually impaired simply for the want of a pair of glasses
- At least 90% of blind children do not go to school

*Please note that some of these numbers are higher than shown in previous years, because the World Health Organization (WHO) published new statistics in 2007 which included the number of people who were blind or who had low vision because of uncorrected refractive error (more commonly known as short or long sightedness).*

# The vision

Sightsavers' vision is of a world in which no-one is needlessly blind and where everyone who is irreversibly blind or severely visually impaired enjoys the same rights, responsibilities and opportunities as people who are sighted.

# The mission

Sightsavers is dedicated to combating blindness in developing countries, primarily in the Commonwealth, by working with partner organisations in the poor and the least served communities to support ongoing activities that prevent and cure blindness, restore sight and provide education and training for people who are blind.

# Trustees' report

The trustees submit their report, together with the audited financial statements of The Royal Commonwealth Society for the Blind, for the year ended 31 December 2007. The organisation is incorporated under Royal Charter and uses the descriptive name Sightsavers International when seeking support and undertaking programmes overseas.

## Objectives and activities

### What we do

Our strategic framework (2004 – 2006, extended in 2006 to cover the period to 2008) contains six strategic priorities and a set of outcomes towards which we are working. We always work in partnership, and our partners, who deliver the services we support, range from government ministries of health and education to community-based non-governmental organisations (NGOs). We are committed to mutually beneficial relationships in which we learn from our partners and share training, best practice and technical expertise with them.

In addition to the provision of services, we undertake advocacy activities, often in collaboration with others, aimed at influencing governments and other important stakeholders. We use the approaches to service delivery that we have developed to demonstrate what can be achieved. We support a range of research work including operational and public policy research along with impact and prevalence surveys to enable us to ensure our interventions are as evidence based as possible.

Funding is vital, and our supporters are our lifeblood. We continue to employ a variety of different fundraising techniques, ranging from traditional to cutting edge, to secure funds and manage our income-to-cost ratio effectively. Increasingly we are looking towards diversifying our sources and types of funding. We seek to increase awareness of avoidable blindness and the need to secure the rights of blind people and mobilise our supporters in helping us to raise the profile of this issue among decision makers.

We are committed to maintaining a high level of organisational effectiveness and to ensuring the appropriate management of the organisation and our resources. We work in many different countries with varying cultures, but strive to be a coherent organisation which learns from its experiences and benefits from the diversity of experience which this brings. Our commitment to organisational effectiveness is reflected in a number of ongoing initiatives related to information management, information technology, finance, communications and human resources.

We work in collaboration with a range of local, national and international initiatives and coalitions including: VISION 2020, a global initiative aiming to eliminate avoidable blindness by the year 2020; the International Council for the Education of People with a Visual Impairment (ICEVI) and the Global Campaign for Education (GCE).

sightsavers  
INTERNATIONAL



## Where we work

We currently work in 33 countries in Africa, Asia and the Caribbean, as outlined in the map above. In each country we work with our partners to provide a comprehensive range of services which address a range of different needs in a culturally appropriate and gender-sensitive manner. We target harder to access and poorer communities where services may not otherwise be available.

# A snapshot of what we achieved in 2007

- In 2007 Sightsavers supported 434 projects that were implemented in partnership with 257 partners.

	2005	2006	2007
Number of people screened	4,729,800	4,670,000	5,652,000
Number of people needing treatment	2,932,500	3,102,800	3,590,900
Number of operations	261,700	274,000	297,400
Number of people treated to prevent onchocerciasis	13,019,100	14,208,700	19,675,100
Number of partners' staff and volunteers trained	57,400	65,900	85,000
Number of people given rehabilitation training	9,200	9,500	9,700
Number of children receiving specialist support in mainstream schools *	9,400	4,800	5,000

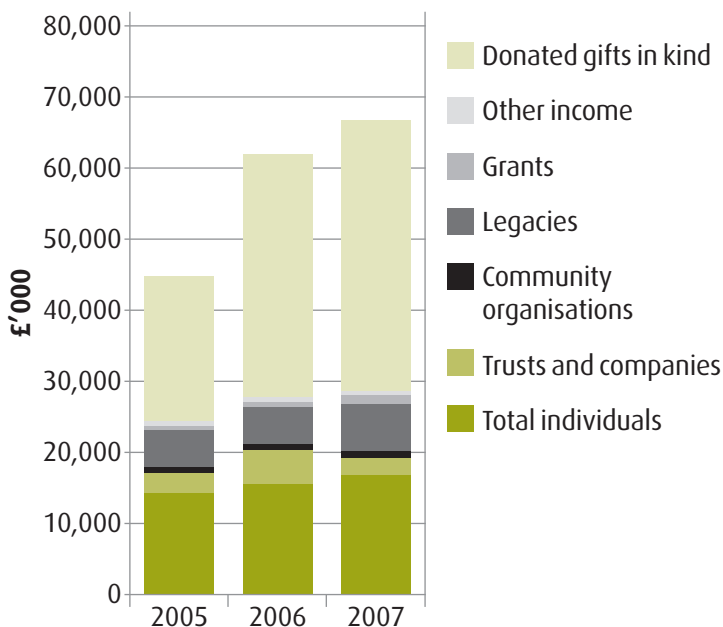
\*In 2006 the children in government education programmes were reassessed. The reduction in numbers is as a result of a significant number who had their needs met through the provision of glasses or simple low vision aids.

- This has been a tremendous year in terms of outputs. All have increased – some quite dramatically. We are reaching ever more people – the number screened has increased considerably. This demonstrates the importance of emphasising primary eye care. Within the treatment numbers is a substantial increase in those receiving antibiotics to tackle trachoma, and the number of operations includes 13,500 trichiasis surgeries – up more than 50% on last year. Training of partners' staff and volunteers is up 29% – great news as human resource development is such a key priority, particularly in Africa.
- We celebrated the 20th anniversary of the donation by Merck & Co Inc of Mectizan® to prevent onchocerciasis (river blindness). This year we distributed the drug to nearly twenty million people, a significant increase in part due to extension of distribution to new countries, and we expect this number to continue to grow in 2008.
- We inaugurated the Sheikh Zayed Regional Eye Care Centre in The Gambia in January. This is part of the Health for Peace Initiative in West Africa, and will provide eye care services as well as training for eye care professionals across that region.
- The Africa Forum was held in Nairobi in April. This is a forum for blind people and their organisations, where they can meet to discuss how best to secure the rights of blind people, and to strengthen their organisations so they can reach the least served. More than 300 people attended from 37 African countries.
- We have been increasing our efforts in advocacy work, and have seen a string of successes in the countries where we work. The best examples of this are perhaps in India and Kenya, where the governments have dramatically increased their budget allocations to eye health and education of disabled children respectively. We have also strengthened our relationship with the Department for International Development (DFID), particularly around their strategy for the education of disabled children, and Irish Aid (we now chair the Dóchas Disability and Development group).
- Total income increased by 8% during the year. Both individual donations and legacies performed well, reflecting growth of 8% and 28% respectively. Although from a small base, our investment in developing our grant income is yielding good results with growth of more than

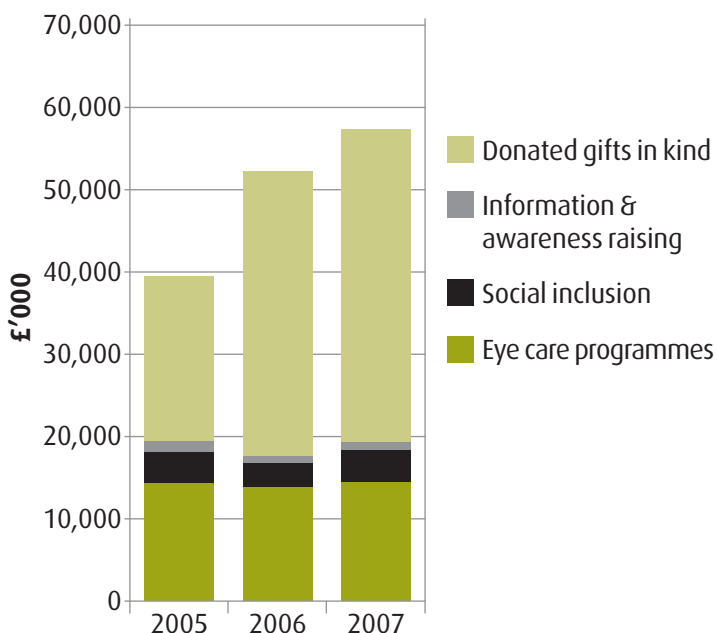
30%. It was another strong year for donated gifts in kind, which primarily reflects receipt of the Mectizan® tablets mentioned previously. Income from trusts and companies fell during the year, as funding agreements came to an end, although we expect this to pick up again in 2008.

- Expenditure on charitable activities continues to grow. Following a reduction of spend in 2006 to rebuild reserves, when excluding gifts in kind, we have now returned to levels above 2005. The cost of generating funds grew by less than 2% compared with 2006; i.e. in real terms our costs actually decreased as our income grew.

### Breakdown of total income 2005 to 2007



### Expenditure on charitable activities 2005 to 2007



- We made great progress in articulating our new strategic direction for the next Strategic Framework period (2009 – 2013), via a wide ranging consultation and situational analysis exercise. This was approved by trustees at our away day in January 2008.
- In terms of organisational effectiveness there has been a major focus on delivering the action plan which arose from the employee survey conducted in October 2006. Notably we developed a new performance and development review system which is now being rolled out globally. We also increased our emphasis on global working – a series of global teams are running successfully (e.g. the global finance team had its first international conference to share best practice this year).
- We have appointed a new Chairman – Lord Crisp. Lord Crisp brings a wealth of health experience (he was Chief Executive of the UK National Health Service for many years), and over the last few years has been involved in health aspects of international development, publishing a paper on ‘Global Health Partnerships’ in February 2007.



Ten-year-old Kausar Nazir had trachoma – a disease endemic in her village in India – until Sightsavers’ partner COAVS launched a trachoma prevention initiative

# Overall impact of our work in 2007

The intended impact of our work is to:

- Reduce the level of avoidable blindness in the world; and to
- Ensure that people with a visual impairment are able to benefit from the same socio-economic opportunities as sighted people.

The table on page 11 provides an overview of the related outcomes we were working towards throughout 2007. Further specific details on our activities and achievements for 2007, along with the challenges we faced and our plans for 2008, are given in the “progress towards outcomes” section from page 12 onwards.

Our work contributes directly to reducing poverty at individual and household level and has a significant impact upon communities. A recent study by International Centre for Eye Health (ICEH) has provided evidence that the quality of life and economic status of families which had a member who was blind from cataract improves rapidly after cataract surgery. This is perhaps the first conclusive evidence of a link between blindness and poverty which has previously been widely accepted but supported mainly by anecdotal evidence.

