

Save the Children
International

Trustees' report
and financial
statements for

2013



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Strategic report and the trustees' annual report

The trustees are pleased to present their annual report and the audited consolidated financial statements of Save the Children International and its trading subsidiaries for the year ended 31 December 2013. The trustees' report also contains the information required in a strategic report.

Who we are and what we do

Save the Children is the world's leading independent organisation for children.

Our vision is a world in which every child attains the right to survival, protection, development and participation.

Our mission is to inspire breakthroughs in the way the world treats children and to achieve immediate and lasting change in their lives.

Our values Accountability, Ambition, Collaboration, Creativity, Integrity.

Save the Children is comprised of 30 members (26 full members and 4 associate members*) as well as Save the Children International. All the members of Save the Children, with combined revenues of over 1.9 billion US dollars, are working to deliver a shared strategy, including vision, mission, values and theory of change.

While we are clear that we want to see ourselves, and others to see us, as one Save the Children, we also need to be clear about our particular role in this as Save the Children International, and where we are expected to add value for Save the Children as a whole by:

Delivering world-class international programmes

Having taken on responsibility for line managing all Save the Children international programmes, we are now stepping up the quality of our programmes in line with our theory of change and newly established quality standards. As part of this, we are delivering signature programmes that help inspire our targeted breakthroughs. A central priority is the development of empowered country teams who drive their own country strategies in line with the agreed global strategy.

Facilitating, supporting and co-leading one Save the Children

The one Save the Children strategy is wider than international programmes and is developed and taken forward by different parts of Save the Children working together in a networked leadership model. Save the Children International plays a central role in coordinating and delivering this, helping to build trust, set parameters and ensure that we hold each other to account and improve our performance.

In both, our aim is to make Save the Children greater than the sum of its parts, increasing our impact and results for children.

* an associate member is entitled to use the Save the Children brand but, until progression to full membership, does not have rights under the Save the Children Bylaws, including those relating to voting rights.

What we achieved in 2013

2013 was the mid-point of Save the Children's five-year strategy. We carried out a review to evaluate progress so far and to re-assess our priorities. This led to a refreshed global strategy which runs to the end of 2015. We identified that we had made progress in transforming how we work together as one Save the Children; encouraging global adoption of our theory of change; and inspiring breakthroughs in the areas of health & nutrition, education, child protection and child rights governance.

We also recognised that we needed to work harder on strengthening programme quality through investment and focus on results; on growing our unrestricted income; and in becoming more efficient, effective and productive.

During 2013 Save the Children's work around the world reached an estimated 143 million children, including 52 million reached directly.

An estimated 122 million children were reached in countries where Save the Children International worked, including 46 million reached directly.

International programs

Bringing the transition phase substantially to completion, we transitioned an additional ten country offices to Save the Children International in 2013. In total we are now operating 52 country offices, with seven regional hubs, and with three country offices (Guatemala, Pakistan and Sudan) still to transition.

During 2013 we have progressively been able to switch our focus away from the programme of transitions and towards supporting our country offices to operate effectively in order to deliver for children. We started to implement a long-term strategy of operations platform strengthening which involves developing systems, optimising our ways of working and making the necessary investments to ensure we have solid operations platforms and high-quality teams in country offices.

We developed a quality framework to ensure we share common high standards and expectations for our programme delivery. All country offices completed an assessment against quality framework standards, giving us an understanding of each country's strengths and weaknesses and the key development areas which require capability-building investments in structures, systems and teams.

We started developing a systemic approach to monitoring and evaluation, focused more on accountability and learning. This is based on the experience of Save the Children's Pakistan programme and has been piloted in three other countries in south Asia.

Humanitarian

In our strategy we set out to be the leading humanitarian response agency for children. As part of this we aim for a defined culture of humanitarian action that permeates every part of the organisation.

We have already made significant progress and in 2013 we reached almost 3.4 million children (and over 7 million people in total). We managed 119 responses in 48 different countries, with income raised of around \$343 million, some of which will be spent in 2014. Behind these numbers lie many inspiring success stories. Our response to Typhoon Haiyan in the Philippines was a great example of on the ground life-saving programmes, reaching over 220,000 children in just five months. This was the first time that Save the Children International in our new structure responded to a high-profile, quick-onset natural disaster. Within the first three months through to February 2014, we deployed over

180 international staff, hired hundreds of new Filipino staff, flew in 12 large planeloads of supplies and raised over \$50 million.

Meanwhile, our work with Syrian refugees, much of it taking place in the countries bordering Syria, has seen our theory of change in action: partnering with local NGOs, the UN and local government, being the leading voice for children and, as the largest NGO in Jordan's Zaatari camp, achieving results at scale.

EVERY ONE – our global campaign to stop children dying from preventable causes

In 2013 we focused on tackling hunger and malnutrition as one of the key causes of child death. In February, we launched our *Superfood for Babies* report, highlighting the dramatic impact of breastfeeding in saving children's lives. This was followed in June by the Nutrition for Growth meeting in London, where our advocacy contributed to a doubling of funding commitments and a pledge to prevent 20 million cases of child stunting. We built on this meeting by investing in country level advocacy. For example: in Pakistan we played a leading role in launching research in *The Lancet* on nutrition and child survival; in China we created an online campaign for world breastfeeding week; and in Ethiopia we influenced the adoption of an ambitious new national nutrition strategy. We also took a lead in the Scaling Up Nutrition movement by jointly hosting the global civil society network in Save the Children UK and establishing national alliances in Myanmar and Sri Lanka.

Beyond nutrition, we intensified our campaigning efforts on health workers, immunisation and newborn survival. In November, at the Global Forum for Human Resources for Health in Brazil, Save the Children staff came together to help secure over 70 commitments from governments and civil society. We launched our *Halfway There* report in October to continue to press the Global Alliance for Vaccines and Immunisation and national governments to ensure that every child has access to life-saving vaccines. In May we released our annual flagship report, *State of the World's Mothers*, focused on the one million children who die during the first day of life, generating unprecedented political and media attention in over 100 countries.

During 2013 we raised the level of ambition and the impact of our campaign global moments. Over 80,000 children in more than 60 countries participated in our annual EVERY ONE mobilisation, the Race for Survival. Meanwhile a series of high-level side events at the UN General Assembly in New York ensured that child survival remained high on the

agenda. We also strengthened the focus on national level policy and political change by establishing clear advocacy plans for 2015 in our priority countries.

Ways of working

We developed our networked leadership model further during 2013. We successfully transitioned advocacy offices in Brussels and Geneva to Save the Children International. In addition, our newly-established Global Media Unit led by Save the Children UK gave us a stronger voice in international media, delivering high-impact coverage of our message and brand, in multiple languages, around large-scale emergencies and major organisational reports.

We began implementing key elements of a Save the Children talent management process, specifically global and regional talent reviews, and started the roll-out of our competency framework. We put initial plans in place to support the growth of our country national staff to leadership positions while reaffirming the responsibility of all leaders to develop their people. By the end of 2013, 41% of our Save the Children International leadership positions were filled by women and 21% by people from non-OECD countries. We still have a long way to go to feel that we are a truly diverse organisation that better reflects the countries and their children we seek to serve.

Efficiency, effectiveness and productivity

In response to some of the difficult contexts in which we operate, we made progress during 2013 in improving procedures and raising awareness around the risk of fraud and of diversion of resources by terrorist organisations.

We agreed a new global IT strategy for the next three years, including initiatives to boost use of IT in programme delivery. As part of the strategy we implemented a new global internal communications and knowledge management platform, OneNet. We also finished the development of a new system for managing awards, which will be fully operational by the end of 2014.

Supporting members to grow and develop

In 2013 we began the roll-out of Save the Children's new member growth strategy in support of our global priorities and in response to key external trends. As part of this we focused on four areas:

- we continued our strategic investment in priority markets to grow the private sector income of the organisation, particularly emphasising the need to drive unrestricted income
- we laid the groundwork for the development of three prospective new members (Indonesia, Philippines and Colombia) and expanded the current member growth portfolio of investment markets
- we developed a new accountability framework based on a set of criteria for assessing member performance in order to help support member growth effectively. We successfully piloted the new accountability framework, which included a peer review element, with two associate members (Switzerland and Germany)
- we strengthened our work in sharing best practice, benchmarking and market analysis, including skill share activities, to support fundraising more effectively and to enhance our understanding of all income elements especially those related to increasing unrestricted income.

Merlin

In July, Save the Children joined forces with the international NGO, Merlin. Merlin was an organisation with 3,700 staff reaching 15 million people worldwide with their experienced network of medical experts operating on the frontline in humanitarian contexts. By joining forces Save the Children will be able to provide substantially greater reach, impact and value for money by creating a world-class humanitarian health force, enabling more lives to be saved. Merlin and Save the Children have been working closely together on a transition plan and as the two organisations come together we are able to achieve substantial efficiencies and benefits. Many of these benefits will be realised from 2014 onwards.

Our plans for 2014

Our refreshed strategy up to 2015 is titled *Becoming one... Inspiring breakthroughs*. *Becoming one* encapsulates the sense that all Save the Children organisations work together in a joined-up way for the benefit of children. *Inspiring breakthroughs* captures our role as a catalyst, working with others with our full theory of change to achieve immediate and lasting improvements in the lives of children.

The implementation of the refreshed strategy involves prioritising investment and management attention in the following areas:

- strengthening the quality and impact of our programmes, our humanitarian work and our global campaign
- growing our unrestricted income and our presence in strategic markets
- improving our ways of working

Our plans and priorities for 2014 flow from these ambitions and are further developed in the sections that follow.

International programs and humanitarian

In 2014 our focus will be on improving the quality and impact of our programmes in accordance with the refreshed strategy, as well as completing the Merlin transition process.

Over the year we plan:

- to strengthen the operations platform in our programmes at the start of a three-year initiative which will prioritise capacity-building investments in structure, systems and team capacity. These will be targeted at the key areas of finance, award management, logistics, fraud and child safeguarding
- to continue to ensure that our approach to delivering programmes is as efficient and effective as possible. A specific focus will be on improving the quality of the data available as well as embedding the theory of change into programmes
- to approve at least four more signature programmes, as well as to scale up the existing programmes
- to strengthen the performance of our four global initiatives (health and nutrition, education, child protection and child rights governance) and to establish child poverty as an additional global initiative
- to expand our new monitoring, evaluation, accountability and learning system, modelled on Save the Children's experiences in Pakistan, to 15 countries
- to finish the transition of Merlin country offices
- to make progress towards our objective to be the leading humanitarian agency for children, working in some of the world's toughest contexts. This will also require building on Merlin's strengths and completing its integration.

