

**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 2008

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Her Majesty The Queen

## **President**

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Princess Alexandra  
The Hon. Lady Ogilvy GCVO

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Sir David Thompson KCMG  
Sir Nicholas Fenn GCMG  
Sir John Coles GCMG  
Edward Heimsath  
Richard Porter

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Lord Crisp KCB

### *Vice Chairman*

David Jordan CBE

### *Treasurer*

Michael Pitts

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Sir Graham Burton KCMG  
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Michael Pitts\*  
Debbie Ramsay

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David Sands Smith CBE

*\*indicates a member of the audit committee*

### **Strategic Management Team**

*Chief Executive*

Dr Caroline Harper OBE

*Director of Overseas Programmes*

Peter Ackland (resigned August 2008)

*Director of Strategic Programme Development*

Haroon Awan (joined SMT from Pakistan Country Office, October 2008)

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*Director of Human Resource and Organisational Development*

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## Background and Strategic Context

### The challenge

314 million people are blind or visually impaired, and 75% of this is treatable or preventable

153 million people are severely visually impaired for want of a pair of glasses

Two thirds of blind people are women

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

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

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

### Our Strategic Direction

At the beginning of 2008 we approved a new vision, mission and values, and a set of change themes which encapsulated the changes we wanted to make in the world. We spent 2008 formulating a new strategic framework and implementation plan to roll this out for our new strategic planning period 2009 – 2013.

### Our vision

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

### Our mission

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

### Our values

- Blindness is an important cause and effect of poverty. We work with poor and marginalised communities in developing countries.
- We achieve much more when we collaborate. We forge alliances and partnerships to ensure a positive and long term impact on people's lives.
- People should not go blind unnecessarily. We prevent, treat and cure avoidable blindness and promote eye health.
- People with visual impairment should be able to develop their potential to the full. We work with disabled people and others to promote equal rights and opportunities.
- With the right resources, people can find their own solutions. We strengthen organisations and communities to develop practical and enduring solutions.

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- Learning and innovation are essential in order to improve the quality of what we do. We underpin our work with the best available evidence and research.
- Our supporters are a key part of the solution. We work together to accomplish our goals.

### Our four change themes

These will form the backbone of our strategy from 2009 onwards, and we have developed a balanced scorecard approach to help us prioritise our activities and manage our success. We call this our 'SIM card' (Strategy Implementation and Monitoring card). This was agreed in 2008, for use in 2009 onwards.

During 2008, whilst devising our strategy for 2009 – 2013, we were working towards the outcomes on page 11, in line with the 2004 – 2008 strategic plan.

	<b>Theme 1: Health</b>	<b>Theme 2: Education</b>	<b>Theme 3: Social Inclusion</b>	<b>Theme 4: Community Participation &amp; Development</b>
<b>Ultimate Aim</b>	Governments will ensure that good quality eye care is universally available to all people as an integral part of wider health systems.	Governments will ensure that all disabled children have the opportunity to receive a quality education within a wider education system.	Visually impaired people will be equal members of society. Governments will implement their obligations under international conventions for disabled people.	People will actively seek eye health services, and those who are visually impaired will enjoy long term positive change in the quality of their lives through engagement with, and participation in, community development programmes.
<b>Aim for 2009 - 2013</b>	Sightsavers will demonstrate approaches to eye health which are scalable, adaptable and cost effective, and which strengthen and support the overall health system.	Sightsavers will demonstrate approaches to delivering high quality education for visually impaired children in their local context, which are scalable, adaptable and cost effective.	Sightsavers will enable blind and disabled people's organisations to become effective advocates for their members' rights.	Sightsavers eye health and social inclusion programmes must be deeply rooted in community development.

## Trustee's 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 2008. 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:

We work with partners in developing countries to provide services, undertake advocacy and support research work to ensure our interventions are evidence based. Through 2008 our work was focussed on achieving the outcomes set out on page 11.

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).

We raise money from a wide variety of supporters to help us fund our work, and are working hard to diversify the sources from which this money comes to enable us to be more secure into the future.

We have put much time and effort this year into developing our new strategic plan, ensuring that everyone in the organisation understands the part they play in this, and that team and individual objectives are aligned with organisational goals. This was published in February 2009, and is available on our website.

### Where we work:

We currently work in 34 countries in Africa, Asia and the Caribbean, often in difficult and challenging environments. Specific locations are outlined in the map below:



**A SNAPSHOT OF WHAT WE ACHIEVED IN 2008**

**Output Statistics**

In 2008 Sightsavers supported 442 projects that were implemented in partnership with 268 partners.

	2006	2007	2008
Number of people screened	4,670,000	5,652,000	5,722,000
Number of people needing treatment	3,102,800	3,590,900	3,776,000
Number of operations	274,000	297,400	344,400
Number of people treated to prevent onchocerciasis	14,208,700	19,675,100	22,120,000
Number of people treated with azithromycin (treatment for trachoma)	289,722	730,923	875,014
Number of people trained	65,900	85,000	72,000
Number of people given rehabilitation training	9,500	9,700	8,700
Number of children receiving specialist support in mainstream schools	4,800	5,000	5,900

This year has seen an increase in most of the output statistics – it is particularly pleasing to see a major increase in the number of operations performed and the number of people treated with antibiotics for trachoma. The number treated to prevent onchocerciasis (river blindness) increased, although less than we would have liked as it proved difficult to achieve the increase in coverage we hoped for in Guinea Bissau (see below). There was a significant increase in the number of these treatments with several countries introducing treatments twice a year rather than once as this has been shown to be more effective.

There was a reduction in the number of people trained – this reduction was mainly in village level volunteers for Mectizan® distribution, and in special education training in West Africa. There were also problems particularly in Togo (due to floods) and Liberia (due to partnership issues).

The number of people given rehabilitation training dropped primarily due to the closure of a number of programmes in Ghana and India which were not felt to be in line with our current strategic approach.