We have stepped up our advocacy programme, as we believe this is the best way to stimulate lasting change. This varies from local levels (e.g. persuading districts to spend their allocated budgets on disability) to ministry level (e.g. persuading governments to increase their expenditure on eye health or education for disabled children). We have had some notable successes in 2007, some of which are set out in the relevant section.

Our work to establish a set of baseline data around the prevalence of visual impairment in Nigeria is coming to a close and will provide the basis against which we can assess impact in the future. The field work is complete and we are now analysing the data. This should provide invaluable information

about the causes of blindness across a swathe of West Africa – not just Nigeria.

2007 was a year when we widened the extent of our collaborative efforts. In particular we are working more with water and sanitation organisations to implement the SAFE (Surgical, Antibiotic, Face washing and Environment) strategy for trachoma control. This has had wider implications for improving conditions in communities, e.g. leading to a reduction in diarrhoea as well as trachoma. Examples of other wider impacts have been the development of latrines in Tienfala, Mali, which are accessible to disabled and elderly people, through a partnership with WaterAid. We are hopeful that WaterAid will now roll out this development to its other projects in Africa.

## Looking forward

In addition to reporting on 2007, this report looks forward to how we will continue to build on our successes and to address our challenges in 2008. The current strategic framework which underpins our work for 2008 is on our website. We will be devoting time in 2008 to thinking through the implications of our new strategic direction and creating an implementation plan. A new Strategic Framework for 2009 – 2013 will be published by the end of 2008.

# Outcomes that we were working towards

Outcomes that we were working towards – 2007						
Intended Impact	Service delivery	Advocacy	Partnership	Research	Funding	Organisational effectiveness
A reduction in the level of avoidable blindness in the world.	<p>Sustainable comprehensive eye care (CEC) programmes that prevent, treat and cure the priority blinding conditions and that:</p> <ul style="list-style-type: none"> <li>are owned by and integrated into local health systems.</li> <li>have the required numbers of eye health workers who are properly trained and supported to do their work.</li> <li>are able to access affordable equipment, consumables and drugs.</li> </ul>	<p>VISION 2020 plans at national and district levels that are funded and implemented by government and other stakeholders.</p>	<p>A broad portfolio of partners with whom Sightsavers can work to achieve our service delivery, advocacy and research outcomes and deliver our intended impact.</p>	<p>Evidence that catalyses new approaches and ensures that our service delivery, advocacy and partnership work are informed, appropriate and adopt standards of best practice.</p>	<p>Secure income growth that enables us to expand our impact in the future.</p>	<p>A learning organisation that is constantly seeking to improve its performance and maximise its impact.</p>
Ensure that people with a visual impairment are able to benefit from the same social and economic opportunities as sighted people.	<p>Sustainable comprehensive eye services (CES) programmes that deliver services and opportunities to people whose visual impairment is irreversible and that:</p> <ul style="list-style-type: none"> <li>promote the rights of visually impaired people.</li> <li>provide access to affordable assistive technology.</li> <li>are built upon sustainable CEC programmes.</li> </ul>	<p>All children with a visual impairment are able to attend and participate fully in primary level education.</p>				

# Progress towards outcomes

## Service delivery – to reduce avoidable blindness

What we planned to do	What we did
Pay close attention to the increasing momentum behind the development of the neglected tropical diseases (NTD) initiatives at international level and consider whether we should co-ordinate NTD activities in some countries.	We made strong alliances with other organisations associated with NTDs. We applied to USAID for work in Nigeria but were unsuccessful. We supported Helen Keller International in their bid for Sierra Leone and this was funded.
Commence a joint community-directed treatment with Ivermectin (CDTI) and lymphatic filariasis control programme in Sierra Leone.	Pilot completed in six districts across Sierra Leone.
Carry out a joint mission, with African Programme for Onchocerciasis Control, to look at onchocerciasis control in Guinea Bissau.	This went well, and we plan to commence distribution of Mectizan® in Guinea Bissau in 2008.
Review and consider the best way forward for our trachoma work.	We held a major workshop on trachoma, which led to the recognition of the need to support more trichiasis surgery and carry out more surveys so we can secure more Zithromax® donations. Following such a survey we found that trachoma is a public health problem in parts of Zambia.
Pilot the use of the CEC sustainability monitoring tool in Uganda.	This was trialled in Bunyoro in Uganda. The principles were successfully established and there will be a second, improved version trialled in West Africa.
Review our support to the ICEH resource centre and the International Agency for the Prevention of Blindness (IAPB) VISION 2020 workshop programme.	Following the evaluation it was agreed that the ICEH resource centre would become web based, and the workshops would be more decentralised with IAPB regions being actively involved in establishing the workshop priorities.
Support the East Africa College of Ophthalmology (EACO) with its renovation and strengthening of the five university teaching hospitals in Kenya, Uganda and Tanzania.	It took longer than hoped for the secretariat to produce suitable funding proposals, and this objective will be carried through to 2008.
Commence programme operations in Senegal and Guinea Bissau.	Programmes in both countries are now well underway.
Commence the Nampula situational analysis and submit funding proposals in Mozambique.	This has been done. Funding proposals were submitted to the Champalimoud Foundation, but were unsuccessful, as the foundation has decided to focus on research rather than programme development. Other funding will be sought in 2008.

### Other major achievements in this area

- The Sheikh Zayed Regional Eye Centre in the Gambia was inaugurated – a major training centre for eye care professionals across West Africa.
- Our diabetic retinopathy work expanded, especially in India, where we screened five times as many patients as we did at the beginning of the Strategic Framework period. We also produced a best practice manual for clinicians in collaboration with Aravind Eye Hospitals.
- We recommenced work in Haiti after many years of inactivity due to security problems.

### Challenges we faced and what we learned

- Funding constraints meant that we had to delay a number of programmes, particularly in Nigeria. Construction projects in Zambia, Sierra Leone and Sri Lanka were all delayed because of difficulties around government approvals and tendering processes.
- We learned that local community-based development organisations can be very strong partners, particularly as we strive to integrate eye health and disability programmes into mainstream development. We also found that engaging closely with those responsible for primary health care can reap rewards in integrating primary eye care – we had major success in this regard in Pakistan, which we hope to replicate elsewhere.
- The evaluation of the Bangladesh Childhood Cataract Campaign showed that it was critical to provide ongoing low vision and education services to children post surgery.

### Plans for 2008 – we will:

- Continue our engagement with the NTD alliances and make funding applications to potential donors to support our piloting of this work.
- Commence distribution of Mectizan® to 400,000 people in Guinea Bissau.
- Conduct a review of the national eye care programme in The Gambia and develop a plan to enable a gradual withdrawal of support.
- Expand our trachoma work in Nigeria, The Gambia, Guinea Bissau, Uganda, Kenya, Malawi, Zambia and Pakistan.
- Support the establishment of a new School of Optometry in Malawi.
- Support the renovation and strengthening of EACO.
- Review the possibility of supporting nurse training and childhood blindness in Zimbabwe.
- Test a new approach to delivering primary eye care in south India through a public/private partnership with Karuna Trust and the Karnataka government health system.
- Commence a major refractive error programme in the urban slums of Mumbai and develop the urban programme in Kolkatta. We will also strengthen our Dhaka urban programme and commence a similar programme in Karachi.
- Develop a major new CEC programme in south Rajasthan.



Zambia held its first Ophthalmic Clinical Officer and Nurse Training Course – Sightsavers helped provide equipment, course fees and teaching and learning materials.

## Service Delivery – to promote social inclusion

What we planned to do	What we did
Continue our support for the production of new international guidelines on community-based rehabilitation (CBR).	Our support to the production of the new WHO/International Labour Organization (ILO)/United Nations Educational, Scientific and Cultural Organization (UNESCO) international guidelines continued, with Sightsavers taking the lead on writing some sections. Our programme teams, working closely with our partners in Ghana and Uganda, helped to validate them. The final version of the guidelines will be launched in December 2008.
Each region will consider how best to take the CBR policy forward in its regions.	Limited progress made (see below).
Support the Africa Forum, where organisations of blind people and other key partners meet to discuss advocacy, capacity building and other issues.	The Africa Forum was a major success, with more than 310 participants from 37 African countries attending. The Dolphin pen was formally launched at the meeting. The pen, a low cost screen reader, has been distributed to many of our programmes and partners.
Support visually impaired students and their teachers at the University of Nairobi with computers and the Mercury software.	This was supported by a grant from DFID, and included training on the Dolphin pen.
Review our strategy for assistive technology.	Accessibility and assistive technology workshops were held in India, West Africa and the Caribbean. A review of the strategy for Assistive Technology is planned for next year.

### Other major achievements in this area

- Our first CBR and education programmes in Zambia commenced as part of the Copperbelt CES.
- We introduced a programme of counselling for blind people with HIV/Aids in Zimbabwe.
- In Sri Lanka we helped form the United Nations (UN)/international non-governmental organisations forum to lobby and support the Ministry of Education to develop strategies for educating children with disabilities.
- In south India we completed the CBR programmes established in response to the tsunami.

### Challenges we faced and what we learned

- Because of the pressures of many new initiatives, and the delay in the publication of the new international CBR guidelines, we made limited progress in implementing our new CBR policy.
- Following initial results from our research and reviews in parts of East Africa, we are concerned that the educational experience for blind children in our programmes is not as high as we would like. Problems with the role and effectiveness of some itinerant teachers have been found. Enhancing the quality of our education programmes and looking at how they can be integrated successfully with more integrated special education programmes will form a major part of the next strategic framework.

### Plans for 2008 – we will:

- Continue to support the final drafting of the WHO/ILO/UNESCO international guidelines on CBR and produce a brief for our programme staff on the consequences of these guidelines for our own CBR programmes.
- Work with other members of the International Disability & Development Consortium to establish a consistent approach to introducing and implementing the new international guidelines.
- Develop a strategy for assistive technology and its promotion in Sightsavers supported programmes.
- Carry out an assistive technology mapping exercise in India.
- Commence our first education programmes in Nigeria and Cameroon.
- Hold an education workshop in East Africa to consider the learning from our reviews and research into current programmes.
- Fully integrate the Kenya Integrated Education Programme into the district special needs education systems so it not seen as a vertical programme.
- Push ahead on the “Africanisation” of our Institutional Development Programme (which does capacity building of blind people’s organisations in Africa) and its integration into our country programmes.