EVERY ONE

The world continues to see remarkable progress towards our campaign breakthrough of an end to preventable child deaths, with the total number of child deaths falling to 6.6 million in 2012 (compared to 12.4 million in 1990), yet there is no room for complacency. The greatest challenges that remain include the reduction of newborn deaths and finding ways to reach children in places affected by conflict and humanitarian crisis.

We are framing our 2014 campaign around our response to these two challenges. In May the Every Newborn Action Plan was adopted at the World Health Assembly in Geneva and we will use opportunities through the year – including a Partnership for Maternal, Newborn and Child Health Partners Forum in Johannesburg in June and the UN General Assembly in September – to secure high-profile political backing for the plan and agree a robust accountability framework.

In May our annual flagship campaign report, State of the World's Mothers, focused on the challenge of child survival in the world's toughest places, including new material from the Democratic Republic of the Congo, Syria and the Philippines. This report built on our advocacy and communications plans around the third anniversary of the civil war in Syria and will help to build our continuing advocacy on protecting health workers from attack.

2014 will be an important year as we plan to follow through on the campaign progress already made on hunger and malnutrition, particularly around the UN International Conference on Nutrition in Rome in November and the African Union's year of agriculture.

Ways of working

We will continue our focus on talent management, specifically looking to make progress with career development and succession planning, with a particular emphasis on women and national staff in our country programmes. A key objective is to build a shared culture across one Save the Children that supports the delivery of our mission and strengthens our child safeguarding worldwide.

Efficiency, effectiveness and productivity

During 2014 we will focus on our strategic resource allocation to ensure that we are using our global resources wisely. This will involve making our financial data more transparent and informative across members and Save the Children International.

We will prioritise IT-enabled business change investments to support programme delivery in the award management process, treasury, logistics and effort reporting. We plan to strengthen our global IT teams to help deliver these strategic projects on time and to support systems by providing additional IT capacity in low-cost countries and by sharing more back-office services.

Supporting members to grow and develop

In 2014, Save the Children will continue to progress our member growth strategy. This work will focus on a number of key objectives, namely:

- continuing to grow unrestricted income to a minimum of 20% through directed investment in strategic markets and the sharing of knowledge and best practice
- diversifying our current market portfolio through the launch of new fundraising operations in three new prospect members (Indonesia, Philippines and Colombia) while also increasing our investment portfolio to new members
- supporting the development of our future leaders (Brazil, India, Greater China and South Africa)
- establishing the new member growth fund and ensuring that we have the right systems and tools in place to pursue additional external funding.

Financial performance

Following two years dominated by transitions, 2013 was the first year that enables the true scale of operations of Save the Children International to be clearly seen, with our income more than doubling compared to 2012. 2014 will be the first year with meaningful like-for-like comparators.

In 2013, we transitioned ten more country offices from members into Save the Children International, with a further two since the start of 2014 and only three now remain to transition in order to complete our global transformation. Note 15 gives details of the countries and assets transitioned during the year.

Our total income was \$874.5 million, compared to \$338.3 million in 2012. This increase represents the additional funding received from members for country and regional offices as the countries and regions joined Save the Children International. Our expenditure was \$869.1 million compared to \$325.9 million in 2012. Analysis of income is given in note 2 to the accounts and an analysis of expenditure by programmatic theme and geographic location is given in note 3. Net incoming resources for the year of \$5.4 million include members' contributions to the charity's international programming reserves of \$2.1 million.

The balance sheet for the charity shows net assets of \$34.7 million, compared with \$29.3 million in 2012, representing the operational working capital and reserves necessary to deliver the programmes operated by Save the Children International during 2013.

Reserves

We hold reserves to meet the following purposes:

- the operating expenses of the charity in the event of a downturn in income and / or unforeseen increases in costs
- the costs of unforeseen liabilities for employment or other legal claims not covered by insurance
- the costs of closure or wind-down of the core operations of the charity. Costs associated with the closure / wind-down of the charity's international programming work are covered separately by member indemnities up to a maximum of \$20 million.

Total reserves at 31 December 2013 were \$34.7 million (2012: \$29.3 million). We hold restricted reserves of \$19.4 million (2012: \$17.1 million) and unrestricted reserves of \$15.3 million (2012: \$12.2 million). Restricted reserves are those funds that have been received for particular purposes and projects, and are shown in detail in note 13 to the financial statements. They include funding received from certain members and not yet expensed (\$18.0 million), as well as \$1.2 million of fixed assets relating to our global finance system.

During 2011, 2012 and 2013 Save the Children International has been transitioning international programming work from members to itself, which has meant a phased transfer of international programming risk from April 2011 onwards. We assessed that specific risk in 2010 as part of the transition planning and determined a target level of reserves of \$15 million as at 31 December 2012, to coincide with the fact that the majority of international programming risk would have transferred to Save the Children International by that time. Based on our experience over the last three years, we re-confirmed the target level of \$15 million as at 31 December 2013. This has been arrived at by an assessment of the various risks connected to international programming operations, excluding potential closure / wind-down costs which are separately covered by member indemnities up to a maximum of \$20 million.

As at 31 December 2013, members had contributed \$8.1 million to the charity's international programming reserve in cash. An additional \$6.2 million has been committed to the charity by members in the form of letters of credit which give the charity unconditional and irrevocable access on demand to funds in the event of reserves being required. These letters of credit have been put in place during 2014. We will build up the remaining \$0.7 million to the \$15 million target over time, the gap having arisen from some transitional arrangements with a small number of members, agreed by the whole membership.

In addition, the board has historically earmarked part of the charity's unrestricted reserves to be used for a closure reserve. This represents funds to cover the salary and personnel costs of closure / wind-down of the non-international programming part of the charity. The board has re-evaluated these funds and considers that \$1.3 million is an appropriate target level for these purposes at the date of signing of this report. As at 31 December 2013 the closure reserve stood at \$958,000, an increase of \$90,000 over the 2012 level of \$868,000. The shortfall will be addressed by consulting with members and building up sufficient reserves over time.

Grant making policy

Save the Children International works in partnership with many organisations. This may involve our staff being involved in joint operations, supporting and monitoring work, or funding local partners to deliver services, including immediate humanitarian relief. The grants we make to partner organisations help local organisations provide sustainable benefits for poor communities, and so further our own objectives. We carefully consider the experience, reach and governance of potential partners, as well as the value they will add to our work with vulnerable children. We monitor how all grants are spent.

Going concern

We have set out above a review of financial performance and the charity's reserves position and we have a reasonable expectation that we have the resources to continue in operational existence for the foreseeable future.

We believe there are no material uncertainties that call into doubt the charity's ability to continue as a going concern. The accounts have therefore been prepared on the basis that the charity is a going concern.

Structure, governance and management

Save the Children International is a UK company limited by guarantee (not having share capital) and a registered charity in England and Wales, governed by its Articles of Association as last amended on 12 March 2012. It is registered with Companies House and the Charity Commission and must comply with the Companies Act 2006 and Charities Act 2011. Save the Children International's sole member is Save the Children Association, a Swiss Association formed pursuant to articles 60–79 of the Swiss Civil Code. Save the Children International had five wholly owned subsidiaries at 31 December 2013, the details of which are given in note 14 of the financial statements.

Board of trustees

Save the Children International's board of trustees mirrors the board of Save the Children Association. During 2013, the Save the Children International board consisted of:

- nine individuals who are the nominees of each member organisation which contributed at least eight percent of the combined total income of all members of Save the Children Association
- three individuals who are elected by member organisations which contributed less than eight percent of the combined total income of all members of Save the Children Association
- two independent trustees, one of whom is appointed by the nominated trustees and the other of whom is elected by the member organisations which elect the three individual trustees to the board.

In 2013, in accordance with succession planning carried out by the Governance Committee in 2012, seven existing board members commenced their second term on the board and seven new board members were appointed / elected to the board following the voluntary resignation of seven board members. Further details of the board members are given on page 17.

We have in place an induction programme for each new trustee which covers aspects of the role and the organisation and includes the information required to fulfil the role and legal duties. Trustees also participate in ongoing activities to develop and evaluate the board's ways of working and performance.

The Save the Children International board manages the business of the charity and exercises all the powers of the charity. The board seeks to ensure that all activities are within UK law and agreed charitable objects. Its work includes oversight of, and agreeing the financial plan for, international programmes.

Auditors

KPMG LLP will be deemed appointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Act.

The Audit and Finance Committee oversees the charity's monitoring of external auditor objectivity and independence in relation to non-audit services. The auditor is excluded from undertaking a range of work on behalf of the charity to ensure that the nature of non-audit services performed or fee income relative to the audit fees does not compromise, or is not seen to compromise, the auditor's independence, objectivity or integrity.

Trustees' responsibilities

The trustees are responsible for preparing the trustees' report (incorporating the strategic report and the directors' report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with

reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware
- the trustees have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees, in their capacity both as trustees and company directors, have reviewed and approved the trustees' report which incorporates the directors' report and the requirements of the strategic report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Committees

At least two members of each committee must be members of the Save the Children International board of trustees. Currently all committee members are trustees of Save the Children International.

The **Audit and Finance Committee** is appointed by the board of trustees and has four members including a chair (who must not be the same person as the chair of the board). The committee meets at least four times a year to consider reports from the management team and external auditors. The committee advises the board on financial management, reporting and control. It also oversees the Global Assurance function.

The **Governance Committee** is appointed by the board of trustees and has four members, including a chair, who meet at least twice a year. The committee advises the board on Save the Children International's governance framework, its constitution and governance systems and processes as well as board processes and effectiveness.

The **Compensation and Organisation Committee** is appointed by the board of trustees and has four members, including a chair, who meet at least twice a year. The committee advises the board on the compensation of the Chief Executive Officer and senior management of Save the Children International, and its organisational design.