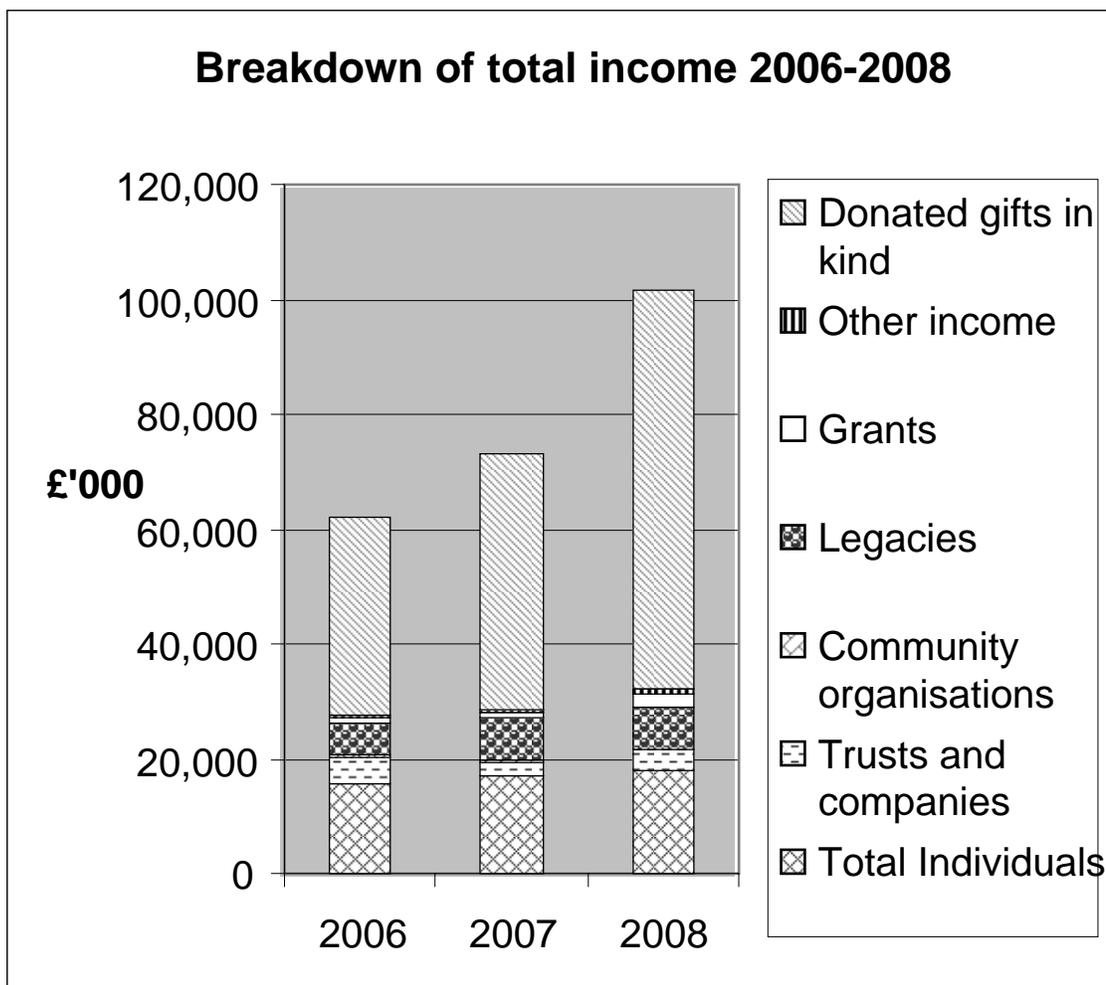
**Top Five Highlights of the Year**

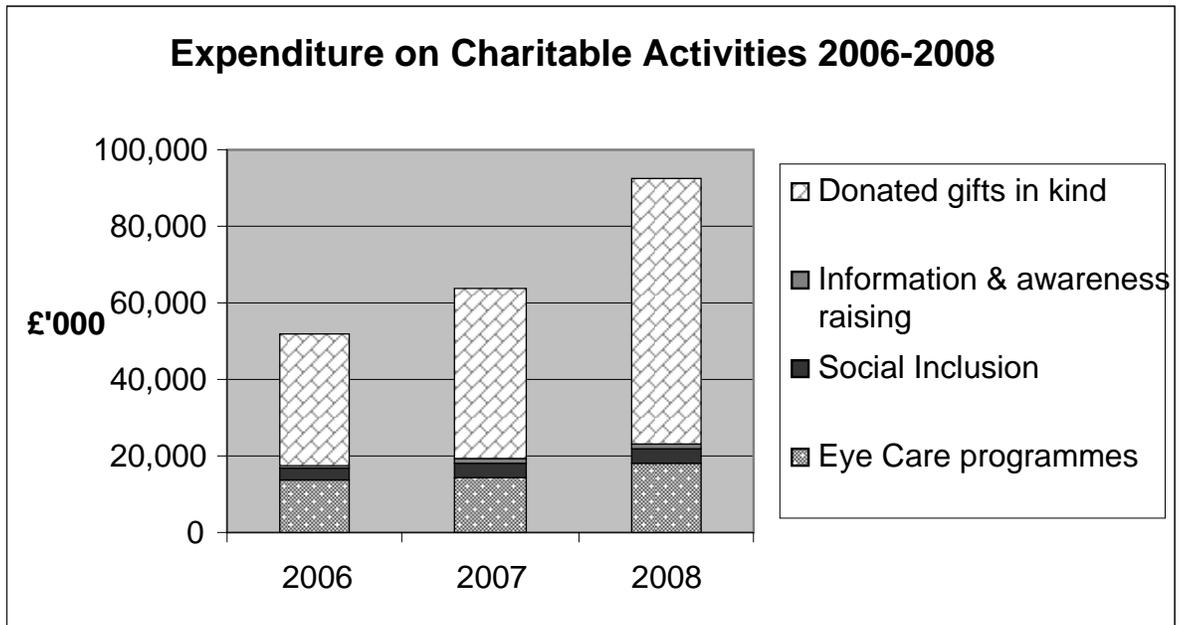
It is very difficult to pick out just a few highlights of the year, given the wide range of programmes undertaken. However, the following five stood out as particularly important:

- A fundamental change to the way we work was embedded in the development of our new strategic plan. This is supported by a new SIM card (Balanced scorecard) approach which was developed to ensure the maximum possible engagement of staff.

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- The continued increase in our reach in prevention of onchocerciasis (river blindness), and particularly the new evidence that we are at a stage where it appears that the transmission of the disease may have been eliminated in certain parts of Africa. This is a huge breakthrough for disease control.
- There have been various successes around Human Resource Development (HRD) in a number of countries – e.g. EACO (East African College of Ophthalmology), and the continued success and expansion of work in the Sheikh Zayed Regional Eye Care Centre in West Africa.
- The expansion of our advocacy work leading to a number of great successes, including evidence that a number of governments are increasing their expenditure on eye health and the education of disabled children, and some specific examples such as the Banking Directive issued in southern India making banking accessible for visually impaired people.
- A significant increase in income, and particularly in the diversity of sources, with a major increase in grants (the highlight of which being the award of a Block Grant from Irish Aid, of €3 million over three years, the first being 2008), and increases in both trust and corporate income compared to 2007.





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Intended Impact	OUTCOMES THAT WE WERE WORKING TOWARDS – 2008					
	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 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
Continue our engagement with the neglected tropical diseases (NTD) alliances and make funding applications to potential donors to support our piloting of this work.	We have strengthened our relationship with a range of organisations working in NTDs, and are chairing the group of NGOs working on onchocerciasis control. We are looking to forge closer links with Research Triangle Institute International (RTI), based in the US, who are leading a five year programme against NTDs, funded by USAID.
Commence distribution of Mectizan® to 400,000 people in Guinea Bissau.	This has begun, but has proved to be extremely difficult with the average distance walked by a distributor to reach their target villages some 7km. We reached over 75,000 people for the first time in 2008.
Conduct a review of the national eye care programme in The Gambia and develop a plan to enable a gradual withdrawal of support.	The programme review has been completed, and a new Memorandum of Understanding is being developed with the Ministry of Health. This will not support routine activities but will concentrate on Human Resource Development (HRD), refractive error services and the management of the national eye care plan, including the Sheikh Zayed Regional Eye Care Centre.
Expand our trachoma work in Nigeria, The Gambia, Guinea Bissau, Uganda, Kenya, Malawi, Zambia and Pakistan.	The first round of mass distribution of Zithromax (azithromycin) to 279,000 people was completed in the Gambia. The application for donation of Zithromax for Guinea Bissau has been approved. Surveys were completed in Busoga region, Uganda, and mass drug administration will happen next year. In Kenya, over 425,000 people were treated. There was a small increase in number of treatments in Malawi. The numbers in Pakistan increased eight-fold due to increased screening by our partners, the College of Ophthalmology and Allied Vision Sciences. Unfortunately we were not able to achieve our goal to increase in Zambia or Nigeria.
Support the establishment of a new School of Optometry in Malawi.	The first intakes of students for the degree in Optometry were enrolled in April. We support the school as part of a consortium including ICEE, Optometry Giving Sight, the Malawi College of Health Sciences and Mzuzu University.
Support the renovation and strengthening of EACO (Eastern African College of Ophthalmology).	Sightsavers has led a consortium including Operation Eyesight Universal and Light for the World, and submitted a successful proposal to the EU for €3 million to support EACO over the next five years.

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Review the possibility of supporting nurse training and childhood blindness in Zimbabwe.	This proved to be impossible due to the political situation in Zimbabwe.
Test a new approach to delivering primary eye care in Southern India through a public / private partnership with Karuna Trust and the Karnataka government health system.	This has been undertaken in 20 districts, with Vision Centres being established in the Primary Health Centres in the rural parts of Karnataka State. Each caters to around 50,000 people.
Commence a major refractive error programme in the urban slums of Mumbai and develop the urban programme in Kolkata. We will also strengthen our Dhaka urban programme and commence a similar programme in Karachi.	The Mumbai Eye Care campaign started in the Dharavi slums (recently made famous in the film Slumdog Millionaire). It includes refractive error, low vision and glaucoma. The programme has just received substantial funding from the Standard Chartered Bank "Seeing is Believing" programme. We hope to commence a similar programme in Zambia and Sri Lanka when funds permit.
Develop a major new Comprehensive Eye Care Programme in South Rajasthan	Work has started in the Chittorgarrh district, with partner Gomabai Netralaya. We will expand this in 2009 with a new partner, CUTS International.

### Other major achievements in this area

A number of eye units were constructed or refurbished this year:

- A new ophthalmic theatre in Morogoro, Tanzania in collaboration with Lions Club International, Sweden.
- A new eye unit in Kenema, Sierra Leone started construction, with support from Irish Aid.
- A new paediatric eye unit started construction in Colombo, Sri Lanka, with support from the Sri Lankan Government.
- Refurbishment of the eye unit in Boke, Guinea, despite the difficult political situation, with support from Anglo American.
- The Isra Institute of Optometry at Al-Ibrahim Eye Hospital, Karachi, Pakistan was constructed in just 10 months.
- A new optical workshop was built and fitted out in Guinea Bissau.

We were relieved that after over a year's delay in obtaining customs clearance, we were finally able to deliver equipment and consumables to Nampula Hospital in Mozambique.

In terms of tackling childhood blindness, the programme in Uganda attracted a record number of children, and we have made progress in developing government capacity to continue this, by sponsoring training in paediatric ophthalmology. In Bangladesh, the Childhood Cataract Campaign has now treated over 8,000 children.

In West Rajasthan, India, a new diabetic retinopathy clinic and mobile refractive error/low vision clinic have been set up.

### Challenges we faced and what we learned

There has been significant political unrest in a number of countries where we work at different times in the year. This has inevitably impacted our work, but we are pleased that we have achieved a great deal despite this in a number of challenging areas.

There has been an expansion in our trachoma work, and some significant levels of operational research which have shown that we might want to adapt our approach in some cases (e.g. mass distribution of antibiotics at the district level sometimes means we are treating urban populations who do not require it).

There have been some challenges around government bureaucracy which have slowed things down, including a change in arrangements for procurement of equipment in India. This has demonstrated the need for maintaining good relationships.

There have been some medical negligence issues with some hospitals in India – although these are not hospitals supported by us, there is a knock on impact of confidence both in the community and with the government. This shows the importance of a transparent clinical governance regime.

### Service Delivery – to promote social inclusion

What we planned to do	What we did
Continue to support the final drafting of the UNESCO / ILO / WHO international guidelines on CBR and produce a brief for our programme staff on the consequences of these guidelines for our own CBR programmes.	We played an active role in the formulation of these guidelines, and have already held workshops in India with partners to help support their implementation.
Work with other members of the International Disability & Development Consortium (IDDC) to establish a consistent approach to introducing and implementing the new international guidelines.	We are board members of the IDDC, and are working closely with other members on this.
Develop a strategy for assistive technology and its promotion in Sightsavers supported programmes.	This has been deferred due to a lack of resources.
Carry out an assistive technology mapping exercise in India.	This has been deferred due to a lack of resources.
Commence our first education programmes in Nigeria and Cameroon.	We commenced our first Inclusive Education Programme in Nigeria. Progress was hampered by strikes by school teachers and health workers, but the programme is underway.
Hold an education workshop in East Africa to consider the learning from our reviews and research into current programmes.	This was held in Maputo, Mozambique. It will form the foundation of a new education policy for Sightsavers to be drawn up in 2009.

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Fully integrate the Kenya Integrated Education Programme (KIEP) into the district Special Needs Education (SNE) systems so it is not seen as a vertical programme.	Great progress been made towards the full integration not only of visually impaired children but also of disabled children into the SNE programme in Kenya. There were significant increases in capitation allowances for all disabled children.
Push ahead on the “Africanisation” of our Institutional Development Programme (IDP – a partnership with Perkins and WBU which does capacity building of Blind People’s organisations in Africa) and its integration into our Country programmes.	A pool of six African consultants has been put in place, and a meeting held to agree working principles. These individuals are now working with blind people’s organisations to strengthen them and their leaders. The Senior Management Institute course, run by IDP, is in the process of accreditation with a South African university.

