

MERCY CORPS SCOTLAND



**ANNUAL REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2011**

**“You must be the change you wish to
see in the world”**

- Gandhi

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Executive Director's Message

It's been another challenging but good year for Mercy Corps, supporting communities in some of the world's toughest places. We are committed to: helping people in need to tackle hunger and poverty; supporting young people around the world to reach their potential; and building the resilience of communities in the face of conflict and natural disasters.



This year has seen three major events impacting on our work.

In August 2010 massive floods covered most of Pakistan, forcing millions from their homes. We launched a major response in northern Pakistan and Sindh province providing life-saving aid and medical support. Almost a year on, the disaster has dropped from the headlines but thousands of families continue to live with its effects. But just as in Haiti, Myanmar and China, we will remain working in these areas, standing by those affected, offering not only help in the immediate aftermath of disaster but supporting them to move forward and rebuild their lives in the long term.

In January 2011 a devastating earthquake and tsunami struck Japan. Mercy Corps worked with our long-standing partners, Peace Winds Japan, to rush emergency supplies to thousands affected and we continue to work there helping people rebuild their lives.

Thirdly, what has widely been referred to as the 'Arab Spring' has had a considerable impact for us. We have worked for many years in the Middle East, and since January have set up offices in Egypt, Libya and Tunisia to help these nations and communities in transition.

In the coming year we will put emphasis on improving the quality of our programmes, on finding new ways to create sustainable change for the communities we work with and on our accountability to them.

My warmest thanks go to all of our supporters, from staff, Board members, volunteers, donors, corporate partners and trusts to generous individuals. Your support allows us to help the communities we work with turn crises into opportunities.



Mervyn Lee OBE, Executive Director

Chairman's Message

It is to the credit of all our staff that Mercy Corps has continued to develop its capacities and serve our beneficiaries with skill and passion across the past year. My visits to South Sudan and West Bank/Gaza this year reinforced for me yet again that our field colleagues hold the European headquarters team in very high regard.



As our Executive Director, Mervyn Lee, outlines in his message, we have played a major role in the global agency's response to the disasters that have affected Pakistan and Japan. At the time of writing we have recently launched the third Edinburgh Disasters Response Committee campaign, with the City of Edinburgh Council and our other partner organisations, in order to raise funds for the drought and food crisis in the Horn of Africa. Our continued thanks go to the Lord Provost, George Grubb, for his inspirational leadership of the EDRC, and to all our local partners and supporters.

The nature of Mercy Corps' work is that we are present and active in many of the world's most turbulent and challenging regions. We work where our support is needed most, responding to high-profile emergency situations like those mentioned above but also responding to very serious development concerns such as those in Myanmar, Central African Republic and what is now South Sudan. While we are not complacent, we are confident that our community-led, market-based approach will become increasingly seen as the best way to help the communities we work with make the journey towards sustainable, secure and peaceful futures.

Mercy Corps is blessed with dynamic, skilful leaders at all levels of the organisation. It is a pleasure to serve such a talented team, and a pleasure also to express my thanks and appreciation to all our staff at European headquarters, to the Board, to the Audit and Risk Committee – to whom we are delighted to welcome Alison Warden, a distinguished partner at Baillie Gifford – and of course, to all the supporters who make our work possible.



Viscount Encombe, Chairman

Report of the Directors

Who we are

Mercy Corps is a global non-profit humanitarian and development agency, working amid disasters, conflicts, chronic poverty and instability to help people and communities overcome the massive challenges they face. Since 1979, Mercy Corps has provided assistance to people in 113 nations. Supported by headquarter offices in Europe and North America, today the agency's unified global programmes employ over 4,000 staff worldwide and reach 19 million people in more than 40 countries.

Mercy Corps Scotland is part of this global agency and is based at Mercy Corps' European headquarters in Edinburgh. While we are a separate legal entity (company limited by guarantee number 208829; registered charity SC030289), we work as part of the global Mercy Corps team to help millions of people across the world each year recover from disasters, build stronger communities and find lasting solutions to poverty.

Globally, Mercy Corps' mission is to alleviate suffering, poverty and oppression by helping people around the world to build secure, productive and just communities. Mercy Corps Scotland exists for three core reasons, as set out in the objects of our Articles and Memorandum of Association:

- to promote the relief of persons suffering from poverty, sickness and distress in any part of the world and to preserve and protect health;
- to advance the education of such persons; and
- to advance education for the public benefit.

Our 'Vision for Change', based on the Universal Declaration of Human Rights, is that peaceful, secure and just societies emerge when the private, public and civil society sectors are able to interact with accountability, inclusive participation and mechanisms for peaceful change.

Our strategy is to work in countries in transition, where communities are suffering and recovering from disaster, conflict or economic collapse. Our experience demonstrates that during these times of turmoil and tragedy, there exists the possibility for positive change. We help communities move rapidly from crisis to long-term, durable recovery and then continue to provide assistance for the time required for true transformational development. We do so by helping communities organise for the change they wish to see, catalysing the interaction of a strengthened civil society with the private and public sectors, and promoting economic opportunities so positive change can be sustained.

Our Approach

Throughout its history, Mercy Corps has followed the same core values and approach to its work. In the midst of economic collapse, political transitions, armed conflict and natural disasters we have activated the human potential that exists in everyone to create sustainable, positive change in millions of people's lives throughout the world.

No-one is more motivated or better equipped to create change than the person whose life and future is at stake. And no-one is more knowledgeable about what is needed than the one who will benefit from that boost. At Mercy Corps, our role is to help catalyse the change that communities want to see. It is their potential, their energy and their ideas that ultimately will conquer the difficulties they face. Our job is to listen, assist and connect them with the resources they need to succeed.

Our programmes are led by people of the region who speak its language, know its history and actively invest in developing its human network. We do not import foreign cures or impose developed-world perspectives. There are no one-size-fits-all solutions. Our teams involve local residents – who understand the challenges and have the greatest stake in how they are solved – in designing and pursuing the best strategies for their communities. We work to develop and support local solutions to local problems.

Our Charitable Activities

We continue to manage and measure our programmes under four key charitable activities:

- Civil Society, Capacity Building and Conflict Management
- Economic Development
- Public Health, Water and Environment
- Disaster Management

Charitable Activity 1: Civil Society, Capacity Building and Conflict Management



Photo by Cassandra Nelson/Mercy Corps: Mercy Corps works with women's groups in the Central African Republic, providing training and support to promote women's rights. Mme Lucien Gondja (red headscarf) is the president of one such group, helping women and orphans affected by HIV/AIDS.

Charitable Activity 1: Civil Society, Capacity Building and Conflict Management

Mercy Corps believes that strengthening the bonds between the public, private and community sectors is essential if aid and development work is to be truly effective. We aim to encourage co-operation between all groups in a community, by bringing people together, building the capacity of local community organisations, and promoting participation in decision-making processes and conflict resolution.

While our response changes with each unique situation or crisis, our commitment to building working trust between individuals, community members and grassroots organisations remains constant throughout our programmes.

In this area, our work focuses on:

- Addressing conflict sensitive areas through innovative, community led interventions.
- Supporting and building the capacity of local NGOs and state entities to support post-conflict reconciliation efforts, the return of displaced populations or their integration into host communities.
- Strengthening the knowledge, skills and overall capabilities of civil society, particularly organisations committed to women's empowerment, so that they are better equipped to initiate peace building activities.

This year, our work has included:

- Bringing together Palestinian and Israeli technology and IT professionals to build trust, skills and business opportunities across the two communities. More than 200 businesses took part, with workshops, training, networking events and apprenticeships for young Palestinian professionals within Israeli businesses.
- Supporting communities and local organisations across the Central African Republic to combat high rates of violence and prejudice against women. We worked with 60 women's organisations, giving training sessions, support to develop their own projects and a public campaign on women's rights reaching more than 5,000 people.
- Reducing violent conflict and human rights abuses that result from land conflict in Colombia and Guatemala. We've worked with more than 4,500 people in indigenous and Afro-descendant communities, giving training on peaceful dispute resolution techniques specific to land conflict issues, sharing successful practices between communities in both countries, and creating mediation centres to help prevent conflict.

In the coming year, we will also:

- Continue our work to respond to events such as the Arab Spring, working with young people and providing governance, civil society and other expertise.
- Play a key role in enhancing gender integration across all Mercy Corps programmes by increasing internal awareness of effective, gender-sensitive programming and explicitly engaging in active dialogue on issues relating to gender.
- Build on our expertise in governance issues and further embed our approaches to supporting good governance in our programmes across the world.

Charitable Activity 2: Economic Development



Photo by Julie Denesha/Mercy Corps: In Afghanistan, Mercy Corps is providing training for thousands of people like Mohammad Qasam, pictured, to help them find work and increase their household income.

Charitable Activity 2: Economic Development

Our Approach

Mercy Corps recognises many of the people we assist as potential entrepreneurs, business owners, consumers and civic leaders. In countries recovering from disaster and economic shock, we connect individuals and communities with markets, financing and training to improve the local economic environment and bring about lasting change.

Often in very challenging environments, we work to improve the core market relationships and transactions, supporting functions, rules and regulations of a market system in order to improve access and terms of access for the poor.

In this area, our work focuses on:

- Strengthening local market economies in communities recovering from conflict
- Promoting increased access to markets in the world's most vulnerable and fragile economies
- Engaging with the private sector to build capacity and use the strengths of the sector for the benefit of the wider community.