## Advocacy

What we planned to do	What we did
Continue the preparation of country advocacy plans with the aim of having them all completed by mid 2008.	All countries have produced initial advocacy plans which will be developed further as part of the strategic planning process.
Conduct further training in advocacy for our staff and partners in India and West Africa.	Programme staff in all regions have been trained.
Respond to various DFID consultations as they prepare their new Asia strategic framework and country strategies for Pakistan, Bangladesh, and India.	Completed.
Participate in regular meetings with the education and skills team in DFID as part of the GCE coalition to influence DFID thinking on the inclusion of children with disabilities in their education strategies.	Through various coalitions we have been able to influence DFID thinking on the inclusion of disabled children within their education strategy.
Facilitate a workshop of key international players around the issue of social assistance and disability. Prepare a background paper on this and support the thinking of the DFID equity and rights team on social protection and disability.	The recommendations of this report helped frame DFID policies on social protection and disability. We hosted a meeting at Westminster which was attended by key individuals. The number of references to children with disabilities in key speeches increased.
Submit a response to the UNESCO global monitoring report on equity and Education for All (EFA) – the theme for the 2008 report will focus on children with disabilities and other excluded groups.	We were the lead agency in commissioning a review of EFA in Bangladesh, which will be used by GCE for its advocacy work with DFID.
Support the implementation of the ICEVI Education for All Visually Impaired campaign.	As part of this we were able to get the campaign to recognise the need to integrate with the wider EFA movement.
As part of the GCE advocate for the inclusion of children with disabilities in EFA initiatives and aid budgets at the G8 meeting in Berlin, the Africa Ministers of Finance meeting in Ghana and the donor funding conference in Brussels.	Blind Malian musical duo and Sightsavers ambassadors Amadou and Mariam attended and lobbied at the Education conference in Brussels, meeting Gordon Brown. We initiated the formation of a 'Disability and Development' group in Ireland.
Complete the Sightsavers position paper on user fees and a background paper on health insurance.	Achieved.

### Other major achievements in this area

- Tenacious advocacy in Nigeria led to seven out of 12 projects in Nigeria receiving counterpart funding from the government (two for the first time). In Ghana we succeeded in getting some district assemblies to make financial contributions to education and CBR programmes. In Liberia the Ministry of Health committed funding to the onchocerciasis and eye care programmes.
- In Kenya our advocacy work resulted in a five-fold increase in the financial support from government to schools to support the education of disabled children. In collaboration with VISION 2020 India a

three-fold increase in funding for eye health from the Federal Government of India was achieved.

- In Guinea Conakry we were successful in getting the Ministry to accept the cadre of cataract surgeons, and the first one is being trained.
- In Liberia and Sri Lanka, VISION 2020 Plans were formally launched, meaning that all the countries in which we work now have them.

### Challenges we faced and what we learned

- Funding constraints meant we were not able to recruit as many Programme Managers in country offices as we would have liked. This meant that

*Advocacy continues over page* ➤

Country Representatives were not sufficiently freed from detailed programme work to be able to give adequate priority to advocacy work.

- We have learnt (or perhaps underlined) the importance of working in collaboration and being an active member of wider development and disability networks if we are to be successful in advocacy, and to build a stronger relationship with DFID. We have also learned that our reporting systems do not do justice to the amount of advocacy success we achieve locally.

#### Plans for 2008 – we will:

- Publish a paper showing the importance of including eye health in national health systems for use in our advocacy work.
- Support IAPB efforts to include the prevention of blindness included in WHO global and regional

strategic plans, action plans and budgets.

- Advocate for the inclusion of eye care in WHO country plans under review.
- Advocate for increased funding from government to support eye care in Tanzania and South Africa and for the appointment of a national Low Vision Focal Person in Uganda.
- As part of GCE, continue to seek positive engagement with DFID to influence their thinking on EFA and the inclusion of “hard to reach children”.
- Push for ratification of the UN Convention for the Rights of Persons with Disabilities in Zambia.
- Persuade the Zambian and Malawian governments to commit resources for education of visually impaired children and the Ugandan government to produce Braille books.

## Partnership

What we planned to do	What we did
Launch and support the implementation of the partnership policy.	This was approved in April 2007, and roll out was begun in Africa during the year.
Complete the Resource Alliance training.	Achieved.

#### Other major achievements in this area

- We have begun implementing significant capacity building programmes with the Africa Union of the Blind, Kenya Society for the Blind, the South African National Council for the Blind and the Tanzania League of the Blind.
- We have initiated long-term development strategies with the Belize Council of the Visually Impaired and the Caribbean Council of the Blind with a view to phasing out our support for service delivery work there in the longer term.
- We are developing an extremely important relationship with BRAC, having just agreed to provide eye care services to their Specially Targetted Ultra Poor programme.

#### Challenges we faced and what we learned

- We are developing an increasing number of alliances and participating in more and more networks. At the same time there are a number

of pan-African bodies with whom we have yet to engage. We must find a way to prioritise our relationships and improve our focus.

#### Plans for 2008 – we will:

- Complete the partnership ‘train the trainers’ course in Asia and train all our programme staff in the principles of the partnership policy and the use of the supporting tools by the end of 2008.
- Introduce the policy and tools to at least one programme partner in each country by the end of the year.
- Continue discussions with BRAC in Bangladesh with a view to developing “Vision Bangladesh” – a major national cataract, refractive error and low vision programme.
- Produce clear strategies for our future relationship and support to the Belize Council of the Visually Impaired and the Caribbean Council of the Blind.

## Research

What we planned to do	What we did
Complete the field work for the prevalence survey in Nigeria and have a top line figure on the blindness rate by the end of the year.	The field work is complete. The data analysis has commenced but we will not have top line figures until the second quarter of 2008.
Complete and report on the schools study in Zambia.	This study is complete. The major causes of blindness were identified, and we found that half the children had visual problems which could be improved through the provision of spectacles.
Commence the two education research projects.	The University of Birmingham commenced two projects – ‘The role of the Itinerant Teacher: Evidencing Practice’ in Kenya and Uganda, and ‘Literary skills in the primary school classroom with particular reference to the use of Braille’ in Kenya and Malawi. The projects are due to complete in 2008.
Commence a study on the impact of different types of intra ocular lenses as part of our Bangladesh Childhood Cataract Campaign.	An initial, small test sample showed that a soft acrylic lens might give rise to lower rates of posterior capsular opacification and a reduction in irritation post surgery. As a result we have decided to use such lenses from now on, despite the cost being £25 per lens rather than £2. We believe we cannot compromise quality, especially given that these are children.
Identify a new portfolio of research projects for 2008.	Completed.

### Other major achievements in this area

- Early results from the research on the impact of cataract surgery on individuals and their families suggest that we will finally have the incontrovertible evidence we have been seeking that blindness causes poverty – and that curing blindness alleviates poverty.

### Challenges we faced and what we learned

- The analysis of data, writing of scientific papers and subsequent dissemination all take longer than anticipated. This causes frustration for programme staff who want to make use of data for planning, and is problematic for advocacy work which relies on good evidence. We need to manage this better with our research partners.
- We have learned that we need to improve our approaches to education, as there is early evidence that the itinerant teacher model isn't working as well as we would like.

### Plans for 2008 – we will:

- Disseminate the findings of the Nigeria prevalence survey both within country and externally.
- Complete the two Africa-based education research projects and disseminate the learning through a workshop planned in Mozambique in the

autumn. We will also commence planning for a research project looking at the quality aspects of the educational experience of visually impaired children in Pakistan.

- Together with the Medical Research Council and John Hopkins University participate in research (based in The Gambia) into trachoma control with funding from the Gates Foundation.
- Commence research into the effectiveness of different screening models and mapping infrastructure and human resource facilities for diabetic retinopathy in India.
- Fund ICEH research that seeks to develop a model for estimating how cataract prevalence changes over time and to establish the cataract surgical rate required to eliminate cataract blindness in different parts of the world.
- Work with ICEH to develop a programme planning tool based upon the findings of rapid assessment of avoidable blindness surveys.
- Agree with ICEH a plan to disseminate the groundbreaking work on the impact of cataract surgeries on families to support our advocacy work and that of other agencies concerned with eye care.

## Funding

What we planned to do:	What we did:
Undertake a survey of individual supporters to review supporter communications and to set product development priorities.	Survey revealed high levels of satisfaction, demand for flexibility in communications and a higher than expected interest in our education work.
Plan for the development of 'high-potential' individual supporters.	Over 3,000 high potential supporters were identified, a plan developed and started with a bespoke Christmas appeal.
Maximise the opportunities of 'tax-effective' giving in Ireland.	Successfully implemented with additional income of £131,000, slightly higher than expected.
Increase our investment in raising funds from the corporate, trust and foundations sectors.	<p>The team strengthened and number of proposals increased significantly. We undertook a successful fundraising initiative with ASDA and formed a new relationship with Tullow Oil.</p> <p>Phase 2 of the Standard Chartered Bank (SCB) 'Seeing is Believing' programme was completed successfully with targets exceeded. Considerable input into and funds received from Phase 3.</p>
Develop operations in Italy while continuing to investigate opportunities in the US.	<p>Local team recruited and office set up in Milan. Implementation of plan underway.</p> <p>A number of applications made to US trusts with limited success.</p>
Identify and plan for entry into new markets.	<p>Canada and Holland researched in depth, although neither case was compelling for immediate entry.</p> <p>Our support from the United Arab Emirates (UAE) has increased further including donations of airmiles from Emirates and its customers.</p>
Increase our media activity linked to the external environment.	<p>We had good coverage in the <i>Sunday Times</i> and as part of the <i>Scotland on Sunday</i> Christmas Appeal.</p> <p>Some evidence of increase in awareness of avoidable blindness and our brand, although still less than we would like.</p>
Continue our development of schools engagement.	A 'Seeing our World' resource for schools was rolled out, and new products developed for launch in 2008.
Work with other agencies to submit an application to the new DFID Governance and Transparency fund (GTF).	Sightsavers led the consortium (ADD, Leonard Cheshire, Sense International and Handicap International – UK) application to the DFID GTF. The application was for £5m over five years, with the Africa Decade of People with Disabilities as the main southern partner. The aim of the programme will be to strengthen disabled people's organisations to support the ratification and implementation of the UN Convention on the Rights of Persons with Disabilities. Delays in DFID have meant we will not know the outcome of the bid until 2008.
Raise £1.25m from programme funding and in-country fundraising sources.	Total income from programme funding and in-country fundraising was £1,262,000.

### Other major achievements in this area

- Donations from individuals increased from £15,667,000 to £16,988,000, in a year when many charities struggled in this area. Our relationship with Irish Aid grew stronger, and we are currently receiving the maximum allowable grant from them commensurate with our current status.

### Challenges we faced and what we learned

- Income from UK trusts and companies is lower than originally targeted. The lead times are proving longer than we expected. 2008 should see our investment in these areas bearing fruit. Income from legacies during the year was extremely volatile. In future, forecasting will include increased analysis and prudence.
- Results in the US continue to be disappointing. It is unlikely to be a priority market for us going forward.
- Our ability to attract funding from USAID has been limited, partly as we are not well known to the agencies tasked with managing USAID budget lines and partly because of the exceedingly short deadlines for making applications which prevent good planning.
- Consortium bids have had good success with the EC particularly but we have discovered that expenditure in the first few months of such projects can be slower than anticipated as it takes time to get the organisations involved to gear up. Sometimes central offices of collaborating partners have not always been aware of commitments made on their behalf. We have learned that programme funding requires a great deal of effort and time – not just from the programme funding team – and that we need to be more selective in terms of what we bid for.