### Other major achievements in this area

Significant progress was made in the Copperbelt in Zambia in enrolling visually impaired children in 21 inclusive schools.

We supported six visually impaired graduates in Kenya to obtain employment – they now work for Safaricom on equal terms to their sighted colleagues.

### Challenges we faced and what we learned

A great deal needs to be done to meet our goals in social inclusion – upgrading our programme to meet the new international CBR guidelines and increasing the quality of education received by visually impaired children. Much of our focus is likely to be around advocacy, capacity building and research (integrated education) into the future, and we will be working on a new education policy in 2009.

### Advocacy

What we planned to do	What we did
Publish a paper showing the importance of including eye health in national health systems for use in our advocacy work.	This has been deferred and will be part of a bigger piece of work in 2009.
Support IAPB efforts to include the prevention of blindness in WHO global and regional strategic plans, action plans and budgets.	The prevention of blindness has been included in the medium term strategic plan for WHO, and the global level action plan. The next steps are to increase the engagement at regional and country levels, and to obtain budgets.
Advocate for the inclusion of eye care in WHO country plans under review.	This was achieved in Uganda.
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.	The Tanzanian government approved the establishment of a second cataract surgeon’s training school in Mbeya. The Low Vision Focal Person post in Uganda has been created and filled.
As part of the Global Campaign for Education (GCE) continue to seek positive engagement with DFID to influence their thinking on	The Final Countdown report, published in February 2008, sets out GCE's demands for DFID's work on education and has more attention to equity and

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<p>Education for All (EFA) and the inclusion of "hard to reach children".</p>	<p>inclusion as one of the key themes. Inclusion has continued to be part of GCE's asks for DFID throughout the year. A subgroup of GCE prepared a document on specific messages for DFID on including disabled children, and wrote to the secretary of state about the importance of attention to disability. We received a positive response to this from the minister, and have a meeting with the DFID officer responsible for inclusion scheduled for early May 2009.</p> <p>Meetings held with DFID in Pakistan and Bangladesh and country teams in Gambia, Sierra Leone, Tanzania and Kenya engaged with DFID as part of national GCE and Disability networks.</p>
<p>Push for ratification of the UN Convention for the Rights of Persons with Disabilities (UNCRPD) in Zambia.</p>	<p>The UNCRPD was signed by the Zambian government in 2008 – we are now advocating for it to be ratified.</p>
<p>Persuade the Zambian and Malawian governments to commit resources for education of visually impaired children and the Ugandan government to produce Braille books.</p>	<p>This was achieved in Zambia, where a new directorate was set up and budgetary allocation made. Malawi was less successful where the budget was reduced compared to 2007, but a new directorate was set up which may help for the future. This is still a fivefold increase over 2003. The Uganda National Association of the Blind presented two petitions to the government which are currently tabled for debate.</p>

### Other major achievements in this area

David Blunkett MP visited Kenya and Tanzania which helped to raise the profile of inclusive education there. There were some very constructive meetings with the Minister of Education in both countries. This also helped establish some new links within the UK.

Following advocacy efforts in Southern India, a Directive was issued by the Reserve Bank of India and the Indian Banking Association for accessible banking for visually impaired people.

The Minister of Health and Public Hygiene in Guinea visited the Labe Ophthalmology Centre and was so impressed that she invited other health structures to copy this organisation.

### Challenges we faced and what we learned

In many of our countries there were frequent changes of personnel in ministries which can make it hard to maintain the relationships necessary for successful advocacy.

On the social inclusion front, it was clear that governments prefer to discuss disability rather than blindness – we learned that it is essential to work closely with other disability organisations rather than adopt a 'silo' mentality to blindness.

**Partnership**

What we planned to do	What we did
<p>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.</p>	<p>All relevant staff have been trained.</p>
<p>Introduce the policy and tools to at least one programme partner in each country by the end of the year.</p>	<p>India: Area offices will begin introducing the policy to partners in Q2 2009, via workshops.</p> <p>East, Central &amp; Southern Africa: All countries with country offices (except Mozambique) have introduced the policy to one partner.</p> <p>West Africa: During 2008, there was a top-line introduction to the policy for partners in countries where a Country Review took place. In 2009, West Africa will start to actively use the policy with partners, including establishing baselines and using the Partnership Review Tool.</p> <p>South Asia and Caribbean: The policy has been formally introduced to BCI in Belize; a Financial Assessment has been carried out and a Capacity Assessment is planned for April 2009. Policy introduction, including Financial and Capacity Assessments, is planned for CCB in April 2009. The policy introduction to partners in Bangladesh, Pakistan, and Sri Lanka is planned for 2009. The policy has already been translated into Bangla.</p>
<p>Continue discussions with BRAC in Bangladesh with a view to developing "Vision Bangladesh" - a major national cataract, refractive error and low vision programme.</p>	<p>These discussions have continued, and we are close to agreement of a major programme in Bangladesh working jointly with BRAC - to be piloted in the Sylhet district. The key issue is funding.</p>
<p>Produce clear strategies for our future relationship and support to the Belize Council of the Visually Impaired (BCVI) and the Caribbean Council of the Blind (CCB).</p>	<p>This has been achieved, although our strategy with respect to CCB is being re-examined in the light of a potential opportunity for EC funding.</p>

**Other major achievements in this area**

A new Memorandum of Understanding (MOU) was signed with the government of Bihar – one of the poorest states in India.

An MOU was signed with the International Health Partnership to support Health for Peace Initiative countries in West Africa with free basic drugs and consumables.

**Challenges we faced and what we learned**

It can sometimes be a challenge working with governments – processes can be slow and bureaucratic. However, we remain convinced that this is the key to sustainability and long term impact, even if it can be more difficult.

**Research**

What we planned to do	What we did
Disseminate the findings of the Nigeria prevalence survey both within the country and externally.	<p>The Nigeria survey results were released in 2008. The survey included people aged 10-15 years and 40 years and above found a prevalence of 4.2%. The prevalence of blindness in the population aged 50 years and above was 5.5%.</p> <p>Cataract was still the leading cause of blindness and we found a high level of cataract still prevalent. Glaucoma was found to be the second largest cause of blindness. This depicted a changing trend in the eye disease pattern whereby trachoma, and onchocerciasis are going down due to public health interventions. Glaucoma, for which there is no agreed public intervention approach, is going up.</p> <p>We held several events within Nigeria to publicise this work, and a number of publications have been accepted. More still needs to be done.</p>
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.	<p>We continued to work with VICTAR to complete the Itinerant Teacher study in Kenya and start a study into Braille literacy in Malawi. We completed follow up studies into inclusive education in Kenya and Malawi. The reports are in preparation.</p> <p>Due to political changes in Pakistan, a visit of the research team was not possible. This research project was postponed.</p>
Together with the Medical Research Council and Johns Hopkins University participate in research (based in The Gambia) into trachoma control with funding from the Gates Foundation.	The 'Partnership in the Rapid Elimination of Trachoma' has begun with the training of the team and then distribution of azithromycin in four districts. Three months later the patients were followed up to see if they still had infection. Results are pending.

Commence research into the effectiveness of different screening models and mapping infrastructure and human resource facilities for diabetic retinopathy in India.	Plans regarding this study started soon after a national diabetic retinopathy workshop. This study is coordinated directly by ICEH with the Indian partner.
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.	A pilot study of four countries has been planned but the start-up was delayed due to confirmation needed from other donors as this is a multi-donor funded project.
Work with ICEH to develop a programme planning tool based upon the findings of Rapid Assessment of Avoidable Blindness (RAAB) surveys.	Underway but not yet complete.
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.	Key papers on outcome of cataract surgery were published by ICEH; others are in the pipeline. Discussions are underway internally to develop communications material that draws on the key results of the research.

### Other major achievements in this area

A study in Kaduna, Nigeria, carried out in partnership with APOC produced evidence that the transmission of onchocerciasis may well have been eliminated (people in Kaduna have received treatment for over 20 years). Further study is needed, but this could be a ground breaking result for disease control in Africa.

A number of scientific papers were published in peer reviewed journals from the various studies undertaken or commissioned by Sightsavers. Staff from Sightsavers also made significant contributions to and presentations in professional and scientific conferences/congresses.

### Challenges we faced and what we learned

Some of the key challenges we face are inadequate communication and utilisation of results of research, which is partly due to the absence of an overarching organisational research and learning strategy, and insufficient recognition of Sightsavers as a contributor to research rather than just a funder. There has also been insufficient engagement with southern research partners and more work is needed in this area.

Our key learning is the need for proactive engagement of Sightsavers' staff in research project design, conduct of research and communication of research findings. This needs to be supported by a research strategy that addresses the needs of the new organisational strategy and promotes south-south and south-north collaboration in research.