This year, our work has included:

- Using a market-driven approach to improve the incomes of poor rural households in Georgia, facilitating better access to markets for small-scale livestock farmers, as well as information, services and technology.
- Starting a major programme in Afghanistan using vocational training and education to help 13,750 people in Helmand Province find work and increase their household income.
- Developing 40 village savings and lending associations across communities in Sudan (now South Sudan), as well as strengthening the local agricultural economy by providing training, seeds, access to farming tools and equipment and developing local micro-enterprises.

In the coming year, we will also:

- Strengthen and further embed Mercy Corps' market-driven approach across all programmes – as measured by the quality of market assessments and designs, the percentage increase in private sector co-investments and partnerships, and the percentage shifts from a role as active market player to one facilitating market linkages and productivity gains.
- Contribute to Mercy Corps' global goal to reach an additional three million people with our work improving access to food and tackling food insecurity, reducing risk and boosting agricultural productivity and the incomes of small-scale farmers.

Charitable Activity 3: Public Health, Water and Environment



Photo by Thatcher Cook/Mercy Corps: In Indonesia Mercy Corps is working with women like 19-year-old Meisi and her 2 and a half month old daughter to encourage exclusive breastfeeding and better nutrition for children.

Charitable Activity 3: Public Health, Water and Environment

Our Approach

Mercy Corps addresses the health, water and environmental concerns that are critical for so many of the communities we work with. Through local partnerships our efforts help those most impacted by poverty, social and political marginalisation and displacement, helping to build local infrastructure and meeting the needs of local people.

In health we work to improve maternal, newborn and child health and nutrition, combat infectious diseases including TB and HIV/AIDS and provide psychosocial care in emergencies. In water and sanitation we focus on fulfilling the water needs of vulnerable populations, from piping drinking water to rural communities to solving resource-based conflicts and ensuring that people have access to drinking water in the most devastating emergencies. We also recognise that environmental challenges underpin all aspects of human development, and as such, the environment is a major consideration in the work we do across the world. We continue to search for more effective, innovative ways to incorporate environmental issues into our programmes around the world.

In this area, our work focuses on:

- Promoting health and wellbeing for communities in need
- Providing communities with safe access to clean water and sanitation facilities
- Identifying and promoting scalable alternative energies, supported by a range of mechanisms including carbon financing
- Working to catalyse governments and communities through advocacy, outreach and example.

This year, our work has included:

- Tackling the seriously low breastfeeding rates in Jakarta, Indonesia. We have set up a breastfeeding centre of excellence at one of Jakarta's main hospitals, trained 90 breastfeeding counsellors and set up a network of over 500 breastfeeding support groups to encourage mothers to breastfeed and keep their children healthy.
- Continuing work in Tajikistan to improve healthcare services and educate communities about nutrition for children and the importance of breastfeeding.
- Improving access to water and health advice for thousands of people in Liberia. We have built and repaired 49 wells to provide clean water for more than 11,000 people; taught almost 4,000 parents about health and nutrition for their children; and trained 150 community health volunteers to monitor and spot the early signs of child illness.

In the coming year, we will also:

- Continue to bolster our work on water, sanitation and health issues across the world.
- Help communities adapt and prepare for hazards in rural and urban areas, as well as alleviate energy poverty using market-based solutions including renewable energy and energy efficiency products like fuel efficient stoves.

Charitable Activity 4: Disaster Management



Photo by Julie Denesha/Mercy Corps: Mercy Corps distributed clean water to thousands of women and children - like these three in Pakistan - after the floods in 2010.

Charitable Activity 4: Disaster Management

Our Approach

Natural disasters can take homes and what little possessions individuals and families have. The outbreak of war and threat of violence can drive families from their homes. Throughout every emergency response, whether the result of natural disaster or conflict, Mercy Corps not only addresses the immediate needs of the affected communities, but looks ahead to find ways to prevent or lessen the effects and to improve local infrastructure and communication channels.

While we provide immediate emergency relief, like shelter, food, water and health support, we also aim to develop and implement policies, strategies and practices that will minimise the impact of future disasters. This work can range from educating communities on how to watch for and avoid harm from potential disasters; training on new house building techniques that will better withstand earthquakes; and supporting farmers in areas at risk of drought to implement new planting techniques with alternative crops to ensure higher yields.

In this area, our work focuses on:

- Reacting and responding swiftly to serious humanitarian crises through targeted short term aid and long term recovery programmes.
- Developing long term recovery plans for complex emergencies that focus on the rehabilitation of local markets and reinstatement of livelihoods for affected communities.
- Exploring new initiatives that can develop and reinforce disaster risk reduction in disaster-prone regions.

This year, our work has included:

- Providing clean water to more than 160,000 people affected by the floods in Pakistan in 2010. In addition to the wider Mercy Corps flood response, we installed more than 800 water pumps, trucked in emergency water supplies, built latrines and held hygiene promotion sessions to prevent illness.
- Providing almost 4,000 people affected by the severe floods and landslides in Colombia with emergency food supplies, hygiene kits, bedding, kitchen utensils and dishes.
- Building the resilience of communities across Kailali region in Nepal to natural disasters such as floods through training sessions, early warning systems, awareness raising campaigns and infrastructure projects.

In the coming year, we will also:

- Affirm our commitment to and strategy for emergency response work, and further improve the quality of our work in this sector based on the recommendations of our recent emergency evaluation and the importance of the transition to early recovery.
- Work to address sources of structural vulnerability and build resilience to extreme drought in the Horn of Africa, at the same time as meeting the life-saving and rapid recovery needs of at least 1 million drought-affected people.

Our Capacity

To achieve our mission it is essential that Mercy Corps constantly strives to achieve excellence in terms of our own internal capacity, resources and capabilities. As an organisation we are committed to achieving best practice in all areas of our operations through the promotion and adoption of shared values; the efficient employment of up-to-date technology and resources; and the development and well-being of our staff.

Last year we aimed to:

- Continue to develop the functionality of SunSystems, in particular:
 - Develop tools to more accurately track and trace exchange rate gains and losses with the aim of channelling more funds to field operations
 - Improve the speed and level of detail of project reporting to field staff
- Train all staff on the newly approved IT policies and procedures
- Launch regular in-house IT training workshops to increase staff utilisation of core software and improve productivity.
- Continue to build the capacity and quality of our HQ staff in order to maximise the support we are able to offer the field
- Complete the review and documentation of policies for expatriate employees in order to provide a more global approach to HR.
- Collate HR policies for European headquarters to strengthen transparency and fairness.

In the last year we have:

- Implemented a new Accounting System and witnessed a significant improvement in the quality of management information produced.
- Trained staff on the new IT procedures
- Completed a new human resources handbook for expatriate employees and managers, compliant with UK and US law in order to ensure consistency of interpretation and application of policies across the global agency.
- Continued to review policies for Mercy Corps European headquarters, incorporating some policies from the expatriate handbook, in order to ensure transparency, fairness, consistency and parity of treatment for all employees.
- Continued to maximise the effectiveness of training resources available, ensuring the knowledge and skills of staff are up-to-date, such as training on 'Making markets work for the poor' methodology.

In the coming year we will:

- Further enhance the reporting for our key stakeholders.
- Continue to improve our cash management and review investment opportunities.
- Upgrade our IT systems for Windows 7 and Office 2010 providing training and support to all staff.
- Continue to build a global approach to human resources and in conjunction with the Mercy Corps human resources team in Portland create a manual for key expatriate procedures.
- Introduce a new global human resources information system allowing the streamlining and simplification of processes and a more efficient, effective human resources function for the agency.

Our People

Mercy Corps Scotland Board of Directors:

Viscount Jock Encombe, Chair
Tom Murray, Company Secretary
Adrienne Airlie
Nick Blazquez
Roberto Bocca
Kathleen Graham Harrison (retired 18 November 2010)
Rear Admiral Michael Gregory OBE
Neal Keny-Guyer
Paul Dudley Hart
Ilse Howling
Nancy Lindborg (retired 18 November 2010)

Mercy Corps Scotland Executive Committee:

Viscount Jock Encombe (Chair) (Board Member)
Adrienne Airlie (Board Member)
Rear Admiral Michael Gregory (Board Member)
Tom Murray (Board Member)
Steve Zimmerman, Chief Financial Officer, Mercy Corps (joined 17 February 2011)

Mercy Corps Scotland Audit and Risk Committee:

Martin Fairbairn (Chair)
Adrienne Airlie (Board member)
Bob Cowan
Michael Gregory (Board member)
Alison Warden (joined 2 June 2011)

Biographies for Board and Committee members:

Viscount Jock Encombe, Chair: Independent leadership and organisational consultant and psychologist, Jock brings extensive international consulting experience.

Adrienne Airlie: Senior Partner in Martin Aitken & Co, an independent firm of Chartered Accountants, Adrienne brings extensive expertise of UK charity legislation and accountancy.

Nick Blazquez: President of Diageo's Africa region. With over ten years experience managing businesses in Africa and Asia, Nick provides great insights, views and advice around the private sector's role in economic and social development in emerging markets, and how enterprise can support the building of human capacity.

Roberto Bocca: Senior Director of the World Economic Forum with over fifteen years experience in the energy sector working across business and international organization. Roberto brings in depth knowledge of the international energy sector combined with the ability to work across different stakeholders groups.

Bob Cowan: Bob Cowan is a Scottish Chartered Accountant. His experience includes over fifteen years in the head office finance function of a FTSE 250 company where his responsibilities included preparation of financial

statements, corporate treasury, taxation and governance. He has been a member of the Audit and Risk Committee of Mercy Corps Scotland since 2007.