### Plans for 2008 – we will:

- Undertake an integrated Easter campaign in the UK focused on trachoma.
- Build on our successful 2007 telemarketing tests to further develop our existing supporter base.
- Continue with our initiative to develop our high potential supporters in the UK.
- Launch a web-based engagement mechanism showing the impact of our work on a village in India.

- Significantly increase our support from UK companies, trusts and foundations.
- Work with SCB on the development of Phase 4 of the Seeing is Believing programme.
- Research the UAE in detail as a market.
- Undertake full tests in Italy and roll out activity where appropriate.
- Continue to develop our engagement with schools.
- Raise £1,750,000 from programme funding and in-country fundraising.
- Take all the steps we can to secure the next level of support from Irish Aid (so called 'Block Grant').
- Seek to raise funds from sources including the Big Lottery Fund and Lions Sight First – organisations from which we have received money in the past but not presently.
- Review our relationship with DFID once we know the outcome of our outstanding applications to them under the GTF and the Civil Society Challenge Fund.

## Organisational effectiveness

What we planned to do	What we did
Design and implementation of a comprehensive strategic review to help determine our strategic priorities and operational focus for 2009-2013.	We have agreed a new strategic direction, and will be thinking through the implications and devising an implementation plan in 2008, with a view to publishing a new document by the end of the year.
Continue to develop and integrate global working.	This has become an increasingly normal part of how we work, enabling us to be more collaborative both internationally and across functions.
Realise the benefits of global connectivity by installing tools which add value to the organisation, such as global email, instant messaging and collaboration tools.	Instant messaging is now a key communication tool across the organisation, and many countries benefit from the added security of global email.
Deliver the action plan from the employee survey.	We have made progress in all eight of our priority commitments following the survey. Highlights include the launch of a new performance and development review process, significant improvements to the accessibility of our Haywards Heath offices and the introduction of a short-term employee placement scheme enabling people to learn from other parts of the organisation in different parts of the world.
Improve our ability to measure and report our progress against our mission.	We have introduced a new management information pack and improved our internal reporting against the strategic plan. We expect that a plan to improve reporting and measurement will form a key part of the new strategic framework.
Review and further develop our information management strategy, informed by recommendations from the information audit.	We recruited an Information Manager, and established an Information Steering Group to implement our new information policy, new systems and ways of working globally.

### Other major achievements in this area

- We have introduced a new global travel and security policy, recognising that many of the areas where we work carry a high risk and that we have a duty of care to our employees and others who travel on Sightsavers business.
- The triennial review of the defined benefit pension scheme showed that the ongoing costs per employee were increasing significantly. Following consultation with the employees, we have agreed that both Sightsavers and employees will increase their contributions to the scheme to contribute to future benefit accruals. Sightsavers is already paying an extra £242,000 per year over three years to address the existing deficit.

### Challenges and what we learned

- As ever, we found it a challenge to prioritise our work – we have a tendency to want to do too

many new initiatives at once. We see so much that we can do and are too impatient!

- The decision to increase the amount contributed to the defined benefit pension scheme by staff was a painful one – we were impressed by the way employees conducted themselves during the consultation period.

### Plans for 2008 – we will:

- Complete the strategic framework planning for 2009 – 2013, including implementation and operational plans, and publish a new document.
- Amend our Irish governance arrangements to ensure we are eligible for a Block Grant from Irish Aid.
- Upgrade our global accounting system.
- Establish and test a more robust disaster recovery strategy.

- Plan and implement the roll out of a new procurement system.
- Ensure the newly launched performance and development review process is effectively implemented in the organisation, including the provision of training support to all managers.
- Utilise online learning systems to support core management and IT skills development.
- Implement an internal communications strategy that focuses on consistent dissemination of organisational information throughout all teams globally.
- Implement the information strategy, which will be achieved by a dual approach: a technical implementation enabled by SharePoint 2007, and a significant change in the way we work.



Therisa Midbi takes her baby to an eye screening, Zanzibar

# Financial results for the year

The results for the year are shown in the form of the statement of financial activities (SOFA) on page 27 and the cash flow statement on page 29.

## Incoming resources

During 2007, total income increased by 8% to almost £67 million. The performance of voluntary fundraising was good. Income from individuals increased by 8%, driven by the growth of committed giving in Ireland and UK, combined with higher levels of recovered tax. Income from trusts and companies fell as support for specific projects came to an end, but this was more than offset by a significant 28% increase in legacies.

Income from gifts in kind increased by 11%. This primarily represents the sight-saving tablet Mectizan®, donated by Merck & Co Inc to Sightsavers' river blindness prevention programmes in Africa (see note 3). The amount shown as donated in 2007 reflects the extent of our work overseas and relates to the treatment of almost 20 million people.

## Resources expended

Spend on charitable activities increased by 10% to a record level of £57.4 million. Our spending excluding gifts in kind is also at record levels, following a drop in 2006 to replenish reserves. This reflects an increase in programmes across many countries as we work together with our partners to reach a greater number of beneficiaries.

The costs of generating funds have remained broadly in line with the previous year, although we are investing a greater amount to raise income in future years. In absolute terms it has reduced as a percentage of income, which is a good achievement and reflects a continued focus on tighter cost control.

## Financial position at the end of the year

Fund balances totalled £10.2 million at the end of the year, primarily representing unrestricted

reserves adjusted by a £0.8 million deficit in our defined benefit pension scheme FRS17 liability. Cash levels were higher than expected due to the receipt of some unexpected legacies in the second half of the year. Plans are already in place to use these funds to increase our programme activities during 2008.

A total of £1.8 million is held as either restricted or endowment funds, in line with previous years.



CLAUDIA JANKE/SIGHTSAVERS

A child being screened for sight problems at Sankara Eye Hospital in Coimbatore, Tamil Nadu, India

# Structure, governance and management

Sightsavers International is governed by a Council of trustees. A list of trustees who served during 2007 is given on page 4. The Council is responsible for setting the strategic direction, establishing policy and monitoring performance against agreed objectives. The Council meets at least four times a year and delegates the day to day operations of the organisation to a full-time management team headed by the Chief Executive. The members of the strategic management team are listed on page 4.

New trustees who can help meet the perceived needs of Sightsavers and provide an appropriate mix of skills and experience are invited to join the Council. Trustees are elected to the Council for a four-year term, and can be re-elected for a second term. All trustees complete an induction programme, which enables them to understand fully the objectives of Sightsavers, and which ensures they can perform an effective role within the Council. Performance of the Council as a whole, and of the Chairman specifically, is reviewed on a periodic basis.

A risk register is maintained by the management team and the major risks are reviewed by the trustees each year.

The Council is supported by an Audit Committee, a Remuneration Committee and a Membership Committee. The Audit Committee is accountable to the trustees for providing assurance that our resources are effectively managed, allocated and utilised and that the processes of the organisation are appropriate and effective. In addition to those trustees listed on page 4, Peter Freeman CBE, Carol Rudge and Julie Saunders are also members of the committee. Furthermore, membership is extended to the Honorary Treasurer in an ex officio capacity. The Remuneration Committee recommends remuneration strategies and policies to Council and monitors their implementation. The Membership Committee advises Council on matters pertaining to

the appointment of trustees and Honorary officers, and the membership of Sightsavers. The Council is further supported by advisory panels in the areas of fundraising, overseas programmes and information systems and technology. These advisory panels, which meet at least annually, are composed of experts in their relevant field but have no decision-making authority.

During 2007, the Council approved a conflict of interest policy and updated its schedule of delegated financial responsibilities.

Sightsavers has a wholly owned subsidiary, Sightsavers (Trading) Limited, which raises funds by means of trading activities. As detailed in note 14a on page 41 Sightsavers International Inc. is registered as a connected charity in the US for the purpose of receiving funds and gifts in kind on behalf of the charity. Sightsavers International (Ireland) is registered as a charity in the Republic of Ireland and an office is established in Dublin. Sightsavers International Italia Onlus is registered as a charity in Italy, with an office established in Milan. During the year the charity was registered in Scotland.

# Financial strategy

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

In preparing those financial statements the trustees are required to:

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

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

## Risk management

The trustees are responsible for ensuring that the major risks facing Sightsavers are appropriately managed. This is a continuous process reflecting the changing priorities and circumstances. During the year the major risks facing Sightsavers as defined by the trustees and executive have been reviewed and their potential impact assessed. Strategies and controls aimed at managing each

risk appropriately have been agreed, many of which are already in place and effective; others are being developed further. In many cases the control processes are subject to continuous improvement. Given the objectives of Sightsavers, and the nature of the activities by which it furthers them, some of the risks have to be accepted: it is not possible for them to all be eliminated. However, appropriate steps have been taken to mitigate them where possible.

The Audit Committee, supported by the strategic management team and internal audit, monitors the adequacy of the design, compliance and effectiveness of the risk controls and duly reports to the Council. The Committee reviews the overall risk profile every six months, monitoring progress by risk, receiving detailed reports on particular risk management strategies and ensuring that the internal audit plan is consistent with the risk profile. Additional information is available from the independent external audits, which take place in each overseas country where an office is situated. These are conducted annually, and a management letter is submitted to the Finance Director. Internal controls have been reviewed against the charity Commission guidelines and are found to comply in all material respects.

## Reserves policy

The trustees are of the opinion that to safeguard the continuing work and commitments of Sightsavers, the level of free reserves at the balance sheet date (i.e. unrestricted general funds) should normally equate to 25% +/- 5% of the projected total resources due to be expended from unrestricted funds in the following 12 months. The trustees recognise that it may be appropriate to allow the level of reserves to rise above or drop below this benchmark at times as a result of short-term cash inflows or in order to ensure continuity of programmes. The trustees are pleased to

report a closing year end position of £7,894,000, representing more than 24% of the 2008 forecast expenditure.

### **Grant making policy**

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

### **Investment policy**

Funds not required for expenditure in the short term are invested for the continuing benefit of Sightsavers. Our investment policy is guided at all times by the interests of the beneficiaries. The policy is to invest the funds in a diversified portfolio with the emphasis on capital preservation rather than maximising total return, subject to being consistent with Sightsavers' objects and values and having due regard for the suitability and diversity of investments.

During the year Sightsavers' investments were managed by Kleinwort Benson Private Bank and the investment objectives are achieved through a target mix of 50% equities and 50% bonds, with discretion to shift the asset allocation 10% in either direction from the neutral position. The Bank has been accountable to the trustees against a composite performance objective to beat the benchmark by 0.75%, the FT All-Share index by 1% and the FT All-Stock index by 0.5%, on a rolling three-year basis. At the end of 2007, performance was broadly in line with the benchmark. The Treasurer and Finance Director meet quarterly with the investment managers, who also meet with the trustees on an annual basis. In order to maintain flexibility the trustees hold some general fund balances in fixed term or on-call money market deposits.