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### Funding

What we planned to do	What we did
Undertake an integrated Easter campaign in the UK focused on Trachoma.	'Don't Blink' campaign undertaken with encouraging results including the development of a successful new insert creative.
Build on our successful 2007 telemarketing tests to further develop our existing supporter base.	Activity scaled up as planned and the integration with other activity continued to improve.
Continue with our initiative to develop our high potential supporters in the UK.	Results on track with 37 new key supporter relationships developed in 2008. The initiative will continue during 2009 and 2010.
Launch a web-based engagement mechanism showing the impact of our work on a village in India.	'The Village' launched later than planned in 2008 due to some challenges in managing the provision of content in India.
Significantly increase our support from UK companies, trusts and foundations.	Strong performance in line with plans. Considerable success in developing existing relationships. There has been some success in developing new relationships.
Work with Standard Chartered Bank on the development of Phase 4 of the Seeing is Believing programme.	Projects in Dhaka and Mumbai have been accepted as part of Phase 4. We anticipate that another 3-4 projects will be accepted in 2009/10.
Research the United Arab Emirates in detail as a market.	Research undertaken and some new relationships developed. Dedicated resource will be focused on this market from early 2009.
Undertake full tests in Italy and roll out activity where appropriate.	Tests undertaken with encouraging results. The roll out of successful activity is underway with breakeven planned in 2010.
Continue to develop our engagement with schools.	i-care fundraising product and i-click photography competition successfully launched into primary schools and secondary schools respectively.
Raise £1,750,000 from programme funding and in-country fundraising.	Exceeded target, over £2 million of programme funding income was raised in 2008.
Take all the steps we can to secure the next level of support from Irish Aid (so called 'Block Grant').	'Block Grant' of €1 million per annum secured and backdated to the start of 2008.
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.	We were unsuccessful in securing funding from the Big Lottery Fund and Lions Sight First.
Review our relationship with DFID once we know the outcome of our outstanding applications to them under the Governance & Transparency fund and the Civil Society Challenge Fund.	We were unsuccessful in our bid for the Governance & Transparency fund, but were pleased to receive our first ever Civil Society Challenge Fund grant, for inclusive development through mainstreaming people with disabilities in social mobilisation in the Punjab province of Pakistan. We continue to engage at the policy level, and will be providing input to the White Paper process in 2009. A full engagement strategy for DFID will also be developed in 2009.

**Other major achievements in this area**

There was a considerable increase in funds raised from events in 2008. We intend to build on this success in 2009.

**Challenges we faced and what we learned:**

We started to experience the early impact of the economic downturn. We have therefore introduced more dynamic measures of performance monitoring.

**Organisational effectiveness**

What we planned to do	What we did
Complete the strategic framework planning for 2009 – 2013, including implementation and operational plans, and publish a new document.	This was duly completed – the new strategic direction was agreed in January 2008, and a SIM card for the organisation (a strategy map, indicators and initiatives) agreed in mid year following extensive work.  The SIM card methodology has been rolled out to all countries, areas and departments, and a new document was published in February 2009.
Amend our Irish governance arrangements to ensure we are eligible for a Block Grant from Irish Aid.	Our Irish governance arrangements have been changed so that the UK organisation no longer has voting control over the Irish organisation, but a more comprehensive contract has been agreed between the two entities.
Upgrade our global accounting system.	The upgrade was successfully completed.
Establish and test a more robust Disaster Recovery strategy.	Working together with an external organisation, a technical disaster recovery strategy was developed and implemented.
Plan and implement the roll out of a new procurement system.	A new procurement system was designed and developed, but a longer than expected period of testing has meant that the implementation was deferred to 2009.
Ensure the newly launched performance and development review process is effectively implemented in the organisation, including the provision of training support to all managers.	We designed and delivered specific training to all our managers globally on the new performance and development review (P&DR) process, and provided specific training to non-managers as well.
Utilise online learning systems to support core management and IT skills development.	We launched a new e-learning tool, developed by the Charity Learning Consortium, as well as online tools to help people develop their core behaviours, as outlined in the P&DR.
Implement an internal communications strategy that focuses on consistent dissemination of organisational information throughout all teams globally.	We agreed a strategy, which included the launch of a new communications product named 'Team Talk', which is aimed to ensure all our teams across Sightsavers hold a regular communications meeting where they cascade important information about what is happening in the wider organisation.

<p>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.</p>	<p>A project was established to focus on four areas of change required to implement the information strategy. Progress on quality of information, behaviour around how it is used and improvements to our intranet have been good. The needs analysis for a new programme management system was begun towards the end of the year and will be progressed in 2009.</p>
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### Other major achievements in this area

To support the five-year Strategic framework, a more strategic approach was taken to the allocation of resources and a new operational planning process was implemented. Using a financial model, various scenarios were investigated before a preferred option was selected. This has provided a good framework for future contingency planning, especially during times of economic uncertainty.

### Challenges and what we learned

It was disappointing to postpone the implementation of our new procurement system. However we were too ambitious in our plans to directly interface with our accounting system, at the same time as upgrading the accounting system. As a result of this, we have learned to be more realistic in our time lines for any future integration, and allow sufficient time for testing specifically for the interface between systems.

### Plans for 2009

Our plans for 2009 (and beyond) are driven by the new SIM card which was mentioned on page 6. An overarching objective is to embed the new strategy into the organisation, changing how we work in response to the new “change themes”. We will be reviewing all our programmes and processes to ensure they dovetail with the new strategy – this is more important than ever due to the current economic climate where resources will be more scarce than usual. We will also be implementing a system to monitor the indicators developed within the SIM card, and reviewing our risk framework and profile to ensure it is commensurate with the new strategy and reflective of the current economic environment.

Specific objectives, grouped in accordance with the four perspectives of the SIM card are:

### Delivering for the Beneficiaries

- Begin to distil and document our approach to eye health so we can ensure that our programmes represent approaches suitable for demonstration.
- Increase support for programmes which support primary eye health and its integration into primary health care – dovetailing this with increased advocacy efforts to ensure governments prioritise eye health and its integration within national health policies.
- Increase emphasis on Human Resource Development programmes (e.g. training of mid level eye health personnel).
- Develop a generic proposal for the local production of eye drops and the establishment of ‘opti-shops’ to support effective building of health systems – with a pilot in our East, Central and Southern Africa region.
- Identify and pursue opportunities to enhance Community Based Rehabilitation and social inclusion work in all countries including implementation of WHO guidelines and inclusion of blind people in mainstream community development programmes.

## Sightsavers International Annual Report and Financial Statements 2008

- Raise our profile and influence within the Neglected Tropical Diseases arena, ensuring that trachoma and onchocerciasis receive due attention. Continue to increase our efforts in tackling these two focal diseases.

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

- Develop and disseminate an Advocacy and Public Policy Development strategy across the organisation.
- Develop and disseminate a Quality Framework across the organisation.
- Develop new policies on refractive error and education.
- Form a Global Advocacy Team and a Quality Task Force, in furtherance of the above objectives.
- Develop a strategic alliances plan, including the strengthening of alliances with organisations such as African Union of the Blind, African Decade of the Disabled and WHO, together with the identification of new alliances which are critical to achieve our aims.
- Develop a greater understanding of and engagement with wider disability sector networks and coalitions in order to develop a collaborative approach to advocacy with BPOs, DPOs and other disability focused organizations.

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

- Update all job descriptions for country and regional job roles, including clarification of the competencies needed for each.
- Undertake a learning needs analysis to determine those competencies most in need of development, draft a template for team development plans and ensure all Regional Directors, Country and Area Directors have drawn up team development plans.
- Formalise Technical Assistance Plans to support regions and countries.
- Develop and disseminate a Research and Learning strategy.
- Develop an improved information management system.

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

- Significantly grow support from multinational companies, trusts and foundations.
- Source £3 million from government funding.
- Explore new markets for funds.
- Develop more valuable relationships with existing individual supporters.
- Develop programme teams' engagement in funding and funding teams' understanding of programmes, with a particular emphasis on increasing restricted funding for those countries where this is currently a very low percentage of overall funding.
- Review and improve key organisational processes.
- Complete implementation of procurement system with rollout extended to all users.
- Review investment policy and ensure it is fit for purpose in the current environment.

## Financial results for the year

The results for the year are shown in the form of the statement of financial activities (SOFA) on page 31 and the cash flow statement on page 33.

## Incoming resources

During 2008, total income increased to more than £101 million. This was driven by the significant increase of gifts in kind, which resulted from the introduction of Mectizan® treatments twice a year in a number of countries which has been proven to be more effective. This sight-saving tablet is donated by Merck & Co Inc. to Sightsavers' river blindness prevention programmes in Africa (see note 3).

Despite the economic recession towards the end of the year, the performance of voluntary fundraising from individuals was good, increasing in total by 5%, with growth in committed giving across all geographies. Income from trusts and companies also increased during the year, recording growth of 32% and 59% respectively. This follows a decline in the previous year, and reflects good performance by the team. Following a record year for legacies in 2007 the absolute level was maintained in 2008 and the pipeline for future years seems strong, despite the inevitable negative impact of falling stock markets and house prices.

Over the past few years, a significant effort has been made to increase grant income, and in 2008 the value generated more than doubled compared to last year. This was driven specifically by two new EC funded projects and the support given to our work by Irish Aid.

## Resources expended

Spend on charitable activities, excluding gifts in kind, increased by almost £4 million which represents a growth of 20% against prior years. This reflects an increase in Eye Care programmes across many countries as we work together with our partners to reach a greater number of beneficiaries.

The costs of generating funds have increased to support our investment in new market developments, and more specifically in retaining our loyal supporter base during these difficult economic times. Growth in governance costs reflects the investment during the year in developing our new Strategic plan, which will guide the charity for the next five year period.

During the year, endowment funds of £491,000 and cash of £827,000 were held on deposit with Kaupthing Singer and Friedlander, a UK bank regulated by the FSA. This bank was taken into administration on 8 October. At the time of writing this report, the administrators have confirmed that there will be an initial dividend of 50p in the £1. These accounts recognise a potential loss of £659,000.

## Financial position at the end of the year

Fund balances totalled £8.5 million at the end of the year. This represents unrestricted reserves of £9.0 million adjusted by a £1.6 million deficit in our defined benefit pension scheme FRS17 liability, plus a total of £0.84 million held as restricted funds and £0.25 million held on endowment.

## Financial outlook

Due to the difficult economic conditions, income is expected to be slightly reduced in 2009 and due to adverse currency moves, overseas expenditure will increase. The Trustees are therefore expecting a deficit for the year, which is supported by the strong year end reserves position (see reserves policy section on page 26).

## Structure, governance and management

Sightsavers International is governed by a Council of Trustees. A list of Trustees who served during 2008 is given on page 1. 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 2.