Organisational structure

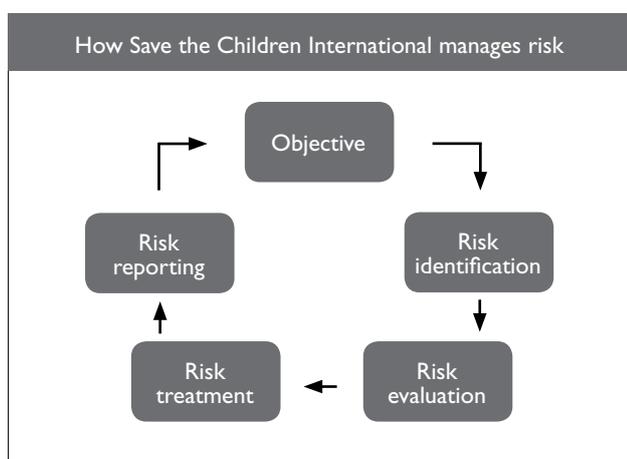
The trustees delegate the day-to-day running of the charity to the Chief Executive Officer (CEO) and the senior leadership team who are responsible for particular areas of the charity as listed on page 17. The Chief Executive Officer reports to the chair of the board.

Risk management and internal control

Identification of key risks and their management

Save the Children International operates in some of the world's most fragile and insecure countries, working with some of the world's most vulnerable children. There are, therefore, significant risk factors in the organisation's operating environment. To achieve our objectives, we must identify fully – and manage effectively – the risks we face wherever we work.

Save the Children International considers all types of risk at strategic and operational levels, including: internal risks (e.g. financial, operational, reputational, governance, compliance) and external risks (e.g. political, environmental, sociocultural, technical, legal, economic). It does so using the following methodology of risk management:



Risk appetite

The trustees recognise that if Save the Children International is to achieve its objectives, it is necessary to accept some risks that are outside the charity's control and which cannot be fully mitigated. Therefore, it is important that we understand the risks that we are willing to accept in the pursuit of our long term objectives.

The senior leadership team is charged with actively monitoring such risks in order to provide reasonable, but not absolute, assurance that the organisation is protected. The senior leadership team considers the risk appetite for key risks on a bi-annual basis and when prompted by risk-related events. Where additional mitigation is required to bring a risk within appetite, mitigating actions are identified as necessary.

Risk monitoring and reporting

Risk registers are maintained at country and regional levels. These inform the organisation-wide risk register that is discussed by the central senior leadership team on a quarterly cycle. Risk is discussed with the Audit and Finance Committee quarterly and with the board on a bi-annual basis.

Through this process the trustees have given their consideration to the major risks to which the charity is exposed and have satisfied themselves that reasonable systems and procedures are in place to manage those risks, and that appropriate actions are being taken where further mitigation is required, especially where necessary to bring a risk within appetite.

Key risks

Key risks are those that are highly likely to occur and would have a severe impact on our work, our reputation or our ability to achieve our ambitions. This allows the board to challenge any assumptions that management has made about risks and understand the context in which decisions are taken. This helps them ensure the most serious risks are being managed effectively.

The key risks identified in 2013 were:

Description of the risk	What we are doing about the risk
<p>Child safeguarding</p> <p>Harm to child/children.</p> <p>Child safeguarding incident that impacts on SCI's brand/ income/reputation and also its ability to operate effectively in the location where the incident occurred.</p> <p>In view of the importance accorded by management to this risk, a more detailed description of the subject can be found later in this report.</p>	<p>Save the Children has a child safeguarding policy, processes and procedures in place. Staff and partners are trained on this policy. Procedures and standards are in place to ensure that the children we work with are kept safe. These requirements include:</p> <ul style="list-style-type: none"> • criminal records bureau checks for all staff that have frequent contact with children and young people • staff training on child protection measures. <p>Additionally, we have dedicated child safeguarding experts advising the global organisation and training staff, as well as supporting investigation of any potential incidents.</p>
<p>Adverse political environments</p> <p>Save the Children operates in a number of countries where the political climate can become very challenging, impacting ability to operate (e.g. a key programme is terminated by host government, or due to the presence of terrorist organisations, civil unrest, natural disaster or other force majeure outside of Save the Children International control).</p>	<p>These situations are carefully monitored. Where necessary a crisis management team is convened to address and defuse critical risk.</p> <p>Save the Children mitigates the risk of donor funds being diverted or used for the purposes of terrorism through:</p> <ul style="list-style-type: none"> • vetting of staff and partners • training staff and partners, to raise the level of awareness and to communicate all relevant procedures • clear reporting mechanisms to ensure that risks or incidents are identified and actions taken as appropriate.
<p>Fraud or corruption incident</p> <p>Serious fraud or corruption incident could result in loss of funds, withdrawal of donor support, termination of funding, and/ or damaged reputation.</p>	<p>A senior fraud manager and team have been appointed and a programme of awareness to detect and prevent fraud and corruption is underway. Our stance is one of zero tolerance to fraud and corruption and we have an established whistleblowing process.</p>
<p>Safety and security</p> <p>In pursuit of our mission, we work in insecure environments which pose a risk to staff and our ability to access vulnerable populations.</p>	<p>Save the Children has a comprehensive safety & security strategy. This is implemented globally, supported by a professional team of security staff. Field staff receive training and support to carry out their jobs safely, and adherence to security standards is monitored.</p> <p>Visitors receive pre-departure and arrival security briefings, and security training is mandatory for all travellers.</p>
<p>Insufficient 'unrestricted funding'</p> <p>Unrestricted funds are available for use toward any purpose (e.g. operating expenses). Such funds are critical to delivering our strategic ambitions and provide a means by which the organisation can grow and secure future funding.</p>	<p>Save the Children has developed a 'member growth strategy'. The prime objective of this strategy is to build unrestricted funding and promote growth of the organisation.</p>

Child safeguarding

Save the Children International has a zero tolerance towards any deliberate harm of children by our representatives (whether staff, volunteers or others) and likewise pursues rigorous policies and procedures to prevent any inadvertent or unintended harm to the children that we work with. Save the Children International complies with the requirements of Save the Children's Child Safeguarding Protocol (an organisational by-law) and has developed a Child Safeguarding Policy, along with a set of standards, procedures, guidance and tools.

We strive to comply with the requirements of the Charity Commission within the UK, the UN Secretary General's Bulletin on the Prevention of Sexual Abuse and Exploitation and are guided by the UN Convention of the Rights of the Child, the UK's Children Act and the Keeping Children Safe Coalition's International Standards for Child Protection. Whilst we believe that this gives us a solid foundation to build upon, we are committed to continuous improvement in this area and we are constantly looking for innovative ways of increasing awareness and reducing risk.

Staff are recruited using child safe recruitment procedures, including background checking, which we have recently extended to include secondments. Upon hiring, staff and volunteers receive an induction and training in child safeguarding and agree to abide by our code of conduct and child safeguarding policy both in their private and professional lives. In order to support and monitor the compliance of the policy, we have established a global child safeguarding team, country-based systems and an approach for quality assurance with auditing against clear mandatory criteria.

We have appointed a lead trustee for child safeguarding who, on behalf of the Save the Children International board, receives regular updates on the implementation of the child safeguarding policy, acts as an ambassador at board level and as a senior representative within the whistle-blowing chain. The board receives regular six-monthly reports of any incident involving harm to children as a result of our activities. In addition, the child safeguarding trustee is immediately informed of serious cases involving alleged deliberate harm by a staff member.

The vast majority of our staff and partners undertake their duties to the highest professional standards. Nevertheless, regardless of how vigilant we may be, we can expect allegations and potential breaches to occur from time to time. This is why we have established mechanisms to deal

swiftly and decisively with such issues. During 2013, our child safeguarding procedures identified a total of 31 cases, of which 23 involved concerns raised against staff members and 8 against representatives of our partner organisations. These varied greatly in nature, ranging from sexual abuse to physical abuse and accidental injury. They occurred in each of our operational regions. Each complaint was thoroughly investigated.

The outcomes of the investigations were as follows:

- 6 cases were held to be unproven, unfounded or malicious
- 25 cases were proven to be breaches of our policy, leading to:
 - ~ 11 cases being referred to the national authorities or police as they involved or potentially involved an illegal act. In addition these individuals were dismissed
 - ~ 14 cases were dealt with internally under disciplinary procedures ranging from a warning to dismissal, depending on the individual nature of the case.

Where cases are proven, the immediate welfare and health of the child or children and their longer term best interest are always our primary concern. We offer every appropriate and available support to assist them. In each case a review is conducted to ensure that lessons are learned and systems strengthened as we continue to do all in our power to make Save the Children safe for children.

Global assurance

The Save the Children International global assurance function provides an independent and objective opinion to the senior management, trustees and members on the adequacy and effectiveness of Save the Children International's risk management, governance and control systems. In practice, this means auditing a range of activities and processes, across all departments and overseas programmes and structures, as well as providing support and consultancy services to management. As a result of these audits, management develops and agrees action plans to address any control weaknesses.

Global assurance is overseen by the Audit and Finance Committee, which assesses the function's performance, approves its proposed strategies and plans, and receives quarterly reports on key risk and control issues arising from its work. The committee seeks regular confirmation and evidence from management that actions it has agreed with global assurance have been implemented.

Public benefit

The trustees ensure that the activities of the charity are consistent with its charitable objects and aims. In agreeing our annual plans, the trustees take into account public benefit as set out in the Charity Commission's general guidance on public benefit in relation to the prevention and relief of poverty, the advancement of education and health and the relief of those in need. The trustees believe there is clear public benefit derived from the activities of the charity.

Venture partners and volunteer involvement

This year the charity has continued to benefit from ongoing strategic partnerships with:

- the Boston Consulting Group which has provided important support to implement our strategy
- Freshfields Bruckhaus Deringer LLP for the provision of legal services in implementing our governance structure and international programming strategy
- Baker & McKenzie for the provision of legal services in implementing our international programming strategy and supporting us in the areas of brand protection and employment law
- Egon Zehnder International for provision of Save the Children board reviews, governance support and recruitment of senior leaders
- Standard Chartered Bank for provision of support in the area of leadership development and other support to HR
- Fragomen LLP for the provision of legal services in the field of UK immigration

We are also grateful to the number of volunteers, interns and secondees who worked on a broad range of projects and activities during 2013.