Martin Fairbairn: Senior Director with the Scottish Further & Higher Education Funding Council. Martin is a Scottish Chartered Accountant and brings nearly twenty years experience of working in further and higher education and of public sector governance.

Rear Admiral Michael Gregory: Over 40 years' experience of business, organisational, risk and change management in both the public and private sectors. CEO of two not-for-profit organisations. High level contacts on occasion through Lord-Lieutenant links. Experienced trustee and board member of other NGOs.

Paul Dudley Hart: Senior Vice-President for Global Partnerships and Alliances for Mercy Corps has responsibility for coordinating Mercy Corps' evolution to becoming a more global agency. He also brings over 30 years of NGO senior management experience to the board.

Ilse Howling: Managing Director of Freeview, formerly with the BBC, Ilse led the corporation's digital marketing, including launching Freeview. Previously, Ilse held marketing and strategy roles on the boards of the BBC's Production and Radio divisions, Ilse brings expertise in communications and marketing. As a UNICEF Trustee, Ilse brings a strong interest in international affairs.

Neal L. Keny-Guyer: Chief Executive Officer of Mercy Corps. Brings over 30 years of international relief and development experience in leadership positions. Neal is also on the Yale Corporation's Board of Trustees, ImagineNations' Board of Directors, and the Nike Foundation's Advisory Board.

Tom Murray, Company Secretary: Head of Private Client and Investment at Gillespie Macandrew LLP, Tom brings expertise in charities, NGOs, trusts & tax.

Alison Warden: FSCI, ACA, Finance & Administration Partner at Baillie Gifford & Co. Alison is a qualified accountant who has gained expertise in the areas of business management, finance, compliance, internal audit and risk management during her 18 years with the firm.

Steven Zimmerman: Chief Financial Officer, Mercy Corps. An accountant by training and with 30 years of international development experience, Steve brings a combination of both headquarters and field financial and programme management.

Mercy Corps European headquarters staff, with senior management team members denoted by (SMT):

Mervyn Lee OBE, Executive Director (SMT)
Alison Khan

Liz Sams, Director of Finance (SMT)

Alexandra Angulo	Nicola Dodero
Graeme Farmer	Gillian Gordon
Judy Moore	Anna Nekrasova
Paul Patrick	Mihaela Tistu

John Cunningham, Director of Fundraising and Corporate Development (SMT)

Jennifer Adams	Ruth Allan
Stephen Cullen	Marisa Elliott
Erin Gray	Ali Millar
Alex Muirhead	Sinéad Reynolds
Sujana Upadhyay	

Susan Moore, Director of Human Resources (SMT)
Claire Paterson

Fernando Soares, Deputy Executive Director (SMT)

Robert Barclay	Carron Beaumont
Mark Chadwick	Jenny Hanley
Mark Henderson	Emily Gilloran

Jim Jarvie, Director of Climate Change Technical Support Unit
Dorothy McIntosh

Brenna Nyznik, Global Citizen Corps Project Manager
Kate Allen

Valerie Ceccherini, Senior Policy and Advocacy Advisor

Staff who have left or transferred within the organisation during the period of this report:

William Baron	Maiju Jolma
Sarah Brown	Michael Gillespie
Sandra Dow	Margaret Morrow

Auditors:

Henderson Loggie
34 Melville Street
Edinburgh, EH3 7HA

Bankers:

National Westminster Bank Plc
8 George Street
Edinburgh, EH2 2SB

Solicitors:

Turcan Connell
Princess Exchange
1 Earl Grey Street, Edinburgh, EH3 9EE

Our Supporters

We would like to thank all the organisations and individuals who have supported our work during the past year. While it is not possible to mention all, some of our key supporters are set out below.

Grants and Funders:

Carbon Clear; Department for International Development (DFID); The Ministry of Foreign Affairs of the Kingdom of the Netherlands; European Commission (EC); European Commission Directorate General Humanitarian Aid and Civil Protection (ECHO); The Ministry of Foreign Affairs of the Faroese Government; Food and Agriculture Organisation of the United Nations (FAO); The Foreign and Commonwealth Office (FCO); Consulate General of the Federal Republic of Germany, Edinburgh (German Government); GRM International; Jersey Overseas Aid Commission (JOAC); New Zealand Agency for International Development (NZAID); PlaNet Guarantee; Scottish Government; Irish Aid; Swiss Agency for Development and Cooperation (SDC); United Nations Development Programme (UNDP); United Nations Office for Project Services (UNOPS); United Nations Office of the High Commissioner for Refugees (UNHCR); United Nations Children's Fund (UNICEF); United Nations Office of the High Commissioner for Human Rights (UNHCHR); Wuppertal Institute for Climate, Environment, Energy at the Science Centre North Rhine-Westphalia, Wuppertal, Germany (WISIONS).

Corporate Donors:

Allen & Overy, Artemis Investment Management, The COFRA Foundation, Credit Suisse, Financial Risk Management Ltd., First State Investments, Goldman Sachs International, Kelvin Top-Set Ltd., Lloyds Banking Group, Ocado Ltd., Playfish, Reed Elsevier Group, Royal Mail Group, Sony Music UK, Sumitomo Mitsui Banking Corporation Europe Limited, Twinings, Vitol Charitable Foundation, Wolfson Microelectronics plc.

Trusts and Foundations:

Allan and Nesta Ferguson Charitable Trust; Bright Horizons Foundation; M V Hillhouse Trust; Mainhouse Charitable Trust; Miss Annie J I Gower Charitable Trust; The Bower Trust; The Bryan Guinness Charitable Trust; The Cornflower Trust; The Cotton Trust; The Dorfred Charitable Trust
The John M Archer Charitable Trust; The March Brown Charitable Trust; The Qatar Foundation (Reach out of Asia – ROTA); The Rhododendron Trust; The Roger Vere Foundation; The Rowan Charitable Trust; The Souter Charitable Trust; The Stavros Niarchos Foundation; The Waterloo Foundation.

Community Organisations, Faith Groups and Schools:

Broughton High School; Broughton Primary School; Corstorphine Primary School; Cowgate Under 5's; Craigentiny Primary School; Craigmount Community Group; East Craigs Primary School; George Heriot's School; Hermitage Park Primary School; James Gillespie's High School; James Gillespie's Primary School; Kent Union; Murrayburn Primary School; Newcraighall Primary School; Pitlochry Station Charity Bookstall; Preston Street Primary School; Rotary Club of Hamilton; St Augustine's RC High School; St Ebbas Episcopalian Church; St Margaret's RC Primary School; The Indigent Old Men's Club; The Royal High School; Wednesday Bible Study Group - Penicuik North Kirk; Wester Hailes Education Centre.

Our Structure, Governance and Management

Mercy Corps Scotland (MCS) is a registered charity (registration number SC030289) and is constituted as a company limited by guarantee (registration number SC208829). The objects (defined on page 3 of this report) and powers are set out in its Memorandum and Articles of Association.

Mercy Corps Scotland operates as the European headquarters for the international Mercy Corps network, with the US headquarters based in Portland, Oregon. Together this gives us the ability to secure resources and advocate policies on a global scale. Today, the Mercy Corps network helps over 19 million people each year. Our strategy is to work in countries in transition, where communities are suffering and recovering from disaster, conflict or economic collapse – supporting them to build stronger communities and find their own solutions to poverty.

The Directors of Mercy Corps Scotland are the statutory Charity Trustees, collectively known as the Board. The Board, by which Mercy Corps Scotland is governed, comprises a minimum of 6 and a maximum of 20 directors. The Board meets twice a year and the members are listed on page 10.

Directors serve an initial term of 1-3 years. One third of Directors retire each year but may be re-elected for further terms of office. Director appointments are made based on the skills and experience required by Mercy Corps Scotland to determine the strategic direction of the charity and to monitor its implementation. New Directors are appointed following the recommendation of existing Board Members and senior staff.

The selection process includes organisational briefings, office visits and attendance at a board meeting or event. On appointment, new Directors are given an induction by each of the Departmental Directors – the Senior Management Team (SMT) - who cover the functional operational aspects of the organisation. All Directors are given the opportunity to visit field offices and attend US Board meetings. In addition, appropriate training opportunities are offered throughout the year.

The roles and responsibilities of the Board are published in the Governance Handbook which is updated annually. Whilst the Board is responsible for everything Mercy Corps Scotland does, to ensure that it is managed efficiently the Directors established an authority matrix which details the delegation limits applicable for these operational and financial activities. The matrix is reviewed annually and appropriate changes made if required. Certain activities are not delegated, including the establishment of a reserves policy, strategic planning and changes to staffing levels.

In addition to the Board there are two sub-committees, the Executive Committee and the Audit and Risk Committee, which have specific terms of reference and functions. Each of these has a Chair appointed by the Board and provides reports to the Directors. The Audit and Risk Committee is attended by the Director of Finance and the Executive Committee by the Senior Management Team.

Our Directors and their Statutory Responsibilities

Law applicable to incorporated charities in Scotland requires the directors to prepare an annual report and financial statements for each financial year in accordance with applicable law and regulations. Under the Law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors 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 charity and of the surplus or deficit for the period. In preparing these statements, the directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing these financial statements.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Statement of Recommended Practice 'Accounting and Reporting by Charities 2005', other current statutory requirements and the governing document. They are also responsible for safeguarding the assets of the charity, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the Directors' knowledge there is no relevant audit information of which the charity's auditors are unaware and the Directors have taken all steps and actions, as is their duty, to ensure they are aware of any such audit information and to establish that the auditors are aware of that information.