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. In 2008 the Council decided to appoint two new Trustees who could represent our work in Africa and Asia. 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. During the year an Investment Committee was also established. 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 1 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 Investment Committee oversees the relationship with the Investment Managers and guides the Council on investment decisions. 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 2008, the Council updated the Reserves policy and reviewed the Investment policy and associated strategy. A review of third party counter party credit risk was also undertaken and an action plan established to mitigate some of the higher risks. This plan was reviewed by the Audit Committee and will be monitored by the Executive.

Sightsavers has a wholly owned subsidiary, Sightsavers (Trading) Limited, which raises funds by means of trading activities. As detailed in note 14a on page 47 Sightsavers International Inc. is registered as a connected charity in the United States 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. During the year Sightsavers International (Ireland) became a legally separate organisation, all directors were given voting rights and two new agreements were established with Sightsavers in UK. Sightsavers

## Sightsavers International Annual Report and Financial Statements 2008

International Italia Onlus is registered as a charity in Italy, with an office established in Milan. Sightsavers are also a charity 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 operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity, and ensure that the financial statements comply with the Charities Act 1993 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 unrestricted reserves (excluding pension deficit) at the balance sheet date should normally equate to 25% +/- 5% of the projected total resources due to be expended from unrestricted funds in the following 12 months. During the year the Trustees approved an update to the reserves policy. The target range is now more closely linked to the financial risks faced by the charity and in addition to the free reserves (£7,738,000), the policy now

## Sightsavers International Annual Report and Financial Statements 2008

incorporates the cash held overseas (£299,000) and the market value of the UK Grosvenor Hall property (£2,955,000). 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. In view of the financial outlook mentioned earlier, the Trustees feel that the closing year end position of £10,992,000 representing 40% of the 2009 forecast unrestricted expenditure is appropriate.

### **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. This was unchanged following the review during the year.

During the year Sightsavers' re-tendered its investment management services and in February 2008 appointed UBS Wealth Management. 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. UBS 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 2008, there had only been 11 months activity with the new Investment manager and performance was 2.1% below the benchmark due to bond performance.

During the year an investment committee was established to formally review investment matters and meet with the investment managers to discuss their performance. This replaces previous meetings held with just the Treasurer and Finance Director. Once a year the Investment managers continue to meet with the Trustees to review performance. 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 £1.6 million at the end of 2008. 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**

During the year, the external audit services were put out to tender. Following a comprehensive review, the firm Horwath Clark Whitehill was appointed by the Trustees in November 2008.

Approved by the Trustees and signed on their behalf on 8 May 2009.

A handwritten signature in black ink, appearing to read 'Lord Crisp', written in a cursive style.

**Lord Crisp**, Chairman

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

We have audited the group and charity financial statements of the Royal Commonwealth Society for the Blind for the year ended 31 December 2008 set out on pages 31 to 56. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's Trustees, as a body, in accordance with section 44 of the Charities Act 1993 and in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its 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 Trustees' Report and the 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 report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom 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 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report if, in our opinion, the information given in the Trustees' Report is not 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. Our responsibilities do not extend to other information.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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'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 parent charity's affairs as at 31 December 2008 and of the group's incoming resources and application of resources for the year then ended; and
- The financial statements have been properly prepared in accordance with the Charities Act 1993 and comply with the requirements of regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

*Horwath Clark Whitehill LLP*

Horwath Clark Whitehill LLP  
Chartered Accountants & Registered Auditors

St Bride's House, 10 Salisbury Square, London, EC4Y 8EH

Date: *18 May 2009*

## Consolidated statement of financial activities

### Year ended 31 December 2008

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2008 £'000	Total 2007 Restated £'000
<b>Income and expenditure</b>						
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income						
Donations and gifts	2a	16,943	4,840	-	21,783	19,790
Legacies	2b	6,858	311	-	7,169	7,149
Gifts in kind	3	64	69,314	-	69,378	44,253
Investment income	5a	370	7	2	379	352
Incoming resources from charitable activities	4	-	2,459	-	2,459	1,262
Other incoming resources	5b	408	-	-	408	80
<b>Total incoming resources</b>		<b>24,643</b>	<b>76,931</b>	<b>2</b>	<b>101,576</b>	<b>72,886</b>
<b>Resources expended</b>						
Costs of generating funds						
Voluntary income						
Costs of raising current year's income	7	5,810	-	-	5,810	4,803
Investment to raise income in future years	7	1,794	-	-	1,794	1,665
Grant income	7	580	14	-	594	455
Fundraising trading costs	7	7	-	-	7	7
Investment management fees	7	25	-	-	25	30
		<b>8,216</b>	<b>14</b>	<b>-</b>	<b>8,230</b>	<b>6,960</b>
<b>Charitable activities</b>						
Eye Care	6/7	10,247	7,669	-	17,916	14,309
Eye Care - Mectizan® donation	6/7	-	69,314	-	69,314	44,073
Social inclusion	6/7	3,700	366	-	4,066	3,883
Information and awareness raising	6/7	1,055	4	-	1,059	1,044
<b>Total charitable activities</b>	<b>6</b>	<b>15,002</b>	<b>77,353</b>	<b>-</b>	<b>92,355</b>	<b>63,309</b>
Governance costs	7	641	-	-	641	527
Other resources expended	7	433	-	-	433	-
<b>Total resources expended</b>		<b>24,292</b>	<b>77,367</b>	<b>-</b>	<b>101,659</b>	<b>70,796</b>
Net incoming/(outgoing) resources before transfer		351	(436)	2	(83)	2,090
Transfer between funds		45	(45)	-	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>	<b>8</b>	<b>396</b>	<b>(481)</b>	<b>2</b>	<b>(83)</b>	<b>2,090</b>
Exchange translation difference arising on						
Consolidation						
(Loss) / gain on investments	14a	316	-	-	316	-
Actuarial (loss) / gain on defined benefit pension scheme	12	(511)	-	(245)	(756)	81
		<b>(1,198)</b>	<b>-</b>	<b>-</b>	<b>(1,198)</b>	<b>32</b>
<b>Net movement in Funds for the year</b>		<b>(997)</b>	<b>(481)</b>	<b>(243)</b>	<b>(1,721)</b>	<b>2,203</b>
Fund balances at 1 January 2008		8,436	1,318	489	10,243	8,040
<b>Fund balances at 31 December 2008</b>		<b>7,439</b>	<b>837</b>	<b>246</b>	<b>8,522</b>	<b>10,243</b>

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

The notes on pages 33 to 54 form part of these financial statements.

**Balance sheets 31 December 2008**

	Note	Group		Charity	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
<b>Fixed assets</b>					
Tangible assets	13	1,036	1,033	976	1,031
Investments	14a	4,329	5,272	4,329	5,272
		<u>5,365</u>	<u>6,305</u>	<u>5,305</u>	<u>6,303</u>
<b>Current assets</b>					
Stock		-	1	-	-
Debtors	15	2,254	1,308	2,153	1,136
Short term investments		967	-	-	-
Short term cash deposits	14b	2,149	3,317	1,849	3,317
Cash at bank and in hand	16	3,074	2,004	1,880	1,296
		<u>8,444</u>	<u>6,630</u>	<u>5,882</u>	<u>5,749</u>
<b>Creditors: amounts falling due within one year</b>					
Taxes and social security costs		104	92	104	92
Other creditors		1,669	848	887	795
UK accruals		494	95	471	78
Overseas accruals		1,386	879	1,386	879
		<u>3,653</u>	<u>1,914</u>	<u>2,848</u>	<u>1,844</u>
<b>Net current assets</b>		<u>4,791</u>	<u>4,716</u>	<u>3,034</u>	<u>3,905</u>
<b>Net assets before pension liability</b>		10,156	11,021	8,339	10,208
Defined benefit pension scheme liability	12	(1,634)	(778)	(1,634)	(778)
<b>Net assets after pension liability</b>		<u>8,522</u>	<u>10,243</u>	<u>6,705</u>	<u>9,430</u>
<b>Funds</b>					
Unrestricted funds					
Free Reserve	17	7,738	7,894	5,981	7,452
Pension Reserve		(1,634)	(778)	(1,634)	(778)
General		6,104	7,116	4,347	6,674
Designated	17	1,335	1,320	1,275	1,317
<b>Total Unrestricted Funds</b>		<u>7,439</u>	<u>8,436</u>	<u>5,622</u>	<u>7,991</u>
<b>Restricted funds</b>	17	837	1,318	837	950
<b>Endowment funds</b>	17	246	489	246	489
<b>Total Funds</b>		<u>8,522</u>	<u>10,243</u>	<u>6,705</u>	<u>9,430</u>

These financial statements were approved by the Council on 8 May 2009 and signed on their behalf by:



Chairman



Hon. Treasurer

## Consolidated cash flow statement

### Year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	A	700	2,247
<b>Capital expenditure and financial investment</b>			
Payments to acquire fixed assets		(271)	(276)
Payments to acquire investments		(2,204)	(486)
Receipts from sale of fixed assets		9	9
Receipts from sale of investments		2,642	739
Increase in cash held for investment		(7)	(259)
		169	(273)
		869	1,974
<b>Management of liquid resources</b>			
Increase in short term investments	B	(967)	-
Decrease / (increase) in short term cash deposits	B	1,168	(1,497)
<b>Increase in cash in the year</b>	B	1,070	477
		<b>2008</b>	<b>2007</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/(outgoing) resources		(83)	2,090
Profit on sale of fixed assets		(9)	(9)
Depreciation		269	265
Increase in provisions		(587)	(303)
Exchange translation differences arising on consolidation		316	-
Decrease / (increase) in stock		1	1
(Increase) in debtors		(946)	(60)
Increase in creditors		1,739	263
		700	2,247
Net cash inflow from operating activities		700	2,247
		<b>1 January</b>	<b>31 December</b>
		<b>2008</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>B Analysis of changes in net cash</b>			
Short term investments		-	967
Short term cash deposits		3,317	(1,168)
Cash at bank and in hand		2,004	3,074
		5,321	6,190

## **Notes to the accounts**

### **Year ended 31 December 2008**

#### **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. A restatement of the prior year's income and expenditure has been made (see note 3).