### **Pensions**

We operate a defined benefit pension scheme, for UK-contracted employees, that was closed to new entrants in 2002. As detailed in note 12, under Financial Reporting Standard 17 (FRS17) requirements, there was a deficit of around £0.8m at the end of 2007. In 2007 a Triennial actuarial valuation was completed and a new schedule of contributions was agreed between the trustees of the pension scheme and the trustees of Sightsavers.

This confirms a commitment by the charity to eliminate the deficit resulting from the valuation over a period of three years. A new defined contribution scheme was established during 2002, with membership made available to all UK-contracted employees.

### **Fixed assets**

In order to support its work, Sightsavers owns tangible fixed assets in the form of property, fixtures and fittings, computers and motor vehicles. The trustees continue to monitor the effective use of fixed assets. Details of changes in these assets during the year can be found in note 13 to the financial statements.

### **Independent Auditors**

Deloitte & Touche LLP have completed the five year cycle of their tenure. In accordance with current policy, the appointment of Independent Auditors will be subject to a tender process during 2008.

Approved by the trustees and signed on their behalf on 30 April 2008.



Lord Crisp, Chairman

# Independent auditors' report to the trustees of the Royal Commonwealth Society for the Blind

We have audited the financial statements of The Royal Commonwealth Society for the Blind for the year ended 31 December 2007 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement (with notes A and B) and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein. This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993, regulations made under section 44 of that Act, section 44(1)(c) of the Charities and trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and section 44(1)(c) of the Charities and trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under section 44 of the Charities Act 1993 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, the Charities and trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Royal Charter. We also report to you whether in our opinion the trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the

Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the charity's affairs as at 31 December 2007 and of the group's incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with the Charities Act 1993, the Charities and trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Royal Charter; and
- the information given in the trustees' Annual Report is consistent with the financial statements.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London  
United Kingdom  
Date: 3 June 2008

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the UK governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

## Consolidated statement of financial activities

### Year ended 31 December 2007

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2007 £'000	Total 2006 £'000
<b>Income and expenditure</b>						
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income						
Donations and gifts	2a	15,499	4,291	-	19,790	20,650
Legacies	2b	6,868	281	-	7,149	5,579
Gifts in kind	3	181	38,137	-	38,318	34,324
Grants	4a	(66)	1,126	-	1,060	800
Activities for generating funds:						
Investment income	5a	341	11	-	352	273
Incoming resources from charitable activities:						
Overseas programme income	4b	-	202	-	202	207
Other incoming resources	5b	80	-	-	80	123
<b>Total incoming resources</b>		<u>22,903</u>	<u>44,048</u>	<u>-</u>	<u>66,951</u>	<u>61,956</u>
<b>Resources expended</b>						
Costs of generating funds						
Voluntary income						
Costs of raising current year's income	7	4,803	-	-	4,803	5,695
Investment to raise income in future years	7	1,665	-	-	1,665	701
Grant income	7	453	2	-	455	384
Fundraising trading costs	7	7	-	-	7	27
Investment management fees	7	30	-	-	30	29
		<u>6,958</u>	<u>2</u>	<u>-</u>	<u>6,960</u>	<u>6,836</u>
<b>Charitable activities</b>						
Eye Care	6/7	8,852	43,595	-	52,447	47,786
Social inclusion	6/7	3,553	330	-	3,883	3,181
Information and awareness raising	6/7	1,042	2	-	1,044	1,056
Total charitable activities	6	<u>13,447</u>	<u>43,927</u>	<u>-</u>	<u>57,374</u>	<u>52,023</u>
Governance costs	7	<u>527</u>	<u>-</u>	<u>-</u>	<u>527</u>	<u>357</u>
Total resources expended		<u>20,932</u>	<u>43,929</u>	<u>-</u>	<u>64,861</u>	<u>59,216</u>
Net incoming resources before transfer		<u>1,971</u>	<u>119</u>	<u>-</u>	<u>2,090</u>	<u>2,740</u>
Transfer between funds		<u>(33)</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net incoming resources before other recognised gains</b>	8	<u>1,938</u>	<u>152</u>	<u>-</u>	<u>2,090</u>	<u>2,740</u>
Gain on investments	14a	81	-	-	81	136
Actuarial gain on defined benefit pension scheme	12	32	-	-	32	1,421
<b>Net movement in Funds for the year</b>		<u>2,051</u>	<u>152</u>	<u>-</u>	<u>2,203</u>	<u>4,297</u>
Fund balances at 1 January 2007		<u>6,385</u>	<u>1,166</u>	<u>489</u>	<u>8,040</u>	<u>3,743</u>
<b>Fund balances at 31 December 2007</b>		<u><u>8,436</u></u>	<u><u>1,318</u></u>	<u><u>489</u></u>	<u><u>10,243</u></u>	<u><u>8,040</u></u>

All incoming and outgoing resources arise from continuing activities. All gains and losses recognised in the year are included above.

The notes on pages 30 to 46 form part of these financial statements.

## Balance sheets

### 31 December 2007

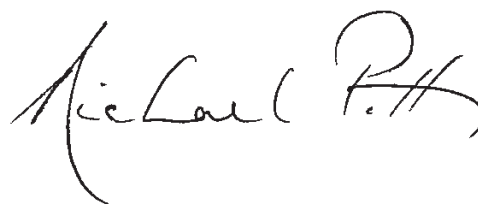
	Note	Group		Charity	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
<b>Fixed assets</b>					
Tangible assets	13	1,033	1,023	1,031	1,018
Investments	14a	<u>5,272</u>	<u>5,185</u>	<u>5,272</u>	<u>5,185</u>
		6,305	6,208	6,303	6,203
<b>Current assets</b>					
Stock		1	2	-	-
Debtors	15	1,308	1,248	1,136	1,505
Short term cash deposits	14b	3,317	1,820	3,317	1,820
Cash at bank and in hand	16	<u>2,004</u>	<u>1,527</u>	<u>1,296</u>	<u>557</u>
		<u>6,630</u>	<u>4,597</u>	<u>5,749</u>	<u>3,882</u>
<b>Creditors: amounts falling due within one year</b>					
Taxes and social security costs		92	93	92	89
Other creditors		848	893	795	727
UK accruals		95	48	78	42
Overseas accruals		<u>879</u>	<u>618</u>	<u>879</u>	<u>618</u>
		<u>1,914</u>	<u>1,652</u>	<u>1,844</u>	<u>1,476</u>
<b>Net current assets</b>		<u>4,716</u>	<u>2,945</u>	<u>3,905</u>	<u>2,406</u>
<b>Net assets before pension liability</b>		11,021	9,153	10,208	8,609
Defined benefit pension scheme liability	12	<u>(778)</u>	<u>(1,113)</u>	<u>(778)</u>	<u>(1,113)</u>
<b>Net assets after pension liability</b>		<u>10,243</u>	<u>8,040</u>	<u>9,430</u>	<u>7,496</u>
<b>Funds</b>					
Unrestricted funds					
Free Reserve	17	7,894	6,257	7,452	6,094
Pension Reserve		<u>(778)</u>	<u>(1,113)</u>	<u>(778)</u>	<u>(1,113)</u>
General		7,116	5,144	6,674	4,981
Designated	17	<u>1,320</u>	<u>1,241</u>	<u>1,317</u>	<u>1,236</u>
<b>Total Unrestricted Funds</b>		8,436	6,385	7,991	6,217
Restricted funds					
Endowment funds	17	1,318	1,166	950	790
	17	<u>489</u>	<u>489</u>	<u>489</u>	<u>489</u>
<b>Total Funds</b>		<u>10,243</u>	<u>8,040</u>	<u>9,430</u>	<u>7,496</u>

These financial statements were approved by the Council on 30th April 2008 and signed on their behalf by:

Chairman



Hon. Treasurer



## Consolidated cash flow statement

### Year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
<b>Net cash inflow from operating activities</b>	A	<u>2,247</u>	<u>2,308</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed assets		(276)	(127)
Payments to acquire investments		(486)	(1,209)
Receipts from sale of fixed assets		9	27
Receipts from sale of investments		739	957
Increase in cash held for investment		<u>(259)</u>	<u>(405)</u>
		<u>(273)</u>	<u>(757)</u>
		1,974	1,551
<b>Management of liquid resources</b>			
Increase in investments on one day notice	B	<u>(1,497)</u>	<u>(1,302)</u>
<b>Increase in cash in the year</b>	B	<u>477</u>	<u>249</u>
		<b>2007</b>	<b>2006</b>
		<b>£'000</b>	<b>£'000</b>
<b>Notes to the cash flow statement</b>			
<b>A Reconciliation of net incoming resources for the year to net cash flow from operations</b>			
Net incoming resources		2,090	2,740
Profit on sale of fixed assets		(9)	(27)
Depreciation		265	248
(Decrease) in provisions		(303)	(173)
Decrease/(increase) in stock		1	(1)
(Increase) in debtors		(60)	(438)
Increase/(decrease) in creditors		263	(41)
		<u>2,247</u>	<u>2,308</u>

	1 January 2007 £'000	Cash flow £'000	31 December 2007 £'000
<b>B Analysis of changes in net cash</b>			
Investments on one day notice	1,820	1,497	3,317
Cash at bank and in hand	<u>1,527</u>	<u>477</u>	<u>2,004</u>
	<u>3,347</u>	<u>1,974</u>	<u>5,321</u>

# Notes to the accounts

Year ended 31 December 2007

## 1 Accounting policies

### Basis of accounting

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

### Basis of consolidation

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of Sightsavers and its subsidiary undertakings. No separate SOFA has been presented for the charity alone, as permitted by paragraph 397 of the SORP. The net result for Sightsavers is a surplus of £2,203,000 (2006: a surplus of £4,297,000). Sightsavers has the following subsidiary undertakings for which group accounts have been prepared:

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

Sightsavers International Inc is registered in the US, incorporated under the laws of the District of Delaware. The primary purpose is to secure gift-in-kind donations from Merck & Co Inc in the form of Mectizan® tablets.

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

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

### Incoming resources

All incoming resources are included in the SOFA when Sightsavers is legally entitled to them; it is reasonably

certain of receipt and the amount can be measured with sufficient reliability. Gift Aid tax reclaims made after the year end but which relate to donations made prior to the year end have been accrued.

For legacies, entitlement is the earlier of Sightsavers being notified of an impending distribution, or the legacy being received. Residuary legacies not received in time for the inclusion in these accounts are not included in income as it is not possible to estimate the amount or timing of receipt with sufficient accuracy.