The Directors are also responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Risk Management

Mercy Corps exists to save and improve lives in some of the world's toughest places. Inevitably we work in fast-changing, insecure and often high-risk environments. In order to operate effectively, bring about the changes we aim for and safeguard our staff and the people we work with, we must thoroughly examine and respond to the risks we face in these environments. This process is continuous and undertaken across the organisation.

Mercy Corps Scotland's system of internal control is the overall responsibility of the Board. The Audit and Risk Committee of the Board plays a key role. There is clear delegation of authority, reviewed annually, from the Board through the Executive Director and SMT to the rest of the organisation. Our risk register is a vital component, and this year we have refreshed our risk register and renewed our commitment to building a culture of risk awareness and management across the organisation at all levels. During the coming year we will further engage staff in this process and continue to take specific, effective mitigating actions in response to the risks identified.

The risk management process highlights major risks to the Mercy Corps Scotland Board, and ensures that appropriate mitigating action is taken. This system of control provides reasonable, but not absolute, assurance against inappropriate or ineffective use of resources, or against the risk of errors or fraud. These risks are further heightened, given the varied and often challenging nature of communications, institutional, and financial infrastructure in some parts of the world where Mercy Corps Scotland operates.

When analyzing the key risks facing Mercy Corps Scotland many were driven by external factors such as the operating environment and the nature of our business. Risks which fell into this category included: the health, safety and security of staff, the interruption of programmatic activity due to conflict or disaster, working with partners who require capacity building and most importantly the need to ensure that our beneficiaries who may be in a vulnerable position are protected. In all these instances policies and procedures are being tightened and training and support initiatives mainstreamed.

INGOs exist to spend money wisely. This means that financial controls and financial risks are often more acute than those of mainstream businesses, as reserves are kept at the minimum possible prudent level – donations and grants are there to be spent. Working in the international arena means that vulnerability to foreign exchange movements is high and this is one of the key financial risks identified. The investment in new finance software during the year is already beginning to reap benefits, enabling us to more readily identify areas where foreign exchange losses are arising.

Our internal audit team carries out regular audits, as an important part of our risk management strategy. The remit of the internal audit function covers audits across all country operations and activities. The audits undertaken are prioritised using a risk-based approach and cover all the major risk areas. During the year, ten internal audits were carried out, with the results and follow up actions being monitored by the Audit and Risk Committee.

Reserves

The Board of Directors has examined the requirement for unrestricted funds.

In arriving at a target figure, the Directors have considered the following points:

- the nature of our work and the vulnerability of grant and donation funding flows;
- quick response to emergencies where immediate relief is needed;
- adequate working capital for our core costs;
- cover potential long term commitments relating to staff and leases;
- to satisfy funders' viability criteria.

Accordingly the Directors wish to achieve a target of unrestricted funds representing at least 6 months operating expenditure, currently being £737,803 (2010: £692,538). Operating expenditure is defined as the total cost of generating funds, the direct charitable expenditure and the total expenditure on governance less foreign exchange losses and less any allocation to Mercy Corps restricted funds. Current unrestricted funds of £1,158,480 (2010: £769,692) represents 9 months (2010: 7 months) operating expenditure.

Whilst unrestricted funds do meet the target, the Directors are mindful of current global economic conditions and instability. Consequently, they wish to adopt a prudent approach to reserves.

The Board have agreed to discuss the level of required reserves and the degree of cushioning they require at their next meeting.

This Report was approved by the Board of Directors on 15 December 2011 and signed on their behalf by:



Viscount Encombe
Director [*Chairman*]

Financial Review

Income

Despite the uncertainty around the global economy and threats of a “double dip” recession unrestricted voluntary giving increased from £164K in 2009-10 to £189K in 2010-11. Fundraising efforts focused on improving the communications stream with known donors who received a series of additional communications, mail and increasingly e-mail, for information purposes without a specific request for a donation. This approach resulted in increased donations in response to scheduled unrestricted appeal letters.

Restricted voluntary income rose with a 30% increase from 2009-10 levels to £1.07M with the Japan Emergency Appeal generating £420K of this amount. In addition more than £219K was raised in response to the devastating floods in Pakistan, with support from key donors and the Edinburgh Disasters Response Committee, which was formed last year, contributing significant amounts.

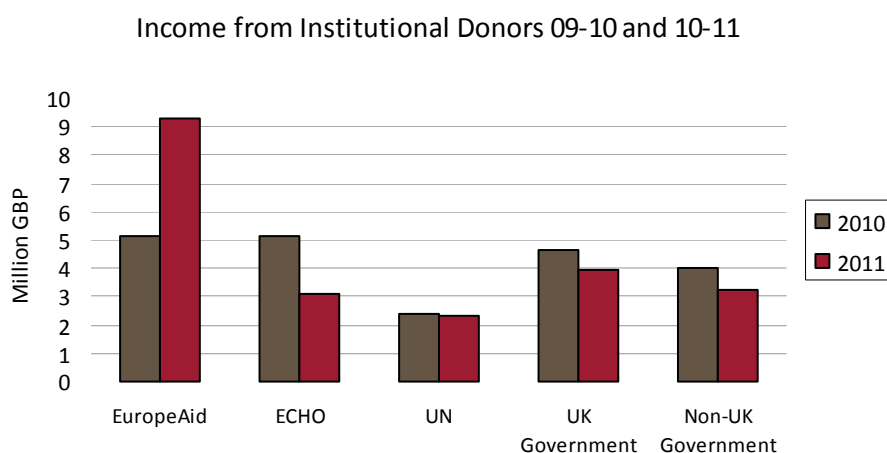
The strategy of approaching donors for restricted donations as co-finance for major projects was intensified and resulted in over £760K being generated. This sum has been treated as deferred income and will be released to the income and expenditure account in future years.

Interest rate levels meant that investment income yields remained low at £9K. Given the low yield there will be an examination of alternative short term investment vehicles in the year ahead.

Exchange issues again had a significant effect on the results, with a £539K gain arising from realised and unrealised foreign exchange resulting in a final position on the Foreign Exchange designated fund of negative £157,219 (2010: negative £603,070).

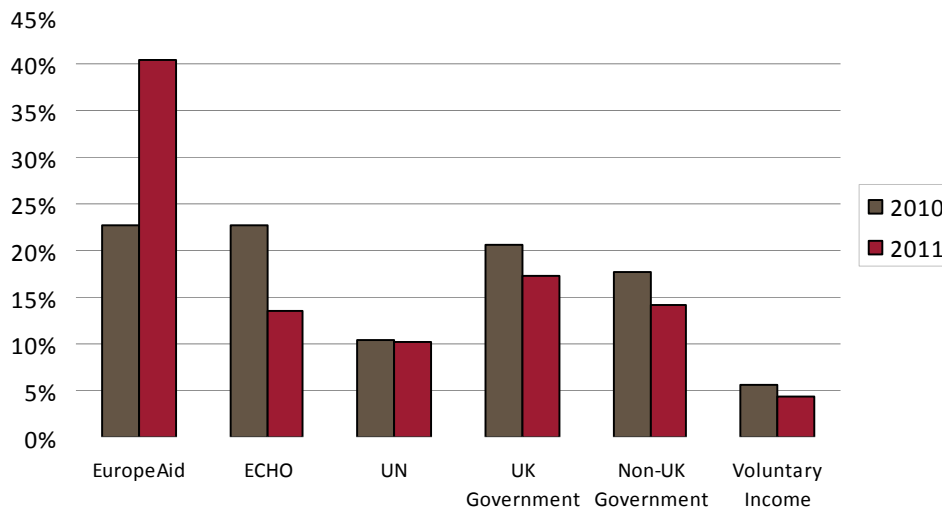
Income from institutional donors remains the main source of Mercy Corps Scotland income. The funds generated and spent from these sources increased £581K from £21.3M in 2009-10 to £21.9M in 2010-11. Significant multiyear grants were won in Afghanistan (£3.9M) and Myanmar (£4.1M) as well as an increasing number of grants being won for projects in Africa.

The graph below compares institutional donor income over the last two financial years. Income continues to increase from the European Commission as it is the main donor in many of the countries we operate in.