##### **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 deficit of £2,400,000 (2007: a surplus of £ 2,203,000). Sightsavers has the following subsidiary undertakings for which group accounts have been prepared:

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

Sightsavers International Inc is registered in the USA, incorporated under the laws of the District of Delaware. The primary purpose is to secure gift in kind donations from Merck 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. During 2008 the governance arrangements were changed so that the UK organisation no longer has a majority voting control. However a more comprehensive contract has been agreed between the two entities.

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

Grants from Governments and contributions from Non Governmental Organisations 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 tablets are recorded as being received overseas for use. These amounts will vary each year based on the donor's distribution plans.

Other gifts in kind 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

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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.

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

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

### **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>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Individuals		
UK		
Committed giving	6,670	6,249
Other public donations and appeals income	4,506	4,748
Tax recoverable from UK donors	2,120	2,250
	<u>13,296</u>	<u>13,247</u>
Ireland		
Committed giving	2,623	2,194
Other public donations and appeals income	1,069	1,077
Tax recoverable from Irish donors	205	131
	<u>3,897</u>	<u>3,402</u>
Italy		
Committed giving	4	3
Other public donations and appeals income	518	209
	<u>522</u>	<u>212</u>
Other		
Committed giving	74	67
Other public donations and appeals income	53	60
	<u>127</u>	<u>127</u>
Total from individuals	17,842	16,988
Trusts	1,167	887
Companies	2,376	1,497
Community service and other organisations	398	418
	<u>21,783</u>	<u>19,790</u>

**2b Legacies**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
UK	6,877	7,003
Ireland	57	134
Other	235	12
	<u>7,169</u>	<u>7,149</u>

At 31 December 2008, in addition to legacy income that has been included in the accounts, Sightsavers is expected to benefit from a number of legacies from estates for which the administration had yet to be finalized. Sightsavers future income from these legacies is estimated at £4,000,000 (2007: not available). Accrued legacy income included within the accounts amounts to £32,000 (2007: £45,000).

### 3 Gifts in kind

Sightsavers International Inc is registered in the USA to raise funds. In 2008, Sightsavers International Inc. secured gift in kind donations valued at £69,314,000 (2007: £44,073,000 ) from Merck Inc. in the form of Mectizan® tablets, which have been shipped to Togo, Cameroon, Guinea, Ghana, Mali, Sierra Leone, Tanzania, Uganda, Benin, Guinea Bissau, Malawi and Liberia to support the river blindness work.

This represents a significant increase on prior year driven by the introduction of Mectizan® treatments twice a year which has proven to be more effective, combined with the extension of treatment areas in some countries.

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.

An adjustment has been made to increase the prior year's income and expenditure by £5,935,000. This relates to Mectizan® tablets that should have been recorded as being received in 2007. This adjustment has no impact on the net incoming/outgoing resources or on reserves brought forward or carried forward.

During the year, Sightsavers utilised 9,733,000 airmiles (2007: 8,535,000) for the purpose of 94 related flights (2007: 90), which were donated by Emirates. These have been valued at £64,000 (2007: £49,000) based on the lowest economy fare available at the time of travel.

### 4 Incoming resources from charitable activities

	2008 £'000	2007 £'000
European Commission	457	428
Comic Relief	91	117
States of Guernsey	68	28
States of Jersey	119	65
Isle of Man Overseas Aid Committee	19	-
Irish Aid	1,269	347
Gorta	62	-
USAID	50	-
Department for International Development	76	66
OPEC Foundation	-	9
Christian Aid / DEC - Tsunami	25	-
Christoffel-Blindenmission (CBM)	34	78
Lions Club Sweden	32	-
DANIDA	6	-
BRAC	57	-
Other	94	124
	2,459	1,262
	2,459	1,262

For additional programme detail see note 17

## 5a Investment income

	2008 £'000	2007 £'000
Dividends from listed investments	204	186
Bank deposit interest	175	166
	<u>379</u>	<u>352</u>

## 5b Other incoming resources

Profit on disposal of fixed assets	9	9
Rental income	68	69
Exchange gains on revaluing bank accounts at year end	329	-
Miscellaneous overseas income	2	2
	<u>408</u>	<u>80</u>

## 6 Charitable Activities

	Eye Care £'000	Social Inclusion £'000	Information & awareness raising £'000	2008 £'000	2007 £'000
Kenya	874	446	3	1,323	1,221
Malawi	559	156	3	718	452
Mozambique	166	-	1	167	65
South Africa	19	-	-	19	57
Southern Sudan	-	6	-	6	-
Tanzania	646	153	1	800	621
Uganda	644	21	2	667	545
Zambia	644	45	2	691	537
Zimbabwe	44	31	-	75	78
East Central Southern Africa (ECSA) Regional Office	589	37	12	638	536
<b>Sub total ECSA</b>	<b>4,185</b>	<b>895</b>	<b>24</b>	<b>5,104</b>	<b>4,112</b>
Benin	41	-	-	41	77
Cameroon	495	-	2	497	346
Gambia	231	236	1	468	411
Ghana	295	121	-	416	420
Guinea	153	-	1	154	126
Guinea Bissau	154	-	-	154	197
Liberia	269	-	-	269	128
Mali	628	46	1	675	339
Nigeria	1,167	173	10	1,350	1,102
Senegal	159	-	-	159	84
Sierra Leone	541	257	3	801	523
Togo	107	-	-	107	53
Gambia Health for Peace	94	-	-	94	178
West Africa Regional Office (WARO)	1,446	198	15	1,659	1,258
<b>Sub total WARO</b>	<b>5,780</b>	<b>1,031</b>	<b>33</b>	<b>6,844</b>	<b>5,242</b>
India	2,194	501	7	2,702	2,624
India Regional Office	172	46	3	221	183
<b>Sub total India</b>	<b>2,366</b>	<b>547</b>	<b>10</b>	<b>2,923</b>	<b>2,807</b>
Bangladesh	841	409	3	1,253	1,154
Bangladesh BRAC	51	3	-	54	-
Bangladesh Childhood Cataract Campaign	555	-	-	555	366
Belize	109	-	-	109	110
Caribbean	352	65	2	419	434
Pakistan	1,559	98	-	1,657	1,019
Sri Lanka	163	36	1	200	134
South Asia and Caribbean (SAC) Regional Office	207	63	11	281	320
<b>Sub total SAC</b>	<b>3,837</b>	<b>674</b>	<b>17</b>	<b>4,528</b>	<b>3,537</b>
Gifts in Kind	69,314	-	-	69,314	44,073
Head office	1,673	919	975	3,567	3,438
SCB Seeing is Believing *	75	-	-	75	100
<b>Direct Charitable Expenditure</b>	<b>87,230</b>	<b>4,066</b>	<b>1,059</b>	<b>92,355</b>	<b>63,309</b>

**Charitable Activities (continued)**

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	Mectizan® Gifts in Kind £'000	Allocation of Support Costs £'000	Total 2008 £'000	Total 2007 £'000
Costs of generating funds						
Voluntary income						
Costs of raising current years income	-	5,291	-	519	5,810	4,803
Investment to raise income in future years	-	1,415	-	379	1,794	1,665
Grant income	-	498	-	96	594	455
Fundraising trading: cost of goods sold and other costs	-	7	-	-	7	7
Investment management fees	-	25	-	-	25	30
Charitable activities						
Eye Care	6,469	8,567	-	2,880	17,916	14,309
Eye Care - Mectizan® donation	-	-	69,314	-	69,314	44,253
Social inclusion	1,236	1,966	-	864	4,066	3,883
Information and awareness raising	-	901	-	158	1,059	1,044
Governance costs	-	392	-	249	641	527
Other resources expended	-	-	-	433	433	-
<b>Total resources expended 2008</b>	<b>7,705</b>	<b>19,062</b>	<b>69,314</b>	<b>5,578</b>	<b>101,659</b>	<b>70,796</b>
<b>Total resources expended 2007</b>	<b>7,596</b>	<b>14,734</b>	<b>44,073</b>	<b>4,393</b>		

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

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

Direct Costs include all the costs which are directly attributable to generating funds £5,309,000 (2007: £4,364,000), the direct operation of the overseas programmes, including the procurement of equipment for use in the programmes £2,920,000 (2007: £2,924,000), informing and creating awareness amongst the public and governance of Sightsavers. Staff costs included in direct costs is £4,623,000 (2007: £4,094,000.)

## Total resources expended (continued)

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

	2008 £'000	2007 £'000
Directorate	830	820
Financial Management	366	410
Information Communication Technology	530	513
Human Resources	374	400
Information Management	62	67
Facilities	95	154
Programme Support	2,888	2,029
Other resources expended	433	-
	<u>5,578</u>	<u>4,393</u>

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

## 7b Governance Costs

	2008 £'000	2007 £'000
Internal audit	47	46
External audit	93	87
Company secretarial	24	24
Apportionment of Directors' costs	392	283
Trustees' expenses	12	5
Finance	73	82
	<u>641</u>	<u>527</u>

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

## 7c Other Resources Expended

A provision of £433,000 (2007: nil) was made in the year for the potential losses for the deposits held with Kaupthing Singer & Friedlander.