Grants from governments and contributions from NGOs are credited to restricted income within the SOFA on a receivable basis. Unspent balances are carried forward within the relevant restricted fund.

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

Other gifts in kind donated are included at valuation and are recognised as income when they are distributed to the projects overseas. Gifts in kind received for internal use are included at current valuation and are recognised as income when utilised. Investments donated to Sightsavers are included as donation income at market value at the time of the receipt.

### Resources expended

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

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

Governance costs are the costs associated with the governance arrangements of Sightsavers that relate to the general running of Sightsavers as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs

associated with the strategic as opposed to day-to-day management of Sightsavers activities.

Support costs, which include the central and regional office functions such as general management, payroll administration, budgeting, forecasting and accounting, information technology, human resources and facilities management are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds. The basis of the cost allocation has been explained in note 7.

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

### **Fund accounting**

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

Designated Funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The use of each Designated Fund is set out in the notes to the financial statements.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. Details of restricted funds are set out in note 17.

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

### **Tangible Fixed Assets and depreciation**

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

Freehold buildings	2% to 4%
Computer equipment	33.33%
Motor vehicles held overseas	100%
Fittings and office equipment	25%

All expenditure of a capital nature (excluding Freehold buildings and motor vehicles) within our

overseas offices and project expenditure, and less than £1,000 in the UK, is expensed as it is incurred.

### **Fixed asset investments**

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

### **Stocks**

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

### **Foreign exchange**

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

### **Pension**

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

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

A pensions reserve has been created within unrestricted funds in compliance with paragraph 335 of the SORP. Details of the pension schemes are disclosed in note 12 to the accounts.

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

### **Operating leases**

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

## 2a Donations

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Individuals		
UK		
Committed giving	6,249	5,863
Other public donations and appeals income	4,748	4,504
Tax recoverable from UK donors	2,250	2,082
	<u>13,247</u>	<u>12,449</u>
Ireland		
Committed giving	2,194	1,963
Other public donations and appeals income	1,077	973
Tax recoverable from Irish donors	131	-
	<u>3,402</u>	<u>2,936</u>
Italy		
Committed giving	3	3
Other public donations and appeals income	209	156
	<u>212</u>	<u>159</u>
Other		
Committed giving	67	58
Other public donations and appeals income	60	65
	<u>127</u>	<u>123</u>
Total from individuals	16,988	15,667
Trusts	887	1,772
Companies	1,497	2,770
Community service and other organisations	418	441
	<u>19,790</u>	<u>20,650</u>

## 2b Legacies

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
UK	7,003	5,534
Ireland	134	33
Other	12	12
	<u>7,149</u>	<u>5,579</u>

## 3 Gifts in kind

Sightsavers International Inc is registered in the USA to raise funds. In 2007, Sightsavers International Inc. secured gift in kind donations valued at £38,137,000 (2006: £34,324,000) from Merck & Co Inc in the form of Mectizan® tablets, which have been shipped to Togo, Cameroon, Guinea, Ghana, Sierra Leone, Tanzania, Uganda and Liberia to support the river blindness work.

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

During the year, Sightsavers utilised 8,535,000 airmiles for the purpose of 90 related flights, which were donated by Emirates. These have been valued at £49,000 based on the lowest economy fare available at the time of travel. There was no similar receipt in 2006.

Early in 2007, Sightsavers received a quantity of second-hand office furniture from Catlin UK Insurance Company to support the refurbishment of its UK offices. This was donated as a gift in kind and has been reflected in the accounts at 50% of the new value.

## 4a Grants from governments and NGOs

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
European Commission	428	(23)
Comic Relief	117	118
States of Guernsey	28	20
States of Jersey	65	52
Isle of Man Overseas Aid Committee	-	32
Irish Aid	347	382
AusAid	-	4
Department for International Development	66	24
OPEC Foundation	9	26
Christian Aid / DEC - Tsunami	-	165
	<u>1,060</u>	<u>800</u>

For additional programme detail see note 17

## 4b Overseas programme income

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Christoffel-Blindenmission (CBM)	78	53
Other	124	154
	<u>202</u>	<u>207</u>

## 5a Investment income

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Dividends from listed investments	186	186
Bank deposit interest	166	87
	<u>352</u>	<u>273</u>

## 5b Other incoming resources

Profit on disposal of fixed assets	9	27
Rental income	69	78
Miscellaneous overseas income	2	18
	<u>80</u>	<u>123</u>

## 6 Charitable activities

	Eye care £'000	Social inclusion £'000	Information & awareness raising £'000	2007 £'000	2006 £'000
Kenya	747	471	3	1,221	792
Malawi	319	130	3	452	441
Mozambique	51	13	1	65	4
South Africa	57	-	-	57	46
Tanzania	433	187	1	621	572
Uganda	486	57	2	545	504
Zambia	460	76	1	537	347
Zimbabwe	38	40	-	78	67
East Central Southern Africa (ECSA) Regional Office	501	24	11	536	573
<b>Sub total ECSA</b>	<b>3,092</b>	<b>998</b>	<b>22</b>	<b>4,112</b>	<b>3,346</b>
Benin	77	-	-	77	58
Cameroon	344	2	-	346	354
Gambia	211	199	1	411	319
Ghana	262	158	-	420	323
Guinea	126	-	-	126	69
Guinea Bissau	197	-	-	197	4
Liberia	128	-	-	128	101
Mali	294	44	1	339	190
Nigeria	1,062	34	6	1,102	922
Senegal	84	-	-	84	6
Sierra Leone	296	226	1	523	332
Togo	53	-	-	53	47
Gambia Health for Peace	178	-	-	178	552
West Africa Regional Office (WARO)	1,066	178	15	1,259	1,636
<b>Sub total WARO</b>	<b>4,378</b>	<b>841</b>	<b>24</b>	<b>5,243</b>	<b>4,913</b>
India	2,143	476	5	2,624	2,472
India Regional Office	141	39	3	183	266
<b>Sub total India</b>	<b>2,284</b>	<b>515</b>	<b>8</b>	<b>2,807</b>	<b>2,738</b>
Bangladesh	812	339	3	1,154	1,057
Bangladesh Childhood Cataract Campaign	366	-	-	366	311
Belize	110	-	-	110	89
Caribbean	345	89	-	434	386
Pakistan	949	69	1	1,019	1,119
Sri Lanka	21	112	1	134	150
South Asia and Caribbean (SAC) Regional Office	260	47	13	320	281
<b>Sub total SAC</b>	<b>2,863</b>	<b>656</b>	<b>18</b>	<b>3,537</b>	<b>3,393</b>
Gifts in Kind	38,137	-	-	38,137	34,324
Head office	1,593	873	972	3,438	3,033
SCB Seeing is Believing *	100	-	-	100	276
<b>Direct Charitable Expenditure</b>	<b>52,447</b>	<b>3,883</b>	<b>1,044</b>	<b>57,374</b>	<b>52,023</b>

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

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

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

## 7a Total resources expended

	Grants payable £'000	Direct costs £'000	Gifts in kind £'000	Allocation of support costs £'000	Total 2007 £'000	Total 2006 £'000
Costs of generating funds						
Voluntary income						
Costs of raising current years income	-	4,245	-	558	4,803	5,695
Investment to raise income in future years	-	1,253	-	412	1,665	701
Grant income	-	357	-	98	455	384
Fundraising trading: cost of goods sold and other costs	-	7	-	-	7	27
Investment management fees	-	30	-	-	30	29
Charitable activities						
Eye Care	6,026	6,162	38,137	2,122	52,447	47,786
Social inclusion	1,570	1,522	-	791	3,883	3,181
Information and awareness raising		874	-	170	1,044	1,056
Governance costs	-	285	-	242	527	357
<b>Total resources expended 2007</b>	<u>7,596</u>	<u>14,735</u>	<u>38,137</u>	<u>4,393</u>	<u>64,861</u>	
<b>Total resources expended 2006</b>	<u>6,723</u>	<u>13,715</u>	<u>34,324</u>	<u>4,454</u>		<u>59,216</u>

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

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

Direct costs include all the costs which are directly attributable to generating funds (£4,364,000), the direct operation of the overseas programmes, including the procurement of equipment for use in the programmes (£2,924,000), informing and creating awareness among the public and governance of Sightsavers. Staff costs included in direct costs is £4,094,000.

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

	2007 £'000	2006 £'000
Directorate	820	847
Financial management	410	409
Information communication technology	513	467
Human resources	400	285
Information management	67	-
Facilities	154	127
Programme support	2,029	2,319
	<u>4,393</u>	<u>4,454</u>

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

## 7b Governance costs

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Internal audit	46	51
External audit	87	81
Company secretarial	24	24
Apportionment of Directors' costs	285	117
Trustees' expenses	3	4
Finance	82	80
	<u>527</u>	<u>357</u>

Included within apportionment of Directors' costs is expenditure related to the strategic planning review which was begun in 2007 and will extend into 2008. This activity is undertaken every five years to support the definition of future strategic direction.

## 8 Net incoming resources

This is stated after charging:

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Depreciation	265	248
Auditors' remuneration:		
UK charity Audit – Deloitte & Touche LLP	31	27
International Offices – other audit firms*	56	54
Investment managers' fees	30	29
Solicitors' fees	38	12
Surveyors' fees	4	11
Operating lease charges	<u>15</u>	<u>17</u>

\*Apart from £3,000 paid to Deloitte Nigeria in 2007 (2006: £2,000) and £6,000 paid to Deloitte Ireland in 2007 (2006: £6,000) the remainder of the auditors' remuneration for the overseas regional and country offices were paid to audit firms other than Deloitte.

## 9 Staff costs

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Wages and salaries	5,873	5,296
Social security costs	365	337
Pension costs	<u>462</u>	<u>491</u>
	<u>6,700</u>	<u>6,124</u>
UK-based employees	4,026	3,825
Overseas-based employees on UK contracts and consultancy fees	441	342
Overseas-based employees on overseas contracts	<u>2,233</u>	<u>1,957</u>
	<u>6,700</u>	<u>6,124</u>
	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Within wages and salaries for overseas based employees on overseas contracts, the following amounts were charged to the provision of an End of Service Benefit for some overseas staff.	<u>134</u>	<u>83</u>

The average monthly number of employees during the year was made up as follows:

	<b>2007 No.</b>	<b>2006 No.</b>
UK-based employees:		
Chief Executive's office	9	9
Support services	18	19
Fundraising and communications	57	51
Overseas programmes	25	22
Overseas-based employees on UK contracts and consultancy fees	10	7
Overseas-based employees on overseas contracts	<u>192</u>	<u>187</u>
	<u>311</u>	<u>295</u>

There were four employees (2006: three) whose emoluments were in the range £60,000-£69,999. There was one employee (2006: one) whose emoluments were in the range £70,000-£79,999.

There was one employee (2006: none) whose emoluments were in the range £80,000-£89,999.