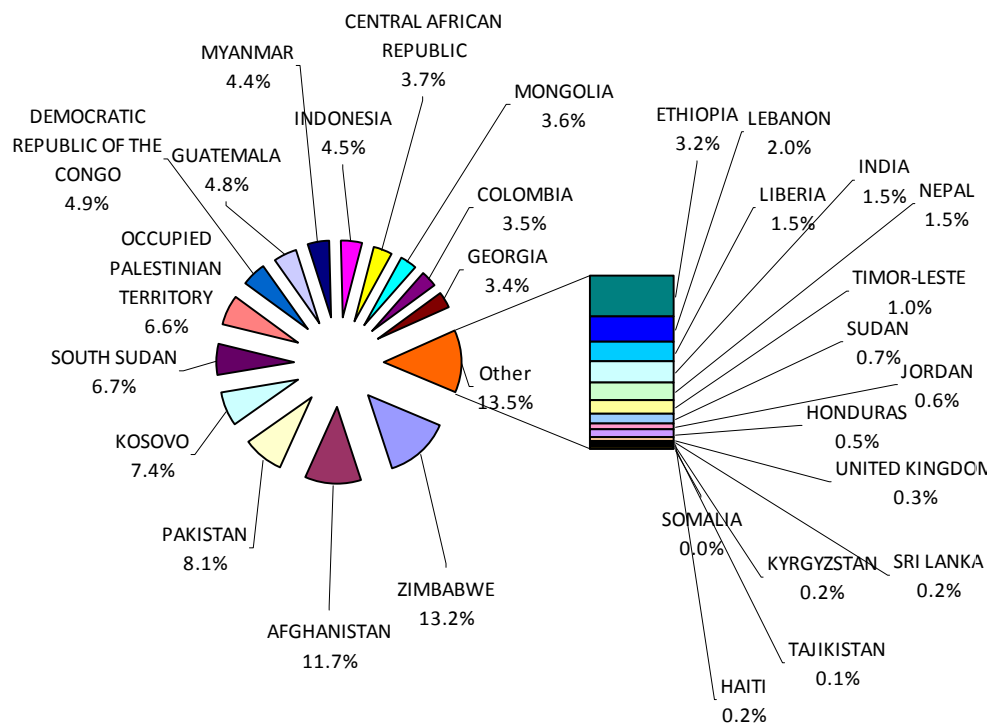
Diversifying sources of income remains a strategic aim. However, given the countries which we operate in the range of donors is often limited. The chart below illustrates the percentage of income sources for 10-11 compared to 09-10. The EC has shown a significant increase this year as projects in Afghanistan and Kosovo secured in previous years have begun to spend heavily.

Percentage of Total Income by Source



Expenditure

Expenditure by Country 2010-11

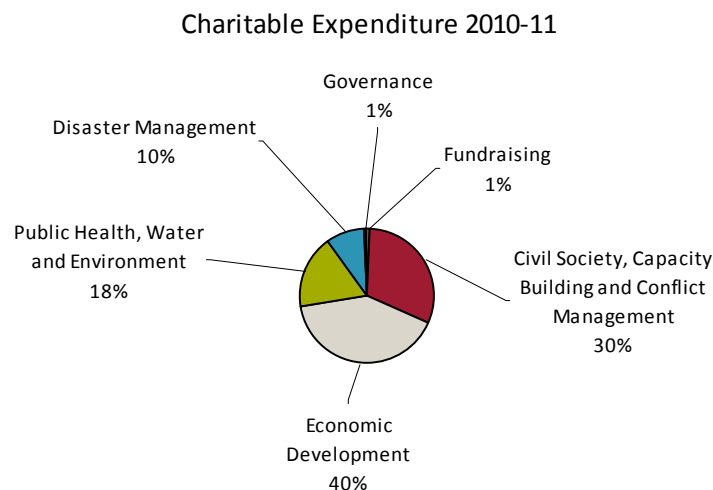


As in previous years, programme expenditure was analysed and the amount of expenditure allocated against the appropriate charitable activity. The chart above shows where funds were deployed by country. Mercy Corps Scotland was active in 29 counties with Zimbabwe and Afghanistan resuming their position as major recipients of income.

Consistent with the full cost recovery methodology, costs incurred at headquarters have been attributed as far as possible to the charitable activities which they support. Costs relating to Governance activities have been removed and separately disclosed as required by the SoRP. Fundraising costs have been split three ways: those attributable to restricted fundraising appeals, general fundraising for unrestricted funds and those supporting co-financing for grants.

Total headquarter support costs have increased 16% on 09-10. A decision was taken to strengthen numbers in finance and programmes. The impact of the depreciation related to the new finance system also took effect.

As can be seen from the chart below over 98% of spend can be attributed to charitable activities with Economic Development and Civil Society, Capacity Building and Conflict Management being the primary areas of focus.



Governance costs are associated with the general costs of running the charity. These have doubled this year as more accurate costing of staff time on governance matters has been incorporated.

The potential co-financing gap on projects has not been accounted for previously and Mercy Corps Scotland has never completed a project without securing all the co-financing required by the end of it. Moreover, should a shortfall crystallise at the end of project it would be met by Mercy Corps US. However the new accounting system permits the tracking and accounting for the funding gap throughout the life of the project so a temporary transfer has been made from General Funds to Restricted Projects to illustrate the current potential liability.

Balance Sheet

Fixed assets net book value reduced as depreciation of the new finance system, being depreciated over three years, was felt to full effect.

Many donors withhold final payments on grants pending satisfactory evidence of financial and programmatic delivery. As Mercy Corps Scotland growth continues the cash flow impact of this increases. The amount owing from donors at the end of the financial year was £3.1M an increase of £500K on the previous year.

The cash position at year end showed an increase of £1.3M on the previous year. This was due mainly to the timing of up front instalments of programme monies. The increase in deferred income (note 10) reflects the extent of payments received up front. The bulk of the cash funds continue to be restricted and no investment activity other than bank deposits is permitted for these funds. In most cases, the interest earned on these funds must be attributed to the relevant programme so opportunities to invest surplus cash are limited at present. Unrestricted cash funds also increased this year following realised gains on the liquidation of projects. Unrestricted cash is currently £1.4M.

The unrestricted general reserves position (detailed in note 12) has increased due to the impact of the foreign exchanges gains in the year. A decision was taken to undesignate the fixed asset reserve due to the low level of assets in relation to net worth. The dilapidation reserve continues to be augmented at the rate of £12K per year. The foreign exchange reserves were completely utilised in the previous year and despite the significant gain this year are still effectively negative. It should be noted that the impact of unrealised losses is out with the control of Mercy Corps Scotland and relates to the exchange rate valuation of the balance sheet at the year end. Moving monies from donor currency into functional currency would lead to realised exchange exposure so current Mercy Corps Scotland policy is to naturally hedge by keeping funds in donor currency until the last possible moment.

Restricted donations showed an increase this year as increasingly funds are being used to co-finance large multiyear projects and are released against those projects as they spend out.

The strengthened unrestricted reserves position referred to previously covers operating costs for 9 months - required by our reserves policy. Given the current economic conditions and foreign exchange volatility the Board have agreed that this is a prudent position however they will also examine strategic spending opportunities in the year ahead. There will also be a review of the best short-term investment opportunities for the resultant increase in unrestricted cash.

Mercy Corps Scotland is able to operate with extremely lean operational costs due to the extraordinary commitment and willingness of staff, both in Edinburgh and the field, to work long hours and to manage the stresses and pressures associated with this. We are very grateful to all our supporters and volunteers for their continued efforts, without which we would be unable to carry out our work. We pride ourselves that, after all expenditure directed by the SoRP for inclusion under programme operations, 98% of our costs are programme related.

Independent Auditors' Report to the Trustees of Mercy Corps Scotland

We have audited the financial statements of Mercy Corps Scotland for the year ended 30 June 2011 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the trustees' responsibilities statement (set out on page 19), 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations under those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Board of Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

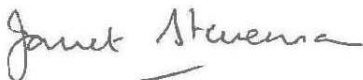
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' annual 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you, if in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or 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



Janet Stevenson (Senior Statutory Auditor)

For and on behalf of Henderson Loggie Statutory Auditors

Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Edinburgh, 15 December 2011

Financial Statements

Statement of Financial Activities and Income and Expenditure Account for the year ending 30 June 2011.

	Note	Unrestricted Funds £	Restricted Grants £	Restricted Donations £	Total 2011 £	Total 2010 £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary Income	2	188,680	-	1,068,436	1,257,116	135,740
Investment Income		9,525	-	-	9,525	13,207
Other Income		409	4,114	-	4,523	-
Incoming resources from charitable activities						
Civil Society, Capacity Building and Conflict Management	2	439,291	7,153,107	-	7,592,398	6,554,422
Economic Development	2	605,622	8,956,740	-	9,562,362	6,886,921
Public Health, Water and Environment	2	262,287	4,019,121	-	4,281,408	5,826,887
Disaster Management	2	159,942	2,213,457	-	2,373,399	3,480,073
Gains on Exchange		539,454	-	-	539,454	-
Total incoming resources		2,205,210	22,346,539	1,068,436	25,620,185	22,897,250
RESOURCES EXPENDED						
Costs of generating voluntary income	4	198,391	-	5,689	204,080	259,523
Resources expended on charitable activities						
Civil Society, Capacity Building and Conflict Management	4	367,488	7,387,826	-	7,755,314	6,486,449
Economic Development	4	459,360	9,272,337	405,174	10,136,871	6,815,671
Public Health, Water and Environment	4	206,712	4,214,290	-	4,421,002	5,738,891
Disaster Management	4	114,840	2,266,743	-	2,381,583	3,413,666
Governance	5	128,816	-	-	128,816	55,901
Other outgoing resources						
Loss on exchange		-	-	-	-	1,210,135
Refund of interest		-	-	-	-	52,167
Total resources expended		1,475,607	23,141,196	410,863	25,027,666	24,032,403
Net incoming/(outgoing) resources before transfers		729,603	(794,657)	657,573	592,519	(1,135,153)
Unrestricted Funds to Restricted Grants	13	(245,119)	245,119	-	-	-
Unrestricted Funds to Restricted Donations	13	(95,696)	-	95,696	-	-
Restricted Donations to Restricted Grants	13	-	549,538	(549,538)	-	-
Total incoming/(outgoing) resources after transfers		388,788	-	203,731	592,519	(1,135,153)
Balances brought forward at 1 July 2010		769,692	-	691,512	1,461,204	2,596,357
Balances carried forward at 30 June 2011		1,158,480	-	895,243	2,053,723	1,461,204

The charity has no recognised gains and losses other than the results for the year as set out above. All of the activities of the charity are classed as continuing. The notes on pages 31 to 47 form part of these financial statements.