We would like to thank our partners, volunteers, interns and secondees for their continuing contributions which are invaluable in realising our ambitions for children.

Communicating with staff

Our decision-making processes include employee consultation through the line management structure. All staff receive a weekly newsletter and our Chief Executive Officer and other senior managers communicate via team meetings, regular updates and open calls. In 2013 we launched OneNet as an internal communication and collaboration platform, which includes a news section, blogs and social media tools. In 2014 we plan to undertake a full engagement survey.

Diversity and equality

Save the Children International is fully committed to diversity and providing equal treatment to all employees, irrespective of gender; race, ethnic origin, disability, age, nationality, national origin, sexuality, religion or belief, marital status and social class. We oppose all forms of unlawful and unfair discrimination. All employees and volunteers, whether part time, full time or temporary, will be treated fairly and equally. Selection for employment, promotion, training or any other benefit will be on the basis of aptitude and ability. All employees will be helped and encouraged to develop their full potential and the talents and resources of the workforce will be fully utilised to maximise the efficiency of the organisation.

Administrative details

Trustees during 2013 and as at date of approval of the report:

Charles Perrin (*Chair*)
Adèle Anderson
Inger Ashing
Vivien Bridgwater
Mimi Jakobsen
Irene Khan
Charles MacCormack
Nils Øveraas
Bradley C Palmer
Alan Parker
Jonathan Powell (*appointed 23 September 2013*)
Marie-Andrée Romisch Diouf (*appointed 21 February 2013*)
Harpal Singh
Pernille Spiers-Lopez

Board Committees

Audit and Finance Committee

Adèle Anderson (*Chair, from 21 January 2013*)
Mimi Jakobsen (*from 21 January 2013*)
Charles MacCormack (*from 21 January 2013*)
Harpal Singh

Governance Committee

Inger Ashing (*Chair, from 21 January 2013*)
Bradley C Palmer (*Chair, until 21 January 2013*)
Irene Khan (*from 21 January 2013*)
Alan Parker

Compensation and Organisation Committee

Pernille Spiers-Lopez (*Chair, from 21 January 2013*)
Vivien Bridgwater (*from 21 January 2013*)
Mimi Jakobsen (*until 21 January 2013*)
Nils Øveraas (*from 21 January 2013*)
Alan Parker (*until 21 January 2013*)
Marie-Andrée Romisch Diouf (*from 21 February 2013*)

Senior Leadership Team

Chief Executive Officer

Jasmine Whitbread

Chief Financial Officer

Caroline Stockmann (*until 31 May 2014*)

Chief People Officer

Madalyn Brooks

Deputy Chief Executive Officer

Janti Soeripto

Global Campaign and Advocacy Director

Patrick Watt

International Programs Director

Imran Matin

Registered Office

St Vincent House
30 Orange Street
London WC2H 7HH

Company Secretary

Elizabeth Stephen

Registered number

3732267

Registered charity number

1076822

Principal Bankers

Barclays Bank Plc

Hammersmith Branch
PO Box 14576
London W6 9GQ

EcoBank

EBI SA,
Representative Office
2nd Floor, 20 Old Broad Street
London EC2N 1DP

Standard Bank Plc

20 Gresham Street
London EC2V 7JE

Standard Chartered Bank

1 Basinghall Avenue
London EC2V 5DD

Auditors

KPMG LLP

15 Canada Square
Canary Wharf
London E14 5GL

Signed on behalf of the board of trustees by:



Charles Perrin, 17 June 2014, Chair; Save the Children International

Independent auditors' report

We have audited the financial statements of Save the Children International for the year ended 31 December 2013 set out on pages 19 to 39. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

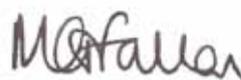
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, which constitutes the strategic report and the directors' report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Marianne G Fallon (Senior Statutory Auditor)
for and on behalf of

KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

18 June 2014

Consolidated statement of financial activities for the year ended 31 December 2013 (including an income and expenditure account)

	notes	Unrestricted USD 000s	Restricted USD 000s	2013 Total USD 000s	2012 Total USD 000s
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Grants and donations		8,504	767,710	776,214	292,227
Gifts in kind	2 (b)	8,097	89,532	97,629	45,592
Total voluntary income	2 (a)	16,601	857,242	873,843	337,819
Investment income	2 (c)	55	62	117	117
Other incoming resources	2 (d)	348	189	537	364
Total incoming resources		17,004	857,493	874,497	338,300
Charitable activities					
International programs					
Development		2,555	632,119	634,674	245,480
Humanitarian		991	207,014	208,005	51,742
Campaigning and advocacy		3,650	3,760	7,410	6,415
Growth and development of Save the Children		280	4,003	4,283	1,703
Total charitable activities	3 (a)	7,476	846,896	854,372	305,340
Governance costs	3 (c)	899	5,349	6,248	3,373
Total resources expended before exceptional items		8,375	852,245	860,620	308,713
Exceptional costs					
Costs incurred on transition to Save the Children International		-	1,795	1,795	4,315
Non-capital assets donated by members on transition (gifts in kind)		6,676	-	6,676	12,897
Total exceptional costs	3 (d)	6,676	1,795	8,471	17,212
Total resources expended	3 (a)	15,051	854,040	869,091	325,925
Net income for the year		1,953	3,453	5,406	12,375
Transfers between funds		1,218	(1,218)	-	-
Fund balances brought forward		12,171	17,150	29,321	16,946
Fund balances carried forward	13	15,342	19,385	34,727	29,321

All gains and losses recognised in the period are included above. There is no difference between the net incoming resources before other recognised gains and losses above and the historical cost equivalent. All activities are continuing. The charity uses the exemption conferred by section 408 of the Companies Act 2006 in not preparing a separate income and expenditure account for the charity as a separate entity. The group structure is explained in note 14 and net income for the charity alone for the year ended 31 December 2013 was USD 5,356,000 (2012 USD 12,416,000). The notes on pages 22 to 39 form part of these financial statements.

Consolidated and charity balance sheet as at 31 December 2013

	notes	Group USD 000s 2013	Charity USD 000s 2013	Group USD 000s 2012	Charity USD 000s 2012
Tangible fixed assets					
Furniture, fittings and equipment		3,270	3,262	2,807	2,764
Motor vehicles		2,463	2,225	2,398	2,398
Leasehold property		308	308	419	419
Freehold property		1,169	1,169	1,226	1,226
	5	7,210	6,964	6,850	6,807
Current assets					
Debtors	6	133,103	132,635	90,662	90,214
Cash at bank and in hand	7	80,767	79,176	61,091	59,783
		213,870	211,811	151,753	149,997
Current liabilities					
Creditors: amounts falling due within one year	8	(167,354)	(165,935)	(117,806)	(116,547)
		(167,354)	(165,935)	(117,806)	(116,547)
Net current assets		46,516	45,876	33,947	33,450
Provisions for liabilities and charges	9	(18,999)	(18,122)	(11,476)	(10,895)
Net assets		34,727	34,718	29,321	29,362
Charitable funds					
Unrestricted funds					
General funds		-	-	113	129
Designated funds		15,342	15,342	12,058	12,015
Total unrestricted funds	13	15,342	15,342	12,171	12,144
Restricted funds	13	19,385	19,376	17,150	17,218
Total charitable funds		34,727	34,718	29,321	29,362

The notes on pages 22 to 39 form part of these financial statements.

Approved by the board of trustees and signed on its behalf by:



Charles Perrin, 17 June 2014
Chair, Save the Children International



Adèle Anderson, 17 June 2014
Trustee, Save the Children International

Consolidated cash flow statement for the year ended 31 December 2013

	2013 USD 000s	2012 USD 000s
Cash inflow from operating activities		
Net income	5,406	12,375
Tangible fixed assets donated by members on transition	(887)	(3,466)
Interest received	(117)	(117)
Increase in debtors	(42,441)	(72,816)
Increase in creditors	49,548	90,753
Increase in provisions	7,523	10,053
Loss on disposal of fixed assets	-	6
Depreciation	2,195	1,282
	21,227	38,070
Cash outflows from capital expenditure		
Payments to acquire tangible fixed assets	(1,668)	(1,033)
Returns on investment and servicing of finance		
Interest received	117	117
Net cash inflow for the year ended 31 December	19,676	37,154
Analysis of cash at bank and in hand		
Balance at start of period	61,091	23,937
Net cash inflow for the period	19,676	37,154
Balance at end of period	80,767	61,091

Notes to the accounts for the year ended 31 December 2013

I Accounting policies

a Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with the Statement of Recommended Practice (SORP) *Accounting and reporting for Charities* published in March 2005, the Companies Act 2011 and applicable accounting standards. All income and expenditure relates to continuing operations. The financial statements comply with the requirements of the charity's Memorandum and Articles of Association. The financial statements have been prepared on a going concern basis.

In 2011 the charity finalised a range of contractual agreements with the then 29 Save the Children members which provide, among other matters, for the programming activity of Save the Children members outside their home territories to be delivered by Save the Children International. The charity commenced transitioning country offices from members into Save the Children International in January 2011. Note 15 to the accounts provides more information on the transition.

b Basis of consolidation

The group accounts incorporate those of the wholly owned subsidiaries of the charity as detailed in note 14 to the financial statements. The results of each subsidiary are consolidated on a line by line basis.

c Company status

The charity is a company limited by guarantee, not having share capital. Save the Children International's sole member is Save the Children Association, a Swiss Association formed pursuant to articles 60–79 of the Swiss Civil Code. The trustees of Save the Children International are named on page 17.

d Income recognition

Income is recognised in the period in which Save the Children International is legally entitled to the income, is reasonably certain of receipt and the amount can be measured with sufficient reliability.

International programming grant income from Save the Children members is recognised when the charity can demonstrate entitlement to the income. This is the earlier of cash receipt or submission of an expenditure claim based on programme activity. International programming grant income is credited to restricted income within the SOFA, with unspent balances being carried forward to the following year within the relevant fund.

Grant income to fund international programming operational activity not directly attributable to projects, investment activity and the financial management system is recognised when entitlement falls due following the agreed schedule in accordance with a Member Contribution Agreement. Income is credited to restricted income within the SOFA, with unspent balances being carried forward to the following year within the relevant fund.

Grant income from Save the Children Association and from members to establish Save the Children International reserves is recognised when entitlement falls due. Income is credited to

unrestricted income within the SOFA with unspent balances carried forward to the following year.