## 8 Net Incoming Resources

This is stated after charging:

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Depreciation	269	265
Auditors' remuneration:		
UK Charity Audit	32	28
Ireland Audit	9	6
International Offices *	65	56
Investment managers' fees	25	30
Solicitors' fees	30	38
Surveyors' fees	6	4
Operating lease charges	22	15
	<u>269</u>	<u>265</u>

\* Paid to firms other than Horwath Clark Whitehill LLP

## 9 Staff costs

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Wages and salaries	7,031	5,873
Social security costs	391	365
Pension costs	547	462
	<u>7,969</u>	<u>6,700</u>
UK based employees	4,462	4,026
Overseas based employees on UK contracts and consultancy fees	476	441
Overseas based employees on overseas contracts	3,031	2,233
	<u>7,969</u>	<u>6,700</u>
	<b>2008</b> <b>£'000</b>	<b>2007</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	399	134
of Service Benefit for some overseas staff.	<u>399</u>	<u>134</u>

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

	<b>2008</b> <b>No.</b>	<b>2007</b> <b>No.</b>
UK based employees:		
Chief Executive's office	9	9
Finance, Planning and services	33	29
Fundraising and communications	65	57
Overseas programmes	14	21
Overseas based employees on UK contracts and consultancy fees	10	10
Overseas based employees on overseas contracts	211	199
	<u>342</u>	<u>325</u>

The average employee numbers for 2007 have been restated due to a reorganization of staff during the year, which resulted in changes to the definition of staff teams.

**Staff Costs (continued)**

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

There were 3 employees (2007: 4) whose emoluments were in the range £60,000 - £69,999.

There was 1 employee (2007: 1) whose emoluments were in the range £70,000 - £79,999.

There was 1 employee (2007: 1) whose emoluments were in the range £80,000 - £89,999.

The emoluments paid to the Chief Executive were £88,230 (2007: £83,251). 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 0 (2007: 1).

## 10 Trustees' expenses

	2008		2007	
	No. of trustees	£'000	No. of trustees	£'000
Reimbursed to trustees:				
UK related	15	5	3	1
Overseas visits	4	7	4	4

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 International Agency for the Prevention of Blindness, a charity of which the Chief Executive Officer is a Trustee, is identified as a related party and was paid £78,572 in 2008 (2007: £116,624) for membership fees and funding a workshop. A balance of £19,075 was outstanding at the end of the year (2007: nil).

The Resource Alliance, a charity of which the Director of Finance, Planning & Services of Sightsavers is Honorary Treasurer is defined as a related party and was paid £8,610 in 2008 (2007: £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 and member contributions were increased in 2008. 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 2006. The Charity has agreed to fund the past service deficit at a rate of £242,000 per annum over 3 years, whilst member contributions were increased in 2008 to 7% with a further increase to 9% in 2009. 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 £472,000 (2007: £452,000) to the scheme, of which £45,000 was outstanding at the balance sheet date and paid in January 2009.

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 2008.

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

	2008	2007	2006
Discount rate	6.00%	5.50%	5.00%
Inflation assumption	3.00%	3.00%	2.75%
Rate of increase in salaries	4.50%	4.50%	4.25%
Rate of increase in payment*	2.75%	2.75%	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 58% equities, 42% bonds and 0% cash.

The fair value of assets and present value of liabilities of the scheme at 31 December 2008, along with the expected rates of return on the scheme assets are as follows:

**12 Pension costs (continued)**

	2008		2007		2006	
	%	£'000	%	£'000	%	£'000
Equities	8.25	3,933	8.25	5,471	8.00	5,047
Government Bonds	3.85	2,827	4.50	2,420	4.60	2,253
Cash	4.75	4	4.75	58	4.75	54
Total market value of scheme assets		6,764		7,949		7,354
Present value of scheme liabilities		(8,398)		(8,727)		(8,467)
Net pension scheme liabilities		(1,634)		(778)		(1,113)

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

	2008	2007
	£'000	£'000
Current service cost	(221)	(243)
Expected return on pension scheme assets	568	519
Interest on pension scheme liabilities	(477)	(425)
Net charge	(130)	(149)

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

	2008	2007
	£'000	£'000
Deficit in the Scheme at beginning of period	(778)	(1,113)
Contributions paid	472	452
Current service cost	(221)	(243)
Other finance income	91	94
Actuarial (loss) / gain	(1,198)	32
Deficit in the Scheme at end of period	(1,634)	(778)

**History of experience gains and losses**

	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
Actual return less expected return on Scheme assets:					
Amount	(1,906)	(192)	344	571	103
As % of Scheme assets	(28)%	(2)%	5%	9%	2%
Experience gains / (losses) on Scheme liabilities:					
Amount	(72)	1	1,319	824	(19)
As % of the present value of the Scheme liabilities	(1)%	0%	16%	9%	0%
Total gain / (loss) recognised in statement of total recognised gains and losses:					
Amount	(1,198)	32	1,421	(484)	(223)
As % of the present value of the Scheme liabilities	(14)%	0%	17%	(5)%	(3)%

**Pension costs (continued)**

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 £290,000 (2007: £147,000) of which £26,000 was outstanding at the balance sheet date (2007: £22,000).

**13 Tangible fixed assets**

	Freehold property £'000	Computer equipment £'000	Office fixtures and fittings £'000	Motor vehicles £'000	2008 Total £'000
<b>Cost or valuation</b>					
At 1 January 2008	1,859	404	243	640	3,146
Additions	-	75	66	131	272
Disposals	-	(117)	-	(54)	(171)
At 31 December 2008	<u>1,859</u>	<u>362</u>	<u>309</u>	<u>717</u>	<u>3,247</u>
<b>Depreciation</b>					
At 1 January 2008	1,024	330	119	640	2,113
Charge for the year	36	50	52	131	269
Disposals	-	(117)	-	(54)	(171)
At 31 December 2008	<u>1,060</u>	<u>263</u>	<u>171</u>	<u>717</u>	<u>2,211</u>
<b>Net book value</b>					
At 31 December 2008	<u>799</u>	<u>99</u>	<u>138</u>	-	<u>1,036</u>
At 31 December 2007	<u>835</u>	<u>74</u>	<u>124</u>	-	<u>1,033</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 2008 indicated that the estate had an open market value of £2,955,000.

All assets are held for charitable purposes. Group figures include £2,000 of computer equipment and £46,000 of office fixtures and fittings held with the related party in Ireland (Sightsavers International Ireland).

## 14a Fixed Asset Investments

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Market value at 1 January 2008	4,474	4,645	4,474	4,645
Disposals at opening market value	(2,616)	(749)	(2,616)	(749)
Acquisitions at cost	2,203	486	2,203	486
Net (losses) / gains on revaluation at 31 December 2008*	(537)	92	(537)	92
	<u>3,524</u>	<u>4,474</u>	<u>3,524</u>	<u>4,474</u>
Cash held in portfolio at 31 December 2008	559	269	559	269
Cash held on deposit for endowment funds	246	529	246	529
<b>Market value at 31 December 2008</b>	<u><u>4,329</u></u>	<u><u>5,272</u></u>	<u><u>4,329</u></u>	<u><u>5,272</u></u>
<b>Historical cost at 31 December 2008</b>	<u><u>3,645</u></u>	<u><u>3,986</u></u>	<u><u>3,645</u></u>	<u><u>3,986</u></u>
Subsidiary undertaking	-	-	-	-
Listed Securities at market value	3,505	4,455	3,505	4,455
Unlisted Securities at Trustees Valuation	19	19	19	19
	<u><u>3,524</u></u>	<u><u>4,474</u></u>	<u><u>3,524</u></u>	<u><u>4,474</u></u>

\* In addition to the 2008 unrealised losses shown above, there were realised gains of £26,000 in the year (2007: realised losses £10,000) which combine to provide the total net losses as shown in the statement of financial activities on page 30.

Of the UK amounts there were no holdings with a market value greater than 5% of the total portfolio value:

	%	2008 £'000	2007 £'000
UK fixed interest:			
Chariguard CIF Funds Fixed Interest	-	-	430
Kleinwort Benson Sterling Income Fund	-	-	266
		<u><u>-</u></u>	<u><u>696</u></u>

## Fixed Asset Investments (continued)

### 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.

	2008 £'000	2007 £'000
Turnover	26	25
Cost of sales	1	1
Administration expenses	5	6
	<hr/>	<hr/>
	6	7
Inter company expenses	3	2
	<hr/>	<hr/>
Total expenses	9	9
Profit for the year	17	16
Amount gift aided to Sightsavers	<hr/> <hr/>	<hr/> <hr/>

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

Sightsavers has the following overseas subsidiaries:

Sightsavers International (Ireland), a registered Charity in Ireland which raises funds in the Irish Republic towards the objectives of Sightsavers International. The income and expenditure has been consolidated into these group accounts and in 2008 showed income of £5,510,000 (2007: £4,152,000) and a surplus of £747,000 (2007 surplus: £26,000).

The net assets of Sightsavers International (Ireland) at the year end were £1,350,000.

Sightsavers International (Italia) is a registered Charity raising funds in Italy. The income and expenditure is consolidated into these group accounts and in 2008 showed income of £522,000 (2007: £219,000) and a surplus of £6,000 (2007: nil).

Sightsavers International Inc. is registered in Delaware, USA with the primary purpose to secure gift in kind donations from Merck Inc. These have been shown as gifts in kind and are disclosed in note 3.

## 14b Current Asset Investments

The balance held on short term cash deposits is cash held on one day notice.

The balance on short term investments is held on one months notice.

**15 Debtors**

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Prepayments	291	217	291	184
Tax claims and other accrued income	1,308	981	1,225	865
Other debtors	655	110	637	87
	<u>2,254</u>	<u>1,308</u>	<u>2,153</u>	<u>1,136</u>

Included within other debtors is a balance with Sightsavers International Ireland (2007: a credit balance of £207,000).

**16 Cash at bank and in hand**

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Restricted funds	1,224	755	1,224	755
Unrestricted funds - General	1,551	962	357	254
- Designated	299	287	299	287
	<u>3,074</u>	<u>2,004</u>	<u>1,880</u>	<u>1,296</u>

At the balance sheet date, in addition to the above amounts, a sum of £174,000 (2007: £305,000) was held on behalf of the Standard Chartered Bank Seeing is Believing project. Sightsavers is a joint signatory to this account but does not have entitlement to the funds.