Balance Sheet as at 30 June 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	42,303	54,464
CURRENT ASSETS			
Debtors	8	3,228,363	2,647,234
Cash at bank and in hand	9	9,350,739	8,097,496
		<u>12,579,102</u>	<u>10,744,730</u>
CREDITORS: amounts falling due within one year	10	(10,567,682)	(9,337,990)
NET CURRENT ASSETS		2,011,420	1,406,740
NET ASSETS		<u>2,053,723</u>	<u>1,461,204</u>
FUNDS			
Restricted	13	895,243	691,512
Unrestricted	12	1,158,480	769,692
		<u>2,053,723</u>	<u>1,461,204</u>

The notes on pages 31 to 47 form part of these financial statements.

These financial statements were approved by the Board of Directors on the 15 December 2011 and signed on their behalf by:



Viscount Encombe
Director [*Chairman*]

Cash Flow Statement for the year ended 30 June 2011

		2011	2010
	Note	£	£
Net Cash inflow from operating activities	19	1,260,780	675,467
Returns on Investments and Servicing of Finance			
Interest (paid) / received		9,525	(38,960)
Net cash inflow from returns on investments and servicing of finance		9,525	(38,960)
Capital Expenditure and Financial Investment			
Payments to acquire tangible fixed assets		(17,062)	(48,106)
Net cash outflow from capital expenditure		(17,062)	(48,106)
Increase in Cash	20	<u>1,253,243</u>	<u>588,401</u>

The notes on pages 31 to 47 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice – Accounting and Reporting by Charities 2005 (SoRP).

The Board have considered the position for the next twelve months and concluded the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast doubt about the ability of the charity to continue as a going concern.

Fund accounting

The General Fund is an unrestricted fund which is available for use, at the discretion of the Directors, in furtherance of the general objectives of the charity and which has not been designated for other purposes.

Designated Funds comprise unrestricted funds that have been put aside at the discretion of the Directors for particular purposes. There are two designated funds:

- a Dilapidations Fund to cover future dilapidation costs of our Edinburgh office, which will be increased gradually to the amount required as estimated by the Directors.
- a Foreign Exchange Fund used to offset future foreign exchange losses.

Restricted Funds are funds to be used in accordance with specific restrictions imposed by donors.

Incoming resources

Income is shown within four main categories in the Statement of Financial Activities: Voluntary income, Investment income, Incoming resources from charitable activities and Gains on Exchange.

Restricted income

Restricted income relates to funds received from sources, which are subject to specific conditions imposed by the donor and binding on the company.

Revenue donations

The charity receives donations in cash, which are recognised in the statement of financial activities and income and expenditure account. Donations in kind are recognised at valuation, as agreed between the donors and the directors of Mercy Corps Scotland.

Incoming resources from charitable activities

This comprises grants and contracts. Many projects are funded on the basis of claims made for actual expenditure incurred and are subject to post-project operational and financial reports. There remains the probability that certain expenditure may be disallowed and all income may not be spent.

Funding is often received subject to match funding for a proportion of the total expenditure being available. From 1 July 2010 where the match funding has not yet been obtained a transfer from unrestricted to restricted funds is made. This is normally temporary and when the funding is subsequently obtained a transfer back to unrestricted funds is made. In the rare situations where match funding cannot be obtained the shortfall is covered by the Memorandum of Understanding with Mercy Corps US and the matched funding requirement would be met from this source

In such circumstances advance receipts are credited to deferred income until matched against actual expenditure. The donors have the right to repayment of disallowed expenditure and/or unused funds. Consequently such income remains deferred until used or repaid, rather than being treated as unspent funds.

Interest receivable

Interest receivable is recognised in the income and expenditure account and the statement of financial activities in the period in which they are receivable.

Analysis of expenditure

Wherever possible, expenses are attributed to the cost of generating voluntary income, governance or to the charitable activities directly. Where this is not possible, they are apportioned among the functions to which they relate on the basis of time allocation.

Pensions

The company operates two defined contribution pension schemes, one of which is closed to new members. The assets of both are held separately from those of the company. Contributions are charged to the income and expenditure account and the statement of financial activities in the period in which they are incurred.

Leasing and hire purchase agreements

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease.

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against the income and expenditure account as incurred.

Fixed assets

Fixed assets purchased directly by Mercy Corps Scotland with a cost exceeding £2,500 are included at cost. Donated fixed assets are included at fair market value having regard to the age and condition of the assets concerned.

All assets financed by donor funding for specific projects are written off at the time of purchase through the statement of financial activities because in the majority of cases the projects are of limited duration and at the end of which the assets can be donated to the ongoing project. Therefore, such assets have not been incorporated in the balance sheet.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives. The rates used are as follows: -

Equipment	25% straight line
Computers	33% straight line

Overseas Operations/Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date with all foreign currency transactions for the year being translated at the official EC monthly rate. The exchange difference resulting from the restatement of the opening reserves denominated in foreign currencies, as at 30 June 2011, has been taken to the appropriate reserves.

All transfers between foreign currency bank accounts are reflected in the financial statements at the average monthly rates applicable. Exchange gains or losses are treated as unrestricted except where restricted by contract and taken to the statement of financial activities and income and expenditure account.

Taxation status

The company is recognised by HM Revenue & Customs as a charity and accordingly is exempt from corporation tax on its charitable activities.

Value Added Tax

The company is not registered for VAT. Accordingly all expenditure is stated inclusive of VAT where applicable.

2. Voluntary income

	Unrestricted		Restricted		Totals	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
Donations in cash	188,680	163,641	1,068,436	824,707	1,257,116	988,348
Transferred to Projects in the year	-	-	-	(852,608)	-	(852,608)
Net Donations Received	188,680	163,641	1,068,436	(27,901)	1,257,116	135,740

Restricted donations are held in the appropriate fund until they can be spent for the purposes for which they were given. Restricted donations vary from restricted grants in that the donor has placed restrictions on the nature of the spend, but not over the detailed expenditure itself.

Incoming resources from charitable activities

Note – definitions of acronyms reported in the following section are explained in full on page 17.

		2011 £	2010 £
European Commission	European Commission	9,262,503	5,141,591
	ECHO	3,078,208	5,107,705
		<u>12,340,711</u>	<u>10,249,296</u>
United Nations	CHF	66,907	-
	UNDP	710,451	1,367,953
	UNFAO	21,710	6,198
	UNHCR	399,234	332,264
	UNICEF	429,960	310,861
	UNOPS	701,612	354,290
	WORLD BANK	-	1,827
		<u>2,329,874</u>	<u>2,373,393</u>
UK Government	British Council	14	12,897
	DFID	3,687,525	4,221,286
	FCO	102,300	259,621
	Scottish Government	162,534	166,993
		<u>3,952,373</u>	<u>4,660,797</u>
Non-UK Government	Australian Agency for International Development	-	(879)
	Faroe Islands, Ministry of Foreign Affairs	54,138	36,713
	French Embassy	5,365	811,231
	German Government	378,233	304,863
	Irish Aid (DCI)	166,379	378,985
	Jersey Overseas Aid Commission (JOAC)	122,776	184,814
	New Zealand Agency for International Development	780,310	495,887
	Royal Netherlands Embassy	254,227	306,691
	Royal Norwegian Embassy	-	25,252
	Swedish International Development Agency (SIDA)	557	387,490
	Swiss Agency for Development	-	55,863
	Swiss Development Corporation	1,489,406	1,022,685
		<u>3,251,391</u>	<u>4,009,595</u>
Other	AREU	-	(190)
	ARUP	4,780	-
	Artemis	87,650	-
	Adam Smith Institute	3,798	-
	Carbon Clear	880	30,505
	Christian Aid	-	1,447
	COFRA	262,791	-
	GRM	37,643	-
	Muslim Aid	9,561	-
	Oxfam	-	63,183
	Palya	6,925	-
	Patel Fund (In Memory of Shailesh Patel)	24,580	-
	Practical Action	20,025	-
	Private	191,076	1,064,957
	Radio France Internationale	1,523	-
	ROTA	419,648	47,202
	Save the Children	550,802	48,161
	Stavros Foundation	74,450	-
	Suez	192,141	127,436
	SurfAid International	-	42,719
	The Carbon Neutral Company	-	2,835
	Twinnings	18,859	-
	Waterloo Foundation	28,086	23,967
		<u>1,935,218</u>	<u>1,455,222</u>
	Total	23,809,567	22,748,303
	Analysed by charitable activity		
	Civil Society, Capacity Building and Conflict Management	7,592,398	6,554,422
	Economic Development	9,562,362	6,886,921
	Public Health, Water and Environment	4,281,408	5,826,887
	Disaster Management	2,373,399	3,480,073
		<u>23,809,567</u>	<u>22,748,303</u>

Incoming resources from charitable activities – Continued

The following restricted funds were released to match project expenditure in the year. All the amounts detailed below relate to aid agreements with the following funding bodies for projects to be carried out in the countries listed.