All other sources of income are recognised as entitlement falls due in accordance with contractual agreements.

e Gifts in kind

Gifts in kind donated for distribution by country programmes (such as food, clothing and medical supplies) are included at valuation and recognised as income when they are distributed to the projects. These gifts in kind are valued by Save the Children International staff with regard to market prices when distributed.

Gifts in kind for pro bono services are valued either at market value or, where this is not available, an appropriate estimate of the value to the charity is made.

Tangible fixed assets donated by members for ongoing use within country offices have been recognised at an estimated market value upon receipt. Such assets have been capitalised or expensed in line with the charity's fixed asset policy.

Services donated by members are valued at cost.

In preparing these accounts no value has been attributed to the work performed by volunteers in accordance with the SORP.

f Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Expenditure is charged inclusive of any irrecoverable taxation.

A sizable proportion of the programme work of Save the Children International is undertaken by making grants to operational partners who perform the work on the ground and report back to Save the Children International on the work they have done.

Save the Children International recognises the expenditure on these grants when payment is due to the partner organisation in accordance with the terms of the agreement. The related income on grants which will be used to cover these payments is recognised at the same time in accordance with the charity's standard income recognition policy. Standard partner agreements are typically for a year's duration but can span several years. The agreements contain certain conditions, the fulfilment of which is under the control of the charity. Save the Children International assesses partner performance prior to agreements being signed and rigorously monitors their performance for the duration of the agreement.

Governance costs represent those costs associated with the strategic, as opposed to day-to-day, management of the charity's activities. They include legal advice for trustees, the costs of trustees' meetings, audit fees and an estimate of staff time related to governance, e.g. for the board, Audit and Finance Committee, other board committees and the preparation of financial statements.

The costs associated with the restructuring of Save the Children International are treated as exceptional costs due to their material non-recurring nature and include the costs of change

management, pro-bono professional services and costs of implementing new policies and systems. Change management represents costs of preparing country offices for transition to Save the Children International, including organisational design, due diligence and project management. Pro-bono professional services primarily represents legal fees to support contract finalisation and strategic consultancy.

Support costs which include the central and regional office functions such as general management, payroll administration, budgeting and accounting, human resources and information technology are allocated across the categories of charitable activities and governance costs. The basis for the cost allocation is explained in note 3b to the accounts.

g *Taxation*

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly the charity is exempt from taxation in respect of income and capital grants received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The charity and its subsidiary, The Save the Children Alliance Trading Limited, have a group registration for VAT. Country offices are subject to local tax legislation.

h *Foreign currencies*

The functional currency of Save the Children International is US Dollars. The exchange rate to Sterling at 31st December 2013 was 1.6637.

Where Save the Children International has entered into forward contracts for the purchase of foreign currencies, expenditure in those currencies covered by the forward contract are translated into US Dollars at the forward contracted rate. Transactions denominated in other currencies are translated at the rate of exchange at the time of the transaction.

Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Foreign currency gains and losses are included in the SOFA against the expenditure for the period in which they are incurred.

i *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles	5 years
Computer software	5 years
Computer hardware	3 years
Furniture, equipment and fixtures	5 years
Freehold property	25-50 years
Leasehold property	Shorter of 10 years and lease term

The charity does not capitalise assets purchased as part of international programme grant expenditure, nor individual expenditure items below USD 5,000.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

j *Leased assets and obligations*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the income and expenditure account using the straight line method.

Where assets are financed by operating lease agreements, the lease rentals are charged to the income and expenditure account over the life of the lease on a straight line basis.

k *Pensions*

The pension costs charged in the financial statements represent the contributions payable by the company to the defined contribution scheme during the year in accordance with FRS 17.

l *Provisions*

Provisions for future liabilities are recognised when the charity has a legal or constructive financial obligation, that can be reliably estimated, and for which there is an expectation that payment will be made. Provisions for dilapidations are made where the liabilities can be measured with some certainty.

m *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 the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is explained in the notes to the financial statements.

Restricted funds are funds that are to be used in accordance with the specific restrictions imposed by donors. The costs of administering such funds are charged against the specific fund in line with the donor agreements. The aim and use of each restricted fund is set out in note 13.

Investment income and gains are allocated to the appropriate fund.

n *Investments*

Investments in subsidiaries are stated at cost.

2 Incoming resources

a Voluntary income	2013		2013		2013 Assets donated by members on transition USD 000s	2013 Total USD 000s	2012 Total USD 000s
	2013 Grants and donations USD 000s	2013 Gifts in kind donated services USD 000s	2013 Gifts in kind donated goods USD 000s	2013 Assets donated by members on transition USD 000s			
Amounts received directly from Save the Children member organisations							
Australia	25,245	2	135	-	25,382	13,365	
Canada	20,405	159	273	-	20,837	4,734	
Denmark	38,646	21	-	-	38,667	12,777	
Finland	4,424	-	-	-	4,424	1,809	
Germany	261	-	-	-	261	40	
Hong Kong	7	-	-	-	7	-	
Italy	19,852	-	-	-	19,852	9,657	
Japan	6,759	-	26	-	6,785	5,277	
Korea	8,508	-	-	-	8,508	5,479	
Netherlands	12,904	-	-	-	12,904	5,621	
New Zealand	1,730	-	-	-	1,730	695	
Norway	47,419	48	183	-	47,650	28,705	
Spain	6,569	8	-	-	6,577	4,277	
Sweden	61,557	776	1,690	425	64,448	28,470	
United Kingdom	224,632	381	3,399	4,282	232,694	66,688	
United States	284,116	2,121	74,341	2,856	363,434	140,404	
Total amounts received directly from members	763,034	3,516	80,047	7,563	854,160	327,998	
Other amounts							
Save the Children Association	6,882	-	-	-	6,882	4,947	
Pooled Funds	5,094	-	-	-	5,094	-	
Professional services directly provided to Save the Children International	-	6,456	-	-	6,456	4,856	
Direct fundraising in Save the Children International country programmes	1,037	-	-	-	1,037	-	
Other gifts in kind	-	-	47	-	47	-	
Other grants and donations	167	-	-	-	167	18	
Total other amounts	13,180	6,456	47	-	19,683	9,821	
Total voluntary income	776,214	9,972	80,094	7,563	873,843	337,819	

Grants and donations includes USD 140,706,821 (2012: USD 58,621,199) originating from the United States Agency for International Development (USAID).

b Gifts in kind	2013 USD 000s	2012 USD 000s
Donated services		
Professional services	6,456	4,856
Services donated by members	3,516	3,254
Total donated services	9,972	8,110
Donated goods		
Food aid	74,297	20,537
Pharmaceutical supplies	388	131
Other supplies	5,409	451
Total donated goods	80,094	21,119
Donated assets on transition		
Tangible fixed assets donated by members on transition	887	3,466
Non-capital assets donated by members on transition	6,676	12,897
Total donated assets on transitions	7,563	16,363
Total gifts in kind	97,629	45,592

At 31 December 2013 there was USD 7,690,764 (2012: 849,218) of gifts in kind, mainly consisting of food aid, which had not been recognised as incoming resources as the goods had not yet been distributed.

Other supplies of donated goods include mainly relief items such as water and sanitation kits, tents, blankets, plastic sheeting and buckets.

c	<i>Investment income</i>	2013 USD 000s	2012 USD 000s
	Interest on bank deposits	108	106
	Other interest	9	11
	Total investment income	117	117
d	<i>Other incoming resources</i>	2013 USD 000s	2012 USD 000s
	Sales of goods and assets	475	286
	Rental income	16	24
	Other income	46	54
	Total other incoming resources	537	364

3 Resources expended

a Analysis of total resources expended

	Staff costs USD 000s	Grants and payments to partners USD 000s	Gifts in kind USD 000s	Other direct costs USD 000s	Apportionment of support costs USD 000s	2013 Total USD 000s	2012 Total USD 000s
<i>Charitable activities</i>							
Education	49,311	40,511	4,982	89,063	4,251	188,118	83,668
Livelihoods	20,068	12,810	1,782	44,408	1,896	80,964	26,933
Health	30,986	21,486	1,814	59,763	2,706	116,755	37,979
Child protection	21,166	23,003	1,759	29,120	1,739	76,787	30,607
Nutrition	21,939	21,705	12,009	33,369	2,078	91,100	36,378
HIV/AIDS	6,755	34,373	2,203	10,641	1,405	55,377	17,603
Child rights governance	6,480	9,993	274	8,226	600	25,573	12,312
Total development programmes	156,705	163,881	24,823	274,590	14,675	634,674	245,480
Humanitarian	25,284	12,889	63,169	101,270	5,393	208,005	51,742
Campaigning and advocacy	4,399	-	16	2,039	956	7,410	6,415
Growth and development of Save the Children	833	-	-	2,927	523	4,283	1,703
Support costs (b)	13,692	-	109	8,302	(22,103)	-	-
Total charitable activities	200,913	176,770	88,117	389,128	(556)	854,372	305,340
Governance costs (c)	2,248	-	1,798	1,646	556	6,248	3,373
Total resources expended before exceptional items	203,161	176,770	89,915	390,774	-	860,620	308,713
Exceptional transition costs (d)	840	-	6,676	955	-	8,471	17,212
Total resources expended	204,001	176,770	96,591	391,729	-	869,091	325,925
2012 resources expended	81,256	76,979	42,126	125,564	-	325,925	

A list of grants made to partner organisations with whom Save the Children International has worked during 2013 is available at www.savethechildren.net

b Support costs and the basis of their allocation		2013	2012
		USD 000s	USD 000s
Support category:	basis of allocation:		
Leadership	estimated time	4,136	3,236
Financial management	pro-rata by thematic programme expenditure	6,400	4,915
Information systems	pro-rata by thematic programme expenditure	3,606	2,190
Human resources	headcount	3,452	2,189
Facilities and administration	headcount	3,726	2,651
Total management and administration expenditure		21,320	15,181
Members' donated services	according to support category	581	1,020
Pro-bono professional services	according to support category	109	756
Losses/(gains) on foreign exchange	pro-rata by thematic programme expenditure	93	(273)
Total support costs		22,103	16,684

c Governance costs		2013	2012
		USD 000s	USD 000s
Board/trustee and members meeting expenses		116	33
Audit fees		575	208
Legal and compliance		1,784	1,401
Global assurance		1,419	844
Pro-bono professional services		1,798	333
Apportionment of support costs		556	554
Total other governance costs		6,248	3,373

d Exceptional transition costs

Exceptional costs represent those associated with the transition of international programming activity from members to Save the Children International, which was substantially complete by the end of 2013.