The emoluments paid to the Chief Executive were £83,251 (2006: £79,438). Emoluments include salary and taxable benefits in kind.

The number of employees whose emoluments were greater than £60,000 to whom retirement benefits are accruing under the defined benefit scheme is one (2006: one).

## 10 Trustees' expenses

	<b>2007</b>		<b>2006</b>	
	<b>No. of trustees</b>	<b>£'000</b>	<b>No. of trustees</b>	<b>£'000</b>
Reimbursed to trustees:				
UK related	3	1	13	4
Overseas visits	4	4	1	-

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

## 11 Related party transactions

The Resource Alliance, a charity of which the Director of Finance and Support Services of Sightsavers was appointed the Honorary Treasurer in 2006, is defined as a related party and was paid £7,500 in 2007 (2006: £7,500) as a contribution to their work. There were no balances outstanding at the end of the year.

## 12 Pension costs

Sightsavers operates a defined benefit pension scheme subscribed to by approximately a third of its UK contracted employees, which is funded by contributions partly from the employees and partly from the charity. The assets of the scheme are held separately from those of the charity. The scheme was closed to new members on 30 September 2002. As the scheme is closed, under the projected unit method the current finance cost will increase as the members of the scheme approach retirement.

Contributions to the scheme by Sightsavers are charged to the SOFA so as to spread the cost of the pensions over the employees' working lives with the charity and are determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was at 1 January 2007. The principal assumptions were an increase in salary costs of 4.25% per annum and rate of interest of 6.5% per annum reflecting an assumed out performance of equities over gilts of approximately 2.0%. The market value of the scheme assets at 31 December 2006 was £7,354,000. The actuarial valuation of the assets of the scheme represented 74% of the actuarial valuation of the accrued liabilities. The actuarial assessment of the pension funding rate of the scheme is 29% with effect from 1 January 2007. The charity has agreed to fund the past service deficit at a rate of £242,000 per annum over three years. In addition, premiums of 1.4% are being paid in respect of permanent health insurance benefits covered by the scheme.

During the year Sightsavers contributed £452,000 (2006: £462,000) to the scheme, of which £42,000 was outstanding at the balance sheet date and paid in January 2008.

As required for the preparation of statutory accounts and in accordance with the requirements of Financial Reporting Standard 17 the actuarial valuation at 1 January 2007 was updated by HSBC Actuaries and Consultants Limited at 31 December 2007.

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

	2007	2006	2005
Discount rate	5.50%	5.00%	4.75%
Inflation assumption	3.00%	2.75%	2.50%
Rate of increase in salaries	4.50%	4.25%	4.00%
Rate of increase in payment*	2.75%	2.50%	2.50%

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

The assets of the scheme are held with Legal & General. The managed funds are invested in a diversified portfolio of investments comprising 69% equities, 30% bonds and 1% cash.

The fair value of assets and present value of liabilities of the scheme at 31 December 2007, along with the expected rates of return on the scheme assets are as follows:

	2007		2006		2005	
	%	£'000	%	£'000	%	£'000
Equities	8.25	5,471	8.00	5,047	8.00	4,121
Government Bonds	4.50	2,420	4.60	2,253	4.00	2,131
Cash	4.75	58	4.75	54	4.00	-
Total market value of scheme assets		<u>7,949</u>		<u>7,354</u>		<u>6,252</u>
Present value of scheme liabilities		<u>(8,727)</u>		<u>(8,467)</u>		<u>(8,959)</u>
Net pension scheme liabilities		<u>(778)</u>		<u>(1,113)</u>		<u>(2,707)</u>

**Analysis of the amount charged to resources expended**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Current service cost	(243)	(286)
Expected return on pension scheme assets	519	426
Interest on pension scheme liabilities	<u>(425)</u>	<u>(429)</u>
Net charge	<u>(149)</u>	<u>(289)</u>

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

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Deficit in the Scheme at beginning of period	(1,113)	(2,707)
Contributions paid	452	462
Current service cost	(243)	(286)
Other finance income/(charge)	94	(3)
Actuarial gain	<u>32</u>	<u>1,421</u>
Deficit in the scheme at end of period	<u>(778)</u>	<u>(1,113)</u>

**History of experience gains and losses**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>	<b>2003</b> <b>£'000</b>
Actual return less expected return on Scheme assets:					
Amount	(192)	344	571	103	260
As % of Scheme assets	(2%)	5%	9%	2%	6%
Experience gains/(losses) on Scheme liabilities:					
Amount	1	1,319	824	(19)	(3)
As % of the present value of the Scheme liabilities	0%	16%	9%	0%	0%
Total gain/(loss) recognised in statement of total recognised gains and losses:					
Amount	32	1,421	(484)	(223)	(134)
As % of the present value of the Scheme liabilities	0%	17%	(5%)	(3%)	(2%)

Sightsavers also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. Sightsavers contributes double the employee contributions up to a maximum of 10% of pensionable pay. The pension cost charge represents contributions payable by Sightsavers to the fund and amounted to £147,000 (2006: £114,000) of which £22,000 was outstanding at the balance sheet date (2006: £19,000).

## 13 Tangible fixed assets

	Freehold property	Computer equipment	Office fixtures and fittings	Motor vehicles	2007 Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 January 2007	1,859	487	138	600	3,084
Additions	-	28	139	109	276
Disposals	-	(111)	(34)	(69)	(214)
At 31 December 2007	<u>1,859</u>	<u>404</u>	<u>243</u>	<u>640</u>	<u>3,146</u>
<b>Depreciation</b>					
At 1 January 2007	987	371	104	600	2,062
Charge for the year	37	70	49	109	265
Disposals	-	(111)	(34)	(69)	(214)
At 31 December 2007	<u>1,024</u>	<u>330</u>	<u>119</u>	<u>640</u>	<u>2,113</u>
<b>Net book value</b>					
At 31 December 2007	<u>835</u>	<u>74</u>	<u>124</u>	<u>-</u>	<u>1,033</u>
At 31 December 2006	<u>873</u>	<u>115</u>	<u>35</u>	<u>-</u>	<u>1,023</u>

Freehold property includes £1,800,000 relating to the Grosvenor Hall estate, valued at open market value as at 31 December 1998 by Gould & Company, Chartered Surveyors. In accordance with the provisions of FRS 15 and the SORP this value has been treated as the initial carrying amount and Sightsavers is not required to, and has not, adopted a policy of revaluation of such properties. A subsequent valuation in 2006 indicated that the estate had an open market value of £3,400,000.

All assets are held for charitable purposes. Group figures include £2,000 of computer equipment held in the Irish subsidiary.

## 14a Fixed asset investments

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Market value at 1 January 2007	4,645	4,256	4,645	4,256
Disposals at opening market value	(749)	(944)	(749)	(944)
Acquisitions at cost	486	1,209	486	1,209
Net gains on revaluation at 31 December 2007*	<u>92</u>	<u>124</u>	<u>92</u>	<u>124</u>
	4,474	4,645	4,474	4,645
Cash held in portfolio at 31 December 2007	269	40	269	40
Cash held on deposit for endowment funds	<u>529</u>	<u>500</u>	<u>529</u>	<u>500</u>
<b>Market value at 31 December 2007</b>	<u>5,272</u>	<u>5,185</u>	<u>5,272</u>	<u>5,185</u>
<b>Historical cost at 31 December 2007</b>	<u>3,986</u>	<u>3,900</u>	<u>3,986</u>	<u>3,900</u>
Subsidiary undertaking	-	-	-	-
Listed Securities at market value	4,455	4,626	4,455	4,626
Unlisted Securities at trustees Valuation	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>
	<u>4,474</u>	<u>4,645</u>	<u>4,474</u>	<u>4,645</u>

\* In addition to the unrealised gains shown above, there were realised losses of £10,000 in the year (2006: realised gains £12,000) which combine to provide the total gains on investments as shown in the SOFA on page 27.

Of the investments shown on opposite page, investments with a fair value of £90,000 were held on the Bangladesh stock market with the balance held in the UK. Of the UK amounts, holdings with a market value greater than 5% of the total portfolio value were:

	%	2007 £'000	2006 £'000
UK fixed interest:			
Chariguard CIF Funds Fixed Interest	9.31	430	428
Kleinwort Benson Sterling Income Fund	<u>5.76</u>	<u>266</u>	<u>-</u>

### Subsidiary undertakings

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

	2007 £'000	2006 £'000
Turnover	25	119
Cost of sales	1	21
Administration expenses	<u>6</u>	<u>6</u>
	7	27
Inter company expenses	<u>2</u>	<u>7</u>
Total expenses	<u>9</u>	<u>34</u>
Profit for the year	16	85
Amount gift aided to Sightsavers	<u>16</u>	<u>85</u>

The reduction of trading turnover is due to the lower level of corporate donations received through the trading company during the year.

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

Sightsavers has the following overseas subsidiaries:

- Sightsavers International (Ireland), a registered charity which raises funds in the Irish Republic towards the objectives of the charity. The income and expenditure has been consolidated into these group accounts and in 2007 showed income of £4,152,000 (2006: £3,627,000) and a surplus of £26,000 (2006 surplus: £306,000).
- Sightsavers International (Italia) is a registered charity raising funds in Italy. The income and expenditure is consolidated into these group accounts and in 2007 showed income of £219,000 (2006: £202,000) and a surplus of £NIL (2006: £65,000).
- Sightsavers International Inc. is registered in Delaware, USA with the primary purpose to secure gift in kind donations from Merck & Co Inc These have been shown as gifts in kind and are disclosed in note 3.

## 14b Current Asset Investments

The balance on Current Asset Investments is cash held on short-term deposit with one day notice.

## 15 Debtors

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Prepayments	217	122	184	122
Tax claims and other accrued income	981	1,117	865	1,117
Other debtors	110	9	87	266
	<u>1,308</u>	<u>1,248</u>	<u>1,136</u>	<u>1,505</u>

## 16 Cash at bank and in hand

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Restricted funds	755	451	755	451
Unrestricted funds				
- General	962	857	254	(113)
- Designated	287	219	287	219
	<u>2,004</u>	<u>1,527</u>	<u>1,296</u>	<u>557</u>

At the balance sheet date, in addition to the above amounts, a sum of £305,000 (2006: £580,000) was held on behalf of the SCB 'Seeing is Believing' project. Sightsavers is a joint signatory to this account but does not have entitlement to the funds.