Country	Donor	2011 £	2010 £
Afghanistan	DFID	946,455	1,508,799
	EuropeAid	1,939,108	549,003
	Private	-	(190)
		2,885,563	2,057,612
Bosnia	EuropeAid	-	205,080
	Royal Netherlands Embassy	-	19,713
	Private	-	62,355
		-	287,148
Central African Republic	EuropeAid	838,968	868,143
	Jersey Overseas Aid Commission	4,567	40,052
	RFI	1,523	-
	CHF	2,452	-
	UNCHF	(2,353)	-
		845,157	908,195
Colombia	EuropeAid	421,339	256,258
	ECHO	180,039	(1,042)
	DCI	69,138	151,318
	ROTA	196,265	-
		866,781	406,534
Democratic Republic of Congo	ECHO	1,010,509	729,379
	EuropeAid	204,689	-
	Carbon Clear	881	33,505
	Private	-	2,451
	Scottish Government	-	85,498
		1,216,079	850,833
Ethiopia	Private	-	(275)
	Save the Children	550,802	48,161
	DFID	245,404	139,021
	Royal Netherlands Embassy	35,901	-
	FCO	4,567	16,434
		836,674	203,341
East Timor	Faroe Islands, Ministry of Foreign Affairs	328	-
	Private	-	(397)
	EuropeAid	249,415	158,672
		249,743	158,275
Georgia	EuropeAid	72,338	32,381
	Swiss Development Agency	774,575	431,343
		846,913	463,724

Guatemala	Irish Aid	97,240	121,481
	EuropeAid	1,014,160	399,156
	Private	56,342	105,849
		1,167,742	626,486
Haiti	Private	32,102	288,864
	Scottish Government	-	74,141
		32,102	363,005
Honduras	DFID	120,871	104,137
		120,871	104,137
Indonesia	EuropeAid	57,047	904
	ECHO	325,536	224,256
	SurfAid	-	42,719
	DFID	151,709	339,676
	Palyja	6,925	-
	New Zealand Government	213,550	140,667
	Private	-	49,423
	Jersey Overseas Aid Commission	-	1,123
	Suez	192,141	127,436
	French Government	-	29,810
	Faroe Island Government	53,811	36,713
	1,000,719	992,727	
India	FCO	97,204	-
	Scottish Government	101,171	-
	Artemis	87,650	-
	Twinings	18,859	-
	Patel Fund	24,580	-
	Private	268	18,240
		329,732	18,240
Jordan	Private	-	291
	EuropeAid	99,475	168,353
	Dutch Embassy	37,136	185,482
		136,611	354,126
Kosovo	DCI	-	106,186
	UNHCR	223,431	332,264
	EuropeAid	1,602,420	157,884
		1,825,851	596,334
Kyrgyzstan	Jersey Overseas Aid Commission	28,559	-
	Muslim Aid	9,561	-
	Private	-	1,426
		38,120	1,426
Lebanon	ECHO	-	521,188
	EuropeAid	116,633	-
	FCO	-	188,101
	German Government	378,233	304,862
	Private	-	61,864
		494,866	1,076,015

Liberia	Private	34,207	73
	Jersey Overseas Aid Commission	(5,718)	44,855
	Waterloo Foundation	28,086	23,967
	EuropeAid	304,936	455,256
		361,511	524,151
Mongolia	FCO	-	44,460
	Private	-	185,666
	Swiss Development Corporation	714,831	591,343
		714,831	821,469
Myanmar	ECHO	-	850,515
	EuropeAid	114,331	-
	DFID	231,757	576,341
	UNOPS	701,612	354,290
	Private	-	81,001
		1,047,700	1,862,147
Nepal	ECHO	87,216	177,438
	EuropeAid	4,467	-
	Adam Smith Institute	3,798	-
	Private	-	93,133
	Practical Action	20,025	-
	ROTA	223,383	47,202
		338,889	317,773
West Bank Gaza	ECHO	1,025,984	2,094,804
	EuropeAid	511,627	253,628
	Jersey Overseas Aid Commission	30,764	26,406
	DFID/FCO	529	889,038
	Private	12,601	33,069
		1,581,505	3,296,945
Pakistan	DFID	1,354,156	443,204
	COFRA	236,423	-
	EuropeAid	183,585	69,081
	Private	-	44,433
	Scottish Government	61,362	-
		1,835,526	556,718
Scotland	DFID	72,612	98,989
	British Council	14	12,897
		72,626	111,886
Somalia	French Government	5,365	781,421
		5,365	781,421
Sri Lanka	Australian Government	-	(879)
	Scottish Government	-	7,354
	PlaNet Guarantee	55,557	-
		55,557	6,475

Sudan	EuropeAid	695,747	620,390
	Private	-	1,851
	Christian Aid	-	1,447
	Jersey Overseas Aid Commission	2,687	28,305
	Stavros Foundation	74,450	-
	UNDP	710,451	1,367,953
	UNFAO	21,710	6,198
	UNCHF	66,808	-
	UNHCR	175,803	-
	UNICEF	-	(15,473)
	1,747,656	2,010,671	
Tajikistan	SIDA	18,927	245,992
	Private	-	36,196
	18,927	282,188	
Zimbabwe	ECHO	431,729	485,728
	EuropeAid	930,800	784,740
	ARUP	4,780	-
	Royal Norwegian Embassy	-	25,252
	GRM	37,643	-
	COFRA	26,368	-
	UNICEF	429,960	326,334
	SIDA	(18,371)	141,498
	Jersey Overseas Aid Commission	61,917	42,647
	World Bank	-	1,827
	Oxfam	-	63,183
	New Zealand Aid	566,760	355,220
	Royal Netherland Embassy	181,190	101,496
	Swiss Agency for Development	-	55,863
	Private	-	3,308
DFID	483,174	321,205	
	3,135,950	2,708,301	
Total	23,809,567	22,748,303	

3. Employee staff numbers and costs

	2011	2010
The average monthly number of staff employed by the charity was:	62	53

The above figures do not include staff seconded to the charity from Mercy Corps.

	2011 £	2010 £
Wages and salaries:		
Employed by the charity	2,123,110	1,745,901
(Less seconded to Mercy Corps)	(705,897)	(607,049)
Field staff seconded from Mercy Corps	<u>4,696,988</u>	<u>3,929,343</u>
	<u>6,114,201</u>	<u>5,068,195</u>
Social security		
Employed by the charity	116,636	107,508
(Less seconded to Mercy Corps)	(22,438)	(19,437)
Field staff seconded from Mercy Corps	<u>1,807,668</u>	<u>1,511,474</u>
	<u>1,901,866</u>	<u>1,599,545</u>
Pension costs		
Employed by the charity	90,052	73,038
(Less seconded to Mercy Corps)	(30,086)	(24,634)
Field staff seconded from Mercy Corps	<u>-</u>	<u>-</u>
	<u>59,966</u>	<u>48,404</u>
	8,076,033	6,716,144

Three employees (2010: Two) received remuneration in excess of £60,000, one in the band between £60,000 and £70,000 and two in the band £70,000 to £80,000. Retirement benefits accrue to these employees under defined contribution schemes. Contributions made by the company on their behalf to secure benefits totalled £11,552 (2010: £7,829).

All pension costs relate to the company's two defined contribution schemes, one of which is closed to new members. June 2011 contributions of £7,586 (2010: £6,278) were outstanding at the year end and settled by the July due date.

None of the Board of Directors received any remuneration, though two were remunerated by Mercy Corps Ltd, a US charity and related party (see note 15). Expenditure of £8,529 (2010: £3,137) relating to the Directors was made during the year, either by the reimbursement of business expenses or payments to suppliers.

The Charity has third party indemnity insurance on behalf of the Directors.

4. HQ support costs allocation – Unrestricted Funds

HQ support costs of £1.5M (2010: £1.3M) comprising Executive, Finance, Programmes, Fundraising, Governance, IT, Human Resources and Office Administration are allocated to the Statement of Financial Activities and Income and Expenditure account as per the following tables.

NB: Figures in bold are disclosed separately on the face of the Statement of Financial Activities and Income and Expenditure account.

- Allocate IT, Office Administration and Human Resources to Executive, Finance, programmes and Fundraising on the basis of staff numbers
- Allocate an element of remaining Fundraising costs to Cost of Generating Voluntary Income
- Allocate an element of Fundraising, Executive, Finance and Programmes expenditure to Governance on the basis of time spent by departmental managers on governance matters – giving final governance figure for Statement of Financial Activities and Income and Expenditure account

Stage 1	2010/11 Costs	Allocate Office Admin	Allocate IT	Allocate HR	Allocate to Governance	Remove costs of generating voluntary income and governance	To be allocated In stage 2
	£	£	£	£	£	£	£
Executive	147,073	8,253	3,190	9,595	(11,061)	-	157,050
Finance	330,766	37,140	14,353	43,180	(27,989)	-	397,450
Programmes	346,112	41,266	15,948	47,977	(29,691)	-	421,612
Fundraising	312,629	33,013	12,758	38,383	(26,104)	(198,391)	172,288
Human Resources	127,692	8,254	3,189	(139,135)	-	-	-
Governance	33,971	-	-	-	94,845	(128,816)	-
Office Administration	127,926	(127,926)	-	-	-	-	-
IT	49,438	-	(49,438)	-	-	-	-
Totals	1,475,607	-	-	-	-	(327,207)	1,148,400

- Finally, the remaining unallocated Executive, Finance, Programmes and Fundraising costs are allocated to 'Resources expended on charitable activities' in proportion to direct spend in those areas.