	Staff costs	Gifts in kind	Other	2013 total	2012
	USD 000s	USD 000s	direct costs	USD 000s	USD 000s
			USD 000s		
Change management	638	-	240	878	2,191
System implementation	202	-	715	917	2,124
Non-capital assets donated by members on transition	-	6,676	-	6,676	12,897
Total exceptional transition costs	840	6,676	955	8,471	17,212

Change management represents costs of preparing country offices for transition to Save the Children International, including organisational design, due diligence and project management.

System implementation costs represent the non-capital costs of implementing the new Agresso financial management system together with training and transition support for country and regional office staff.

Assets donated by members on transition of country offices are as detailed in note 15(a).

e Geographical analysis of expenditure	Date of transition to Save the Children International if during 2013	2013 USD 000s	2012 USD 000s
Afghanistan		32,530	29,295
Bangladesh		55,159	47,439
Bhutan		890	1,061
Kyrgyzstan		668	698
Nepal		32,545	29,889
Sri Lanka	20 April 2013	2,132	-
Tajikistan		2,325	1,998
Regional office		2,271	2,574
South and Central Asia		128,520	112,954
Cambodia		6,264	6,274
China	1 June 2013	6,090	-
DPRK		3,063	3,698
Indonesia	1 January 2013	7,273	-
Laos		5,467	6,228
Myanmar		58,591	7,347
Philippines		17,147	9,590
Thailand	1 February 2013	2,946	-
Vietnam		7,416	6,586
Regional office		2,208	2,307
South East and East Asia		116,465	42,030
Albania		2,647	2,030
Armenia		1,679	1,572
Northwest Balkans		2,730	2,092
Georgia		734	2,085
Occupied Palestinian Territory		10,732	5,689
Iraq		12,318	9,358
Jordan		84,463	7,965
Kosovo		1,969	995
Lebanon		20,076	4,977
Syria		4,661	-
Yemen		24,671	11,730
Regional programming		6,742	159
Regional office		2,855	2,357
Middle East and Eurasia		176,277	51,009
Bolivia	1 April 2013	4,179	-
Colombia		3,523	2,297
Ecuador		1,617	707
El Salvador		4,644	1,024
Haiti	1 March 2013	7,822	-
Nicaragua		6,665	4,761
Peru		6,723	2,651
Regional office		1,460	1,155
Latin America and Caribbean		36,633	12,595
Burkina Faso		8,128	2,238
Central African Republic		2,542	-
Cote d'Ivoire		8,855	2,462
Democratic Republic of the Congo		17,145	6,439
Guinea	1 August 2013	152	-
Liberia		7,759	1,384
Mali	1 August 2013	8,631	-
Niger	1 March 2013	18,066	-
Nigeria		17,126	2,822
Senegal		4,667	1,457
Sierra Leone		5,853	2,585
Regional office		2,906	856
West and Central Africa		101,830	20,243

e Geographical analysis of expenditure (continued)	Date of transition to Save the Children International if during 2013	2013 USD 000s	2012 USD 000s
Ethiopia		103,356	25,627
Kenya		22,779	2,696
Rwanda		2,850	494
Somalia		32,535	8,720
South Sudan	1 February 2013	26,929	-
Tanzania		5,522	1,219
Uganda		14,720	5,112
Regional office		4,875	1,316
East Africa		213,566	45,184
Malawi		27,776	4,850
Mozambique		21,453	7,614
Zambia	1 January 2013	5,521	-
Regional office	1 April 2013	3,563	258
Southern Africa		58,313	12,722
Save the Children International centre		36,901	29,188
Save the Children advocacy offices (Brussels, Geneva)	1 October 2013	586	-
Total expenditure		869,091	325,925

Total expenditure includes USD 8,471,000 (2012: USD 17,212,000) of exceptional costs incurred in the process of transition to Save the Children International (see note 3d).

Expenditure related to the Syria response is included in the figures shown for Iraq, Jordan, Lebanon and regional programming, as well as in the specific figure shown for Syria.

f Net incoming resources for the year are stated after charging:	2013 USD 000s	2012 USD 000s
Auditors' remuneration:		
Audit of these financial statements	312	208
Amounts receivable by the charity's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the charity	16	20
Other assurance services	697	499
Lease rental payments	22,670	8,278
Depreciation	2,195	1,282

g Trustees' remuneration

None of the trustees received any remuneration from the charity during 2013 (2012: nil). None of the trustees received any other benefits in kind during 2013 (2012: nil).

Out-of-pocket expenses, including travel and subsistence were reimbursed to trustees as follows: 9 trustees totalling USD 22,228 (2012: 6 trustees totalling USD 11,344).

Save the Children International's parent undertaking (Save the Children Association) paid GBP 5,500 (USD 8,811) to purchase trustee indemnity insurance to the value of CHF 5 million (USD 5.38 million) which covers the trustees or other officers of the charity. These insurances provide cover:

- to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents
- to indemnify the trustees or other officers against legal liability for inadvertent errors or omissions on their part.

4 Staff costs

a Staff costs	2013 USD 000s	2012 USD 000s
Wages and salaries	167,265	68,834
Social security costs and payroll taxes	4,681	2,131
Pension contributions	705	530
Terminal grants and long term savings plans	11,500	3,099
Benefits in kind	12,486	4,352
Other staff costs	7,364	2,310
Total direct staff costs	204,001	81,256
Donated staff costs from members	3,516	3,052
Total staff costs	207,517	84,308

Save the Children International contributed to a defined contribution scheme for staff at the centre, an occupational money purchase scheme (OMPS). Employers' contributions of USD 623,147 (2012: USD 531,000) are charged to the consolidated statement of financial activities. Employer pension contributions made for employees whose emoluments are in excess of USD 90,000 were USD 317,404 (2012: USD 273,000).

Save the Children International contributes to a long term savings plan for programme staff on international contracts. Employers' contributions charged to the consolidated statement of financial activities were USD 2,173,085 (2012: USD 887,223).

Donated staff costs from members represents secondees from members provided for no consideration. The value of these secondees is included within gifts in kind in note 2b.

b In addition to the direct staff costs reported in note 4a, the charity incurred the following costs:	2013 USD 000s	2012 USD 000s
Temporary and casual labour	9,357	3,365
Secondment costs from Boston Consulting Group	332	333
	9,689	3,698

c The average number of Save the Children International employees calculated on a full-time equivalent basis was:

	Country offices	Regional offices	Advocacy offices	Centre	2013 Total	2012 Total
Charitable activities	10,768	131	5	138	11,042	8,232
Governance						
- of the charity	-	-	-	18	18	18
- of the association	-	-	-	1	1	1
	10,768	131	5	157	11,061	8,251

- d The table below shows the number of staff (including secondees from members) with emoluments falling in the following ranges. Emoluments include salary, taxable benefits in kind and other payments to employees but not employer pension contributions.

The highest paid employee received emoluments amounting to USD 401,091 in 2013 (USD 386,893 in 2012).

For key members of staff working in our international programmes, emoluments may include accommodation and other benefits, which allow us to be appropriately competitive in recruiting and retaining staff. Employees based in Save the Children International's centre office receive salary amounts in GBP and therefore foreign exchange movements between GBP and USD will impact comparisons between financial years.

	2013	2012
USD 0 – USD 15,000	13,349	9,102
USD 15,001 – USD 30,000	2,192	704
USD 30,001 – USD 45,000	504	141
USD 45,001 – USD 60,000	207	73
USD 60,001 – USD 75,000	150	61
USD 75,001 – USD 90,000	87	27
USD 90,001 – USD 105,000	53	23
USD 105,001 – USD 120,000	40	22
USD 120,001 – USD 135,000	20	7
USD 135,001 – USD 150,000	17	10
USD 150,001 – USD 165,000	15	4
USD 165,001 – USD 180,000	12	5
USD 180,001 – USD 195,000	9	4
USD 195,001 – USD 210,000	4	2
USD 210,001 – USD 225,000	3	2
USD 225,001 – USD 240,000	1	2
USD 240,001 – USD 255,000	2	-
USD 255,001 – USD 270,000	1	1
USD 270,001 – USD 285,000	1	-
USD 285,001 – USD 300,000	2	1
USD 300,001 – USD 315,000	-	-
USD 315,001 – USD 330,000	1	1
USD 330,001 – USD 345,000	-	1
USD 345,001 – USD 360,000	1	-
USD 360,001 – USD 375,000	1	-
USD 375,001 – USD 390,000	-	1
USD 390,001 – USD 405,000	1	-

5 Fixed assets

Group	Furniture, fittings and equipment USD 000s	Motor vehicles USD 000s	Leasehold property USD 000s	Freehold property USD 000s	Total USD 000s
Cost					
Brought forward at 1 January 2013	4,180	2,989	561	1,238	8,968
Additions	1,362	306	-	-	1,668
Assets donated by members on transition	12	875	-	-	887
Disposals	-	-	-	-	-
Carried forward at 31 December 2013	5,554	4,170	561	1,238	11,523
Depreciation					
Brought forward at 1 January 2013	1,373	591	142	12	2,118
Charge for the year	911	1,116	111	57	2,195
Disposals	-	-	-	-	-
Carried forward at 31 December 2013	2,284	1,707	253	69	4,313
Net book value					
31 December 2013	3,270	2,463	308	1,169	7,210
1 January 2013	2,807	2,398	419	1,226	6,850

Charity	Furniture, fittings and equipment USD 000s	Motor vehicles USD 000s	Leasehold property USD 000s	Freehold property USD 000s	Total USD 000s
Cost					
Brought forward at 1 January 2013	4,072	2,983	561	1,238	8,854
Additions	1,362	306	-	-	1,668
Assets donated by members on transition	12	540	-	-	552
Disposals	-	-	-	-	-
Carried forward at 31 December 2013	5,446	3,829	561	1,238	11,074
Depreciation					
Brought forward at 1 January 2013	1,308	585	142	12	2,047
Charge for the year	876	1,019	111	57	2,063
Disposals	-	-	-	-	-
Carried forward at 31 December 2013	2,184	1,604	253	69	4,110
Net book value					
31 December 2013	3,262	2,225	308	1,169	6,964
1 January 2013	2,764	2,398	419	1,226	6,807

All fixed assets are held for direct charitable purposes.
Leasehold property amounts all relate to long-term leases.