## 17 Statement of funds

	Balance at 1 January 2008 £'000	Income £'000	Expenditure £'000	Investment losses £'000	Transfers £'000	Other Gains / Losses & Revaluations £'000	Balance at 31 December 2008 £'000
<b>General Reserve:</b>							
Free Reserve	7,894	24,643	(24,634)	(511)	30	316	7,738
Pension Reserve	(778)	-	342	-	-	(1,198)	(1,634)
<b>Designated funds:</b>							
Future overseas expenditure	287	-	-	-	12	-	299
Fixed assets fund	1,033	-	-	-	3	-	1,036
<b>Total Unrestricted Funds</b>	<b>8,436</b>	<b>24,643</b>	<b>(24,292)</b>	<b>(511)</b>	<b>45</b>	<b>(882)</b>	<b>7,439</b>
<b>Restricted funds:</b>							
Incoming resources from							
charitable activities	687	2,459	(2,969)	-	(45)	-	132
Josef Sowa	-	2	(2)	-	-	-	-
Rotary African Vision	-	104	(104)	-	-	-	-
Daruvala Bequest	-	3	(3)	-	-	-	-
Dr Sinha	-	1	(1)	-	-	-	-
Good Gifts	37	-	(37)	-	-	-	-
Distributed Gifts in Kind	-	69,314	(69,314)	-	-	-	-
<b>East, Central and Southern Africa:</b>							
Kenya	-	215	(207)	-	-	-	8
Tanzania	511	149	(305)	-	-	-	355
Uganda	-	11	(11)	-	-	-	-
Zambia	-	59	(59)	-	-	-	-
Malawi	-	151	(74)	-	-	-	77
Zimbabwe	-	2	(2)	-	-	-	-
<b>West Africa:</b>							
Cameroon	-	106	(106)	-	-	-	-
Benin	-	34	(29)	-	-	-	5
Ghana	-	372	(372)	-	-	-	-
Guinea	-	128	(48)	-	-	-	80
Guinea Bissau	-	58	(58)	-	-	-	-
Mali	-	77	(77)	-	-	-	-
Nigeria	7	501	(487)	-	-	-	21
Senegal	-	81	(81)	-	-	-	-
Sierra Leone	-	18	(18)	-	-	-	-
The Gambia	-	31	(31)	-	-	-	-
Togo	-	3	(3)	-	-	-	-
<b>South Asia and Caribbean:</b>							
Belize	-	104	(104)	-	-	-	-
Bangladesh	-	668	(668)	-	-	-	-
Pakistan	-	385	(385)	-	-	-	-
<b>India:</b>	46	1,074	(1,074)	-	-	-	46
SCB Seeing is Believing	30	821	(738)	-	-	-	113
<b>Total restricted funds</b>	<b>1,318</b>	<b>76,930</b>	<b>(77,366)</b>	<b>-</b>	<b>(45)</b>	<b>-</b>	<b>837</b>
<b>Endowment funds:</b>							
Josef Sowa	50	-	-	(25)	-	-	25
Dr Sinha	32	-	-	(16)	-	-	16
Daruvala Bequest	80	-	-	(40)	-	-	40
The Gibson Orr Bequest	48	2	-	(25)	-	-	25
Joseph & Betty Davis Memorial Fund	10	-	-	(5)	-	-	5
Mountjoy Trust	269	-	-	(134)	-	-	135
<b>Total endowment funds</b>	<b>489</b>	<b>2</b>	<b>-</b>	<b>(245)</b>	<b>-</b>	<b>-</b>	<b>246</b>
<b>Total Funds</b>	<b>10,243</b>	<b>101,576</b>	<b>(101,659)</b>	<b>(756)</b>	<b>-</b>	<b>(882)</b>	<b>8,522</b>

## Statement of funds (continued)

### 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 fund balance for incoming resources from charitable activities represents funding from Helen Keller for a project in Nigeria (£1,000), funding from Comic Relief for a project in Sierra Leone (£13,000), funding from the States of Jersey for a project in Pakistan (£1,000), funding from the European Commission for projects in Kenya (£110,000), funding from Ausaid for projects in Nigeria (£3,000) and funding from the Department of International Development for a project in Kenya (£4,000).
- Distributed Gifts in Kind represent Mectizan® tablets which have been shipped to our programme work overseas to support the Charity's river blindness work (note 3).
- The fund balance for Kenya represents funding from Safaricom for the Kenya National Eye Drop Production project.
- 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 Malawi represents funding from key supporters for the SWZ CES Coordination and Makande projects.
- The fund balance for Benin represents funding from corporate partners for eye care projects.
- The fund balance for Guinea represents funding from Anglo American for the Guinea Eye Care – Boke project.
- The fund balance for Nigeria represents funding from corporate partners 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.

### 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. 2008 is the sixteenth year of the fund and therefore the interest from the investment amounting to £2,000 (2007: £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 the visually deprived, either blind or near blind, in accordance with the terms of the bequest.

**Statement of funds (continued)**

During the year, the permanent endowment funds were held on deposit with Kaupthing, Singer and Friedlander (KSF) in accordance with the investment policy. KSF was taken into administration on 8 October and the funds were frozen. Confirmation has been received from the administrators that there will be a minimum dividend payment of 50p in the £1. The accounts have been updated to reflect this current position.

Included within the incoming resources from charitable activities figure of £2,459,000 are the following grants:

		£'000
<b>European Commission:</b>		
Mali	Strengthening the programme for the control of blindness in Koulikoro Region.	230
Kenya	Reducing the prevalence of trachoma in 3 trachoma endemic districts.	227
<b>Comic Relief:</b>		
Sierra Leone	Empowering blind and severely visually impaired people to become active members of society by strengthening the Sierra Leone Association of the Blind and providing community based rehabilitation services.	91
<b>States of Guernsey:</b>		
Zambia	Provide high quality, affordable and accessible eye care services in 5 rural districts.	39
Togo	Combating river blindness through community directed treatment with Ivermectin.	29
<b>States of Jersey:</b>		
Sierra Leone	Reducing river blindness in Southern and Eastern provinces through community directed treatment with Ivermectin.	30
Pakistan	Preventing trachoma by improving access to safe drinking water and sanitation facilities in 3 rural villages of Sheikhpura district.	23
Guinea Bissau	Establishment of affordable refractive services for the population of Gabu region through the setting up of an optical workshop.	15
Kenya	Contributing towards a reduction in the prevalence of trachoma in 3 trachoma endemic districts.	51
<b>Isle of Man Overseas Aid Committee:</b>		
Tanzania	Support the implementation of an Onchocerciasis control programme in 5 endemic districts through community directed treatment with Ivermectin.	19
<b>Irish Aid (Civil Society Fund):</b>		
	A 3 year block grant to strengthen eye care services and education for the visually impaired in fragile states.	
Ghana	As above	21
Kenya	As above	27
Liberia	As above	163
Mozambique	As above	98
Pakistan	As above	159
Sierra Leone	As above	246
Tanzania	As above	151
Uganda	As above	124
UK	As above	43
Zambia	As above	184
Zimbabwe	As above	53

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<b>Gorta:</b> Malawi	Improving access to eye care services for mainly rural and underserved population in the central west and south east zones.	62
<b>USAID:</b> Malawi	Improving the vision and learning environment for children in Chikwawa and Blantyre.	35
Uganda	Strengthening refraction and low vision services for children in 4 regions.	15
<b>Department for International Development:</b>		
In the year ended 31 <sup>st</sup> December 2008 grants totalling £76,000 (2007: £66,000) were received by Sightsavers International from the Department for International Development, as follows:		
Kenya	Enabling Kenyan children who are visually impaired to attend school	17
Pakistan – CSCF grant	Including disabled people in social development projects in Punjab province	59
We confirm that the CSCF funds have been spent in accordance with the terms in the Grant Funding Arrangements against the project CSCF 441 for the accounting period 1 <sup>st</sup> January 2008 to 31 <sup>st</sup> December 2008.		
<b>Chrisitan Aid / DEC – Tsunami:</b>	Rebuilding the lives of those affected by the tsunami in India and Sri Lanka through rehabilitation training and infrastructure improvements for the blind and visually impaired people.	25
<b>BRAC:</b> Bangladesh	Joint project aimed at providing eye care services for the ultra poor	58
<b>Lions Club:</b> Zanzibar	Supporting eye care, inclusive education and rehabilitation in 4 districts in Unguja and 3 districts in Pemba Island	5
Tanzania	Training of registered nurses with diploma certificates to specialise in ophthalmic nursing	33
<b>OGS:</b> Zambia	Providing refraction and low vision services to school-going children in the southern province.	50
<b>CBM:</b> Kenya	Reducing the prevalence of trachoma in 3 trachoma endemic districts.	26
Nigeria	Funding for dissemination workshops for the Nigeria survey results	8
<b>AUSAID:</b> Nigeria	Eliminate onchocerciasis in Kebbi state through the distribution of Mectizan® to endemic communities	5
<b>Helen Keller:</b> Nigeria	Support for vitamin A distribution programmes in Kwara and Kogi state	34
<b>Merch:</b> Sierra Leone	Mectizan® distribution	5

## 18 Analysis of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Net current assets £'000	Pension Liability £'000	Net assets £'000
Unrestricted funds					
General	-	4,083	3,655	(1,634)	6,104
Designated	1,036	-	299	-	1,335
Restricted funds	-	-	837	-	837
Endowment funds	-	246	-	-	246
	<u>1,036</u>	<u>4,329</u>	<u>4,791</u>	<u>(1,634)</u>	<u>8,522</u>

## 19 Leasing Commitments

Within the next year the Charity is committed to making lease payments of £46,000 (2007: £15,000). The obligation to make these annual payments expires as follows:

	2008 £'000	2007 £'000
<b>Land and buildings</b>		
Expiring within 1 year	8	-
Expiring within 2-5 years	-	8
Expiring over 5 years (related party - Sightsavers International Ireland)	28	-
	<u>36</u>	<u>8</u>
<b>Other</b>		
Expiring within 1 year	1	1
Expiring within 2-5 years	9	6
	<u>10</u>	<u>7</u>
<b>Total</b>	<u>46</u>	<u>15</u>