## 17 Statement of funds

	Balance at 1 January 2007 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Transfers £'000	Balance at 31 December 2007 £'000
<b>General Reserve:</b>						
Free Reserve	6,257	20,476	(18,808)	81	(112)	7,894
Pension Reserve	(1,113)	-	303	32	-	(778)
<b>Designated funds:</b>						
Ireland Projects	-	2,427	(2,427)	-	-	-
Future overseas expenditure	218	-	-	-	69	287
Fixed assets fund	1,023	-	-	-	10	1,033
<b>Total unrestricted funds</b>	<u>6,385</u>	<u>22,903</u>	<u>(20,932)</u>	<u>113</u>	<u>(33)</u>	<u>8,436</u>
<b>Restricted funds:</b>						
Josef Sowa	-	3	(3)	-	-	-
Grants from governments and NGOs	419	1,126	(930)	-	33	648
Overseas programme income	13	202	(176)	-	-	39
Rotary African Vision	-	39	(39)	-	-	-
Daruvala Bequest	-	5	(5)	-	-	-
Dr Sinha	-	2	(2)	-	-	-
Joseph & Betty Davis Memorial Fund	-	1	(1)	-	-	-
Good Gifts	43	81	(87)	-	-	37
Distributed gifts in kind	-	38,137	(38,137)	-	-	-
<b>East, Central and Southern Africa:</b>						
Kenya	-	117	(117)	-	-	-
Tanzania	-	671	(160)	-	-	511
Uganda	-	2	(2)	-	-	-
Zambia	-	31	(31)	-	-	-
Malawi	-	20	(20)	-	-	-
Zimbabwe	-	4	(4)	-	-	-
<b>West Africa:</b>						
Cameroon	-	100	(100)	-	-	-
Benin	-	12	(12)	-	-	-
Ghana	-	29	(29)	-	-	-
Guinea	-	62	(62)	-	-	-
Guinea Bissau	-	59	(59)	-	-	-
Mali	-	47	(47)	-	-	-
Nigeria	36	106	(135)	-	-	7
Senegal	50	-	(50)	-	-	-
Sierra Leone	-	78	(78)	-	-	-
The Gambia	69	9	(78)	-	-	-
<b>South Asia and Caribbean:</b>						
Belize	-	105	(105)	-	-	-
Caribbean	-	49	(49)	-	-	-
Bangladesh	101	810	(911)	-	-	-
Pakistan	95	291	(386)	-	-	-
Sri Lanka	-	2	(2)	-	-	-
<b>India:</b>	26	1,401	(1,381)	-	-	46
Head Office	-	3	(3)	-	-	-
SCB Seeing is Believing	314	444	(728)	-	-	30
<b>Total restricted funds</b>	<u>1,166</u>	<u>44,048</u>	<u>(43,929)</u>	<u>-</u>	<u>33</u>	<u>1,318</u>
<b>Endowment funds:</b>						
Josef Sowa	50	-	-	-	-	50
Dr Sinha	32	-	-	-	-	32
Daruvala Bequest	80	-	-	-	-	80
The Gibson Orr Bequest	48	-	-	-	-	48
Joseph & Betty Davis Memorial Fund	10	-	-	-	-	10
Mountjoy Trust	269	-	-	-	-	269
<b>Total endowment funds</b>	<u>489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489</u>
<b>Total Funds</b>	<u>8,040</u>	<u>66,951</u>	<u>(64,861)</u>	<u>113</u>	<u>-</u>	<u>10,243</u>

### Designated funds

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

### Restricted funds

Significant restricted funds comprise:

- The Josef Sowa Scholarship Fund was established by Dr Sowa, in memory of her husband Josef Sowa. The interest from the fund provides an annual scholarship for training of ophthalmic clinical officers in West Africa.
- The fund balance for grants from governments and NGOs represents funding from Isle of Man Overseas Aid Committee for projects in Sri Lanka (£15,000), funding from Comic Relief for a project in Sierra Leone (£62,000), funding from Irish Aid Civil Society Fund for projects in Zanzibar, Uganda, Zambia, Sierra Leone and Pakistan (£369,000) and funding from the European Commission for projects in Kenya and Mali (£202,000).
- The fund balance for overseas programme income represents funding from Helen Keller for projects in Nigeria (£8,000), funding from CBM for a project in Kenya and funding from African Medical and Research Foundation for a project in Kenya.
- The fund balance for the Good Gifts Catalogue represents funding for cataract operations.
- Distributed Gifts in Kind represent Mectizan® tablets that have been shipped to our programme work overseas to support the charity's river blindness work (note 3).
- The fund balance for Tanzania represents funding from key supporters for the Mumibili Childhood Blindness Initiative and the Iringa Region CES Eye Care project.
- The fund balance for Nigeria represents funding from Vitol for eye care projects.
- The fund balance for India represents funding from the Kiawah Trust, the Gemini Trust and the BG Foundation for eye care projects.
- The fund balance for SCB 'Seeing is Believing' represents funding for the completion of Phase III of the project.



Angeline Akai (left) is blind. She qualified as a teacher in Kenya after attending both an integrated school and college. She is now a community-based rehabilitation worker.

Included within the grants from governments and NGOs figure of £1,126,000 are the following grants:

		£'000
States of Jersey:		
Benin	Mectizan®	36
Pakistan	Refractive error	29
States of Guernsey:		
Cameroon	CDTI North West Province	28
Irish Aid (Civil Society Fund):		
Tanzania	Zanzibar CES	76
Uganda	Inclusive education	136
Pakistan	Lady health workers	136
OPEC Foundation:		
Cameroon	South West Province eye care programme	26
Comic Relief:		
Ghana	Community-integrated rehabilitation projects	37
Sierra Leone	Community-based rehabilitation	79
European Commission:		
Mali	Eye care	149
Kenya	Trachoma control	328
Department for International Development:		
UK	Social assistance and disability	12
Kenya	Imfundo	54

### Endowment funds

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

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

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

Under the terms of the Gibson Orr Bequest, interest received after the first five years is to be accumulated for the next five years and added to the original sum. Interest earned in the third period of five years is available for the general purposes of Sightsavers. 2007 is the 15th year of the fund and therefore the interest from the investment amounting to £2,000 (2006: £2,000) has been expended in accordance with the terms of the bequest.

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

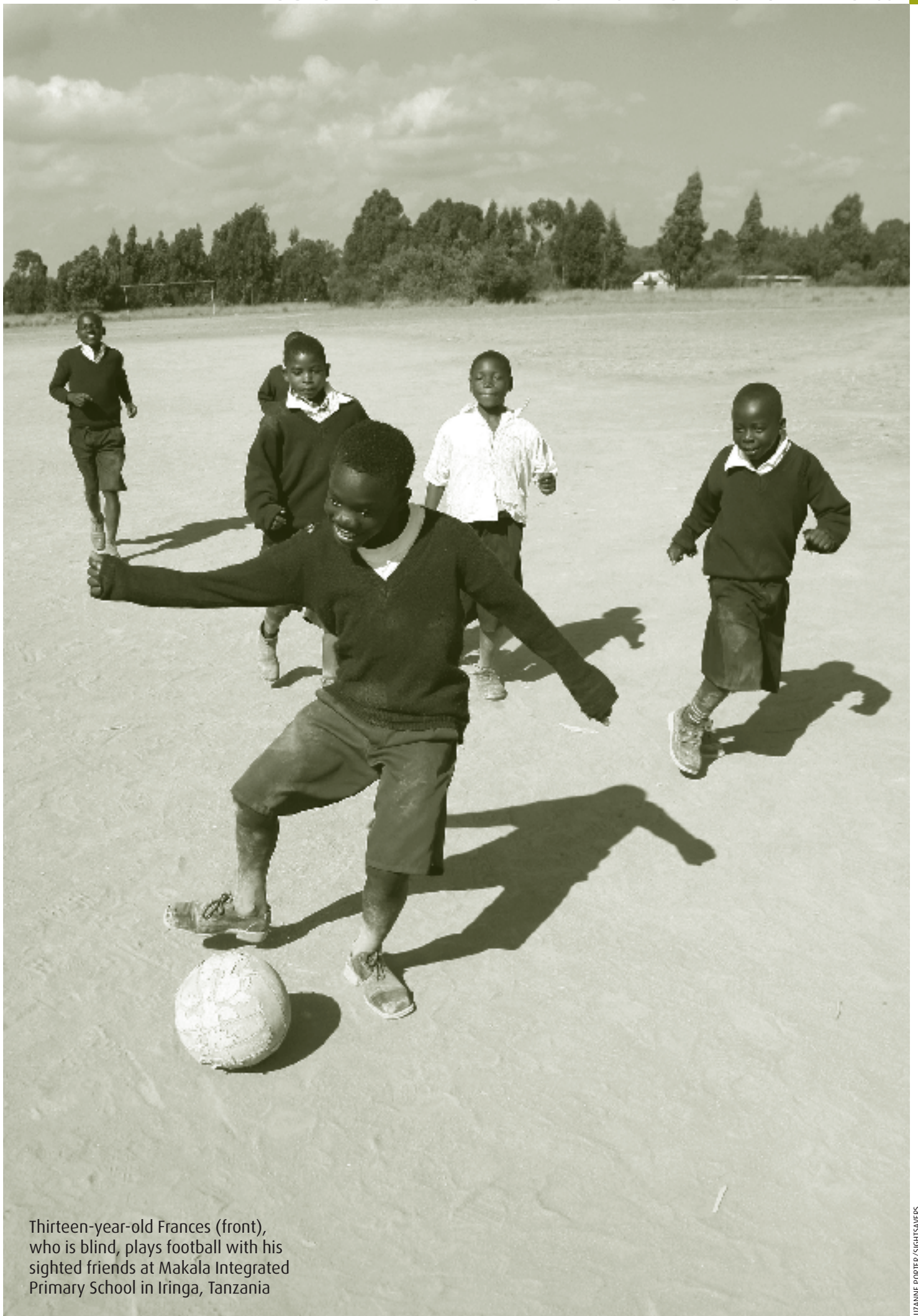
## 18 Analysis of net assets between funds

	<b>Tangible fixed assets £'000</b>	<b>Investments £'000</b>	<b>Net current assets £'000</b>	<b>Pension Liability £'000</b>	<b>Net assets £'000</b>
Unrestricted funds					
General	-	5,272	2,622	(778)	7,116
Designated	1,033	-	287	-	1,320
Restricted funds	-	-	1,318	-	1,318
Endowment funds	-	-	489	-	489
	<u>1,033</u>	<u>5,272</u>	<u>4,716</u>	<u>(778)</u>	<u>10,243</u>

## 19 Leasing commitments

Within the next year the charity is committed to making lease payments of £15,000 (2006: £6,000). The obligation to make these annual payments expires as follows:

	<b>2007 £'000</b>	<b>2006 £'000</b>
Land and buildings		
Expiring within 2-5 years	<u>8</u>	<u>-</u>
	<u>8</u>	<u>-</u>
Other		
Expiring within 1 year	1	6
Expiring within 2-5 years	<u>6</u>	<u>-</u>
	<u>7</u>	<u>6</u>
Total	<u>15</u>	<u>6</u>



Thirteen-year-old Frances (front), who is blind, plays football with his sighted friends at Makala Integrated Primary School in Iringa, Tanzania

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