6 Debtors

	2013 USD 000s Group	2013 USD 000s Charity	2012 USD 000s Group	2012 USD 000s Charity
Amounts due from Save the Children Association	-	-	1	1
Amounts due from Save the Children members	118,215	117,766	82,003	81,590
Amounts due from subsidiary undertakings	-	1,808	-	421
Other debtors	6,833	5,693	3,772	3,745
Prepayments and accrued income	8,055	7,368	4,886	4,457
	133,103	132,635	90,662	90,214

7 Cash at bank and in hand

	2013 USD 000s Group	2013 USD 000s Charity	2012 USD 000s Group	2012 USD 000s Charity
Cash held at centre	34,866	34,866	19,121	19,121
Cash held in overseas offices	45,901	44,310	40,285	38,977
Cash relating to member organisations	-	-	1,685	1,685
	80,767	79,176	61,091	59,783

The cash relating to member organisations represents an account in the name of Save the Children USA to which Save the Children International had unrestricted access to fund working capital requirements.
This arrangement was discontinued in 2013.

8 Creditors due within one year

	2013 USD 000s Group	2013 USD 000s Charity	2012 USD 000s Group	2012 USD 000s Charity
Amounts due to Save the Children Association	224	224	-	-
Amounts payable to Save the Children members	131,236	131,236	96,882	96,882
Trade creditors	6,933	6,847	3,971	3,794
Other short term liabilities	6,204	6,178	1,480	1,504
Accruals and deferred income	22,757	21,450	15,473	14,367
	167,354	165,935	117,806	116,547

Amounts payable to Save the Children members include amounts advanced to Save the Children International to fund working capital.

9 Provisions

	Balance as at 1 January 2013 USD 000s	Provisions transferred from members USD 000s	Arising in the year USD 000s	Utilised in the year USD 000s	Provisions released USD 000s	Balance as at 31 December 2013 USD 000s
Group						
Terminal grant provisions	10,729	727	14,203	(7,639)	-	18,020
Property dilapidations	64	-	51	-	-	115
Operating lease provision	603	-	-	(202)	-	401
Provision for tax liability	80	-	383	-	-	463
	11,476	727	14,637	(7,841)	-	18,999
Charity						
Terminal grant provisions	10,146	727	13,192	(6,921)	-	17,144
Property dilapidations	64	-	51	-	-	115
Operating lease provision	603	-	-	(202)	-	401
Provision for tax liability	82	-	380	-	-	462
	10,895	727	13,623	(7,123)	-	18,122

Terminal grant provisions are contractual amounts due to employees in country and regional offices when leaving employment with Save the Children International.

Provisions transferred from members represent accrued terminal grant entitlements to staff in country programmes as at the date of transition to Save the Children International in certain situations where staff transferred with continuous service (see note 15).

Property dilapidations represent the estimated costs of payments required to make good the condition of properties on the termination of leases.

The operating lease provision represents the value of lease inducements (rent free period) received by Save the Children International. It will be utilised over the term of the lease.

The tax provision represents estimates of the amounts of liabilities for employee taxes in country and regional offices.

10 Analysis of net assets between funds

	2013 Unrestricted USD 000s	2013 Restricted USD 000s	2013 Total USD 000s
Group			
Fixed assets	6,057	1,153	7,210
Current assets	195,638	18,232	213,870
Current liabilities	(167,354)	-	(167,354)
Provisions	(18,999)	-	(18,999)
	15,342	19,385	34,727
Charity			
Fixed assets	5,811	1,153	6,964
Current assets	193,588	18,223	211,811
Current liabilities	(165,935)	-	(165,935)
Provisions	(18,122)	-	(18,122)
	15,342	19,376	34,718

11 Commitments under operating leases

The amounts payable by the group within the next 12 months on non-cancellable operating leases expiring:

	2013 Land and buildings USD 000s	2013 Other leases USD 000s	2012 Land and buildings USD 000s	2012 Other leases USD 000s
within one year	6,099	779	3,373	70
between two and five years	3,804	323	4,252	12
after five years	379	-	30	-
	10,282	1,102	7,655	82

12 Financial commitments

- a At 31 December 2013, Save the Children International has committed the following amounts in grants to partners subject to satisfactory performance. These amounts will form part of the grants allocated in future years. These amounts are fully funded by Save the Children members.

	Balance as at 1 January 2013 USD 000s	Charged to SOFA in 2013 USD 000s	New commitments USD 000s	Balance as at 31 December 2013 USD 000s
Commitments to partner organisations	84,951	(176,770)	260,203	168,384

Commitments to partner organisations consist of amounts falling due:

	2013 USD 000s	2012 USD 000s
within one year	124,451	60,475
between two and five years	43,933	24,476
	168,384	84,951

- b Save the Children International has entered into a number of long-term contracts for the supply of services all of which are cancellable.

13 Consolidated statement of funds

	Balance as at 1 January 2013 USD 000s	Income USD 000s	Expenditure USD 000s	Transfers USD 000s	Balance as at 31 December 2013 USD 000s
Unrestricted funds					
General funds	113	7,022	(7,009)	(126)	-
Fixed asset fund	5,124	7,564	(8,023)	1,392	6,057
Fixed asset replacement fund	-	347	(19)	(138)	190
International programming reserve	6,066	2,071	-	-	8,137
Closure reserve	868	-	-	90	958
Total unrestricted funds	12,171	17,004	(15,051)	1,218	15,342
Restricted funds					
International programme grants	10,418	796,236	(792,320)	(289)	14,045
International programme operational fund	3,506	53,633	(52,767)	(932)	3,440
International programme investment fund	876	212	(801)	3	290
Donated professional services	-	6,456	(6,456)	-	-
Financial management system fund	1,726	-	(573)	-	1,153
Perrin fund	11	-	(7)	-	4
Market development fund	613	956	(1,116)	-	453
Total restricted funds	17,150	857,493	(854,040)	(1,218)	19,385
Total funds	29,321	874,497	(869,091)	-	34,727

General funds represent the amounts that trustees are free to use in accordance with Save the Children International's charitable objectives.

The fixed asset fund represents the net book value of tangible fixed assets that were originally funded out of unrestricted funds. Fixed assets acquired out of general funds, the international programme operational fund, the international programme investment fund and the fixed asset replacement fund are shown as a transfer to the fixed asset fund.

The fixed asset replacement fund represents the proceeds from the sale of fixed assets gifted to Save the Children International on transition, in accordance with the member agreements.

The international programming reserve represents contributions from members to enable Save the Children International to meet its requirements to hold free reserves in accordance with the reserves policy agreed by the trustees. As well as the USD 8.1 million cash receipts, members have committed an additional USD 6.2 million in the form of standby letters of credit which give the charity unconditional and irrevocable access on demand to funds in the event of the use of reserves being required. In addition potential closure/wind-down costs associated with international programming activities are separately covered by member indemnities up to a maximum of USD 20 million. Note 18 gives further details.

The closure reserve represents the funds set aside to provide for the costs in the event of the closure of the non-programming functions of the charity.

International programme grants represent funds received from members for development and humanitarian projects.

The international programme operational fund represents contributions received from members for the running costs of Save the Children International's international programme work, not directly attributable to projects.

The international programme investment fund represents contributions received from members for costs related to one-off investments associated with the set up of Save the Children International's programming work.

Donated professional services represents the value of services provided directly to Save the Children International free of charge.

The financial management system fund represents contributions from Save the Children UK and Save the Children USA to the design and implementation of the financial management systems of Save the Children International. The balance carried forward represents the net book value of the systems. The surplus funds were transferred to the international programme investment fund with agreement of the members.

The Perrin fund represents donations from Charles and Sheila Perrin which were used in 2013 on specific projects supporting Save the Children International.

The market development fund represents funds received to support the continued growth and development of members.

Charity statement of funds

	Balance as at 1 January 2013 USD 000s	Income USD 000s	Expenditure USD 000s	Transfers USD 000s	Balance as at 31 December 2013 USD 000s
Unrestricted funds					
General funds	129	7,025	(7,028)	(126)	-
Fixed asset fund	5,081	6,094	(6,510)	1,392	6,057
Fixed asset replacement fund	-	347	(19)	(138)	190
International programming reserve	6,066	2,071	-	-	8,137
Closure reserve	868	-	-	90	958
Total unrestricted funds	12,144	15,537	(13,557)	1,218	15,342
Restricted funds					
International programme grants	10,486	767,130	(763,291)	(289)	14,036
International programme operational fund	3,506	53,619	(52,753)	(932)	3,440
International programme investment fund	876	212	(801)	3	290
Donated professional services	-	6,456	(6,456)	-	-
Financial management system fund	1,726	-	(573)	-	1,153
Perrin fund	11	-	(7)	-	4
Market development fund	613	956	(1,116)	-	453
Total restricted funds	17,218	828,373	(824,997)	(1,218)	19,376
Total funds	29,362	843,910	(838,554)	-	34,718

14 Subsidiary companies

Save the Children International had five wholly-owned subsidiary entities at 31 December 2013:

The Save the Children Alliance Trading Limited is incorporated in England and Wales (company number 3744223) as a company limited by shares. It was made a dormant company in 2007; its principal activities were the provision of consultancy services to Save the Children International and commercial use of the Save the Children name and logo. The charity holds the entire issued share capital. The cost of this investment is £1.

Save the Children Asia Regional Office Limited is a Singapore incorporated public company limited by guarantee with registered Company No: 201024335C and registered as a charity under the Singapore Charities Act. Save the Children International is the sole member of Save the Children Asia Regional Office Limited.

Shpetoni Femijet (Save the Children) is incorporated as a foundation under Albanian law. The board members are all employees of Save the Children International and are responsible for appointing other board members of Shpetoni Femijet.

Save the Children International (Kenya) is incorporated in Kenya under the Non-Governmental Organizations Co-ordination Act. Save the Children International is the sole corporate member of Save the Children International (Kenya).

Save the Children International (Zambia) is incorporated in Zambia under the Societies Act with registered no. ORS/102/35/3906. The members of Save the Children (Zambia) are Save the Children International and the International Programming Director of Save the Children International.

	Save the Children International (Zambia)		Save the Children Asia Regional Office Limited		Shpetoni Femijet (Save the Children Albania)		Save the Children International (Kenya)	
	2013 USD 000s	2012 USD 000s	2013 USD 000s	2012 USD 000s	2013 USD 000s	2012 USD 000s	2013 USD 000s	2012 USD 000s
Assets	1,546	-	293	424	435	265	1,815	1,500
Liabilities	(1,548)	-	(291)	(376)	(405)	(265)	(1,836)	(1,593)
Net assets	(2)	-	2	48	30	-	(21)	(93)
Income	5,518	-	4,480	4,929	2,699	2,031	22,850	2,603
Expenditure	(5,521)	-	(4,479)	(4,881)	(2,647)	(2,031)	(22,779)	(2,696)
Net incoming resources	(3)	-	1	48	52	-	71	(93)

15 Transition to Save the Children International

a Country and regional office transitions from Save the Children members

In 2011 the charity finalised a range of contractual agreements with the 29 Save the Children members in existence at that time which provide, among other matters, for the programming activity of Save the Children members outside their home territories to be delivered by Save the Children International. As at 31 December 2012, 42 countries had transitioned to Save the Children International. During 2013 a further 10 country offices transitioned to Save the Children International. The following assets were transferred from members for country and regional offices transitioned during 2013.

	Date of transition	Tangible fixed assets donated by members on transition* USD 000s	Non-capital assets donated by members on transition** USD 000s	2013 Total USD 000s
Country offices				
Bolivia	1 April 2013	6	146	152
Sri Lanka	20 April 2013	-	-	-
China	1 June 2013	-	108	108
Haiti	1 March 2013	161	1,113	1,274
Indonesia	1 January 2013	-	232	232
Mali and Guinea	1 August 2013	24	1,174	1,198
Niger	1 March 2013	117	1,731	1,848
South Sudan	1 February 2013	228	977	1,205
Thailand	1 February 2013	-	9	9
Zambia	1 January 2013	13	363	376
Total country offices		549	5,853	6,402
Regional offices				
Southern Africa	1 April 2013	-	12	12
Total regional offices		-	12	12
Total donated assets from countries transitioning in 2013		549	5,865	6,414

* Tangible fixed assets donated by members are capitalised where the estimated market value of the asset is greater than USD 5,000 in line with the Save the Children International fixed asset policy.

** Non-capital assets donated by members represents assets which are valued at less than USD 5,000. These have been recognised as gifts in kind with associated income and expenditure recorded in 2013.

Market value of the assets above has been estimated based on implied net book value at date of transition using the useful economic lives as set out in note 1 (i). The resulting income has been included in gifts in kind income (see note 2b).

In addition, terminal grant liabilities of USD 727,000 (2012: USD 8,286,000) were transferred to Save the Children International in countries where staff transferred with continuous service (see note 9). These liabilities are underwritten by members with agreement for transfer of cash to fund historic liabilities. A corresponding receivable is recorded giving a net impact of nil.

Total donated assets on transitions of \$7,563,000 (note 2b) includes amounts from countries transitioned in 2012.

b Transitions of Merlin country operations

In July 2013, Save the Children UK joined forces with the international NGO, Merlin. During the rest of 2013, four of Merlin's country offices (Lebanon, Mali, Nepal and Syria) were transitioned to Save the Children International to form a joint operation with the existing offices in these countries.

16 Related party transactions

In accordance with the provisions of Financial Reporting Standard 8, Related Party Disclosures, the related party transactions entered into by Save the Children International are detailed below. All transactions were in the normal course of business.

a *Save the Children Association*

Save the Children International has been controlled throughout the period by its ultimate parent undertaking Save the Children Association, a Swiss association formed pursuant to Articles 60–79 of the Swiss Civil Code. No other group financial statements include the results of the charity.

At the end of 2013 Save the Children Association comprised 24 members and 6 associate members. Members and associate members are each separate and independent legal entities incorporated under laws of their home country and are bound together as members through: Save the Children Association Bylaws, a Trademark Licence Agreement between Save the Children Association and each member, and an All Member Agreement, entered into in the first quarter of 2011 to implement an international programming strategy.

Current account balances with Save the Children Association are interest-free.

At the year end, the group balances with Save the Children Association were:

	2013 Amounts receivable USD 000s	2013 Amounts payable USD 000s	2013 Net balance USD 000s	2012 Net balance USD 000s
Save the Children Association	-	(224)	(224)	1

b *Save the Children members*

During the period the following types of transactions took place between Save the Children International and members (primarily the 14 international programming members):

- i Grant income of USD 763,034,000 (2012: USD 287,262,000) was received from the members for international programming activities.
- ii Donated services of USD 3,516,000 (2012: USD 3,254,000) were received from members.
- iii Donated goods of USD 80,047,000 (2012: USD 21,119,000) were received from members.
- iv Members made contributions to Save the Children International of USD 2,071,000 for international programming reserves and committed a further USD 6,212,000
- v Contributions to the charity's working capital of USD 34,449,000 (2012: USD 24,582,383) were made by, and are repayable to, members.
- vi Contributions to prefund two months worth of country office expenditure upon transition to Save the Children International.
- vii Donations were received by Save the Children International on behalf of Save the Children members. The sums received are remitted to the relevant member.
- viii Certain balances passed from members to Save the Children International on transition. See note 15 (a) for details.
- ix Additional commitments have been made by the members to Save the Children International as set out in note 18.

No profit or loss has arisen on these transactions.

Current account balances with members were interest-free.
At the year-end, the group's balances with members were:

	2013 Amounts receivable USD 000s	2013 Amounts payable USD 000s	2013 Net balance USD 000s	2012 Net balance USD 000s
Save the Children member organisation				
Australia	-	(6,080)	(6,080)	(1,954)
Brazil	2	-	2	-
Canada	5,617	(2,923)	2,694	1,861
Denmark	6,782	(5,495)	1,287	(1,084)
Finland	435	(1,007)	(572)	(617)
Germany	-	(12)	(12)	41
Hong Kong	7	-	7	-
India	4	-	4	-
Italy	3,270	(3,346)	(76)	(233)
Japan	605	(377)	228	(69)
Korea	491	(543)	(52)	266
Mexico	28	-	28	28
Netherlands	-	(3,964)	(3,964)	726
New Zealand	406	(140)	266	175
Norway	2,647	(8,561)	(5,914)	(2,494)
Spain	3,186	(1,557)	1,629	895
Sweden	11,661	(11,532)	129	(971)
Switzerland	-	(476)	(476)	(12)
United Kingdom	47,840	(41,481)	6,359	(4,604)
United States	35,234	(43,742)	(8,508)	(6,833)
	118,215	(131,236)	(13,021)	(14,879)

c Board of trustees

The charity contracted for travel services from EasyJet PLC during 2013, one of whose directors is Adèle Anderson, who was appointed as a trustee of Save the Children International on 1 January 2013.

17 Post balance sheet events

Save the Children International has taken on the responsibility for programme delivery in the following countries since 31 December 2013:

Zimbabwe	1 January 2014
Egypt	1 February 2014
Chad (previously operated by Merlin)	1 May 2014

Merlin operations in the following countries have been transitioned to Save the Children International since 31 December 2013: Liberia, Kenya, Yemen, Central African Republic, Somalia, Philippines, South Sudan, Democratic Republic of the Congo, Chad and Afghanistan (see note 15b).

The advocacy office in New York was transitioned to Save the Children International on 1 March 2014.

As part of Save the Children's strategy to grow unrestricted income in strategic new geographic markets Save the Children International has established the following new legal entities:

Fundacion Save the Children Colombia	4 March 2014
Save the Children Philippines (SCP), Inc.	28 April 2014

Save the Children International is also in the process of registering a new entity in Indonesia.

Save the Children Germany and Save the Children Switzerland were admitted into full membership of Save the Children on 18 May 2014. They were both previously associate members.

18 Contingent assets

	2013 International programming reserve commitments (a) USD 000s	2013 International programming closure indemnity (b) USD 000s	2013 Total contingent assets USD 000s	2012 Total contingent assets USD 000s
Save the Children member organisation				
Australia	-	596	596	395
Canada	-	554	554	229
Denmark	-	510	510	1,181
Finland	-	125	125	179
Italy	-	462	462	352
Japan	-	164	164	204
Korea	-	236	236	88
Netherlands	-	554	554	500
New Zealand	-	20	20	103
Norway	-	1,377	1,377	1,936
Spain	-	242	242	348
Sweden	-	1,889	1,889	2,701
United Kingdom	3,112	6,212	9,324	9,639
United States	3,100	7,059	10,159	10,407
	6,212	20,000	26,212	28,262

(a) Members have made cash contributions of USD 8,137,000 to enable SCI to meet its requirements to hold free reserves in accordance with the reserves policy agreed by the trustees. In addition, members have provided a further USD 6,212,000 during 2014 in the form of standby letters of credit which give the charity unconditional and irrevocable access on demand to funds in the event of the use of reserves being required (see note 13).

(b) The costs associated with the closure / wind-down of the charity's international programming work are covered by member indemnities up to a maximum of USD 20million.

19 Contingent liabilities

Save the Children International is involved in various legal proceedings and claims arising in the normal course of business. Management does not expect the ultimate resolution of these actions to have a material adverse effect on Save the Children International's financial position, changes in net assets, or cash flow.

Save the Children International receives funding from members for various activities, which are subject to audit. Although such audits may result in disallowance of certain expenditures, which would be absorbed by Save the Children International, in management's opinion the ultimate outcome of such audits would not have a significant effect on the financial position, changes in net assets, or cash flows of Save the Children International.

“Achieving results for children means driving and delivering long-term, sustainable change that transforms their lives for the better. It’s not just about reaching ever-greater numbers of children with our work, but increasing our impact for those children. That’s why, working as one Save the Children, we’re focusing on quality interventions. We’re innovating, scaling up what works, advocating for children and working in partnership with others to achieve results for children.”

Charles Perrin

Chair, Save the Children International

Save the Children International

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