Stage 2	Executive £	Finance £	Programmes £	Fundraising £	2011 £	2010 £
Civil Society, Capacity Building and Conflict Management	50,256	127,184	134,916	55,132	367,488	308,989
Economic Development	62,820	158,980	168,645	68,915	459,360	324,671
Public Health, Water and Environment	28,269	71,541	75,890	31,012	206,712	273,379
Disaster Management	15,705	39,745	42,161	17,229	114,840	162,614
	157,050	397,450	421,612	172,288	1,148,400	1,069,653

Cost allocation includes an element of judgement and the charity has to bear in mind the cost / benefit of undertaking detailed calculations.

5. Governance costs

	2011 £	2010 £
External Audit	19,393	14,375
Trustees' indemnity insurance	1,539	1,526
Trustees' expenses	8,529	3,137
Board costs	4,510	6,436
Apportionment of Senior Staff costs (based on time spent)	94,845	30,427
	128,816	55,901

6. Net incoming / (outgoing) resources for the year is stated after charging

	2011 £	2010 £
Depreciation	29,223	12,560
Operating lease rentals – land and buildings	76,433	71,883
Operating lease rentals – other	2,603	3,039
Auditors' remuneration – in respect of the audit	19,393	14,375

7. Tangible Fixed Assets

	Computers £	Equipment £	Total £
Cost			
At 1 July 2010	124,233	9,287	133,520
Additions	17,062	-	17,062
Disposals	(2,064)	-	(2,064)
At 30 June 2011	139,231	9,287	148,518
Depreciation			
At 1 July 2010	69,769	9,287	79,056
Charge	29,223	-	29,223
Disposals	(2,064)	-	(2,064)
At 30 June 2011	96,928	9,287	106,215
Net Book Value at 30 June 2011	42,303	-	42,303
Net Book Value at 30 June 2010	54,464	-	54,464

8. Debtors

	2011 £	2010 £
Income tax recoverable	3,790	1,896
Other debtors	54,296	5,413
Prepayments	73,355	72,300
Accrued project income	3,096,922	2,567,625
	<u>3,228,363</u>	<u>2,647,234</u>

Accrued project income relates to funds due from donors for projects in which expenses have already been paid by Mercy Corps Scotland as at 30 June 2011.

9. Cash at Bank and in Hand

	2011 £	2010 £
Bank accounts	9,349,154	8,096,159
Cash in hand	1,585	1,337
	<u>9,350,739</u>	<u>8,097,496</u>

10. Creditors: amounts falling due within one year

	2011 £	2010 £
Deferred income	8,892,490	7,407,309
Mercy Corps Intercompany balance	1,379,238	1,707,666
Accruals	27,001	24,429
Taxation and social security	28,243	31,309
Other creditors	240,710	167,277
	<u>10,567,682</u>	<u>9,337,990</u>

Deferred income above relates to project income received in advance, or the balance of income held for projects, which are still to be completed.

	£
At 1 July 2010	7,407,309
Transfer from accrued project income	(2,567,625)
Currency	165,152
Grant funds received in year	24,930,602
Grant funds spent during year	(23,809,567)
Transfer to accrued project income	2,766,619
At 30 June 2011	<u>8,892,490</u>

11. Operating lease commitments

The company has annual commitments under non-cancellable operating leases expiring as follows:

	Land and Buildings £	Other £	2011 £	2010 £
Between 1 and 2 years	-	-	-	-
Between 2 and 5 years	-	3,138	3,138	3,072
Over 5 years	74,400	-	74,400	72,850
	<u>74,400</u>	<u>3,138</u>	<u>77,538</u>	<u>75,922</u>

12. Unrestricted funds

	Balance at 1 July 2010 £	Incoming resources £	Resources expended £	Transfers (Out) / In £	Balance at 30 June 2011 £
General Funds					
Unrestricted Reserve	<u>1,300,298</u>	<u>1,665,756</u>	<u>1,475,607</u>	<u>(204,748)</u>	<u>1,285,699</u>
Designated Funds					
Fixed Assets	54,464	-	-	(54,464)	-
Dilapidations	18,000	-	-	12,000	30,000
Foreign Exchange	(603,070)	539,454	-	(93,603)	(157,219)
	<u>530,606</u>	<u>539,454</u>	<u>-</u>	<u>(136,067)</u>	<u>(33,616)</u>
	<u>769,692</u>	<u>2,205,210</u>	<u>1,475,607</u>	<u>(340,815)</u>	<u>1,158,480</u>

The directors have reviewed unrestricted funds and their potential use and are mindful of future calls on the funds which they now specifically designate as above.

Transfer out of general funds of £204,748 comprises programme expenditure covered temporarily from general funds in lieu of co-financing (£245,119), contribution to unbudgeted costs in Iraq and Lebanon (£2,093), increase in dilapidations fund (£12,000), less closure of the Fixed Asset Fund (£54,464).

The transfer out of Foreign Exchange designated fund relates to the transfer of specific FX gains arising on a closed programme to fund ongoing related activities in Tajikistan (£93,603).

13. Restricted Funds

	Balance at 1 July 2010 £	Incoming resources £	Resources expended £	Transfers In / (out) £	Balance at 30 June 2011 £
Grants	-	22,346,539	23,141,196	794,657	-
Donations	691,512	1,068,436	410,863	(453,842)	895,243
	<u>691,512</u>	<u>23,414,975</u>	<u>23,552,059</u>	<u>340,815</u>	<u>895,243</u>

Transfer in to Restricted Grants of £794,657 comprises restricted donations used to cover programmatic expenditure (£549,538) and programme expenditure covered temporarily from unrestricted reserves in lieu of co-financing (£245,119).

Transfer out of Restricted Donations of £453,842 comprises restricted donations used to cover programmatic expenditure (£549,538) less transfer from general fund of a specific FX gain used to fund an ongoing programme (£93,603) and contributions to unbudgeted costs in Iraq and Lebanon (£2,093).

Restricted Funds are country or project specific and allocated to projects as expenditure is incurred. The balances held on individual restricted funds over £10,000 are listed below.

Nature of restriction	Balance at 30 June 2011 £
By country	
Ethiopia	13,656
Haiti	28,095
India	28,217
Japan	20,455
By event	
Mongol Rally / Derby	26,961
Quadrathlon	194,816
Rickshaw Runs	49,029
To Co-finance EC projects	
Guatemala	138,005
To fund specific projects	
Indonesia	14,354
Tajikistan	60,642
Pakistan	53,806
Mongolia	107,515
India	12,394
Other	
Simon Scott Memorial Fund	28,676
EC Disallowance Fund	45,469
Other funds (under £10,000)	73,153
	<u>895,243</u>

14. Analysis of Net Assets between Restricted and Unrestricted Funds

	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Tangible fixed assets	42,303	-	42,303	54,464
Other net assets	1,116,177	895,243	2,011,420	1,406,740
	<u>1,158,480</u>	<u>895,243</u>	<u>2,053,723</u>	<u>1,461,204</u>

15. Related party transactions

Mercy Corps is a company registered in the United States of America. The registered office is 45 SW Ankeny Street, Portland Oregon 97204.

The following directors of Mercy Corps Scotland were also directors of Mercy Corps during the year.

Jock Encombe	Chairman of Mercy Corps Scotland
Neal Keny-Guyer	Chief Executive Officer of Mercy Corps
Nancy Lindborg	President of Mercy Corps

No directors received any remuneration from Mercy Corps Scotland, though Neal Keny-Guyer and Nancy Lindborg were remunerated by Mercy Corps.

Mercy Corps Scotland and Mercy Corps work closely together. In some instances both organisations will pool administrative and technical resources for the benefit of their respective projects. In such cases a re-charge of the actual costs incurred will be made between Mercy Corps Scotland and Mercy Corps. During the year the following transactions arose:

Grant from Mercy Corps to Mercy Corps Scotland: £65,496; (2010: £4,576)

Grant from Mercy Corps Scotland to Mercy Corps: £208,850; (2010: £nil)

Grant figures include pass-through donations raised by one party and granted to the other.

Expenditure on behalf of Mercy Corps by Mercy Corps Scotland: £775,070; (2010: £636,647)

Expenditure on behalf of Mercy Corps Scotland by Mercy Corps: £68,679; (2010: £21,590)

At the year-end the related party creditors were £1,379,238; (2010: £1,707,666)

16. Pensions

The company operates two defined contribution pension schemes on behalf of its staff. Both funds are held separately from the company, with one being closed to new members.

17. Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 30 June 2011 (2010: none).

18. Capital Commitments

The directors have confirmed that there were no capital commitments at 30 June 2011.

19. Reconciliation of Operating Surplus / (Deficit) to Net Cash Inflow from Operating Activities

	2011 £	2010 £
Operating surplus / (deficit)	592,519	(1,135,153)
Income from investments	(9,525)	38,960
Depreciation	29,223	12,560
Increase in Debtors	(581,129)	(86,185)
Increase in Creditors	1,229,692	1,845,285
Net cash inflow from operating activities	<u>1,260,780</u>	<u>675,467</u>

20. Reconciliation of net cash flow movement to movement in Net Funds

	2011 £	2010 £
Increase in cash held in the period	1,253,243	588,401
Net funds at 1 July	8,097,496	7,509,095
Net funds at 30 June	9,350,739	8,097,496

21. UNHCR – Schedule to Financial Statements

Projects implemented on behalf of UNHCR during the period from 1 July 2010 to 30 June 2011.

Country	Cost Centre	Sub-project number	Instalments Received £	Direct Project Expenditure £	Recoverable Overhead charges £	Unspent balance due (from) / to UNHCR £
Kosovo	90767	10/KOS ABC/061	8,452	14,914	408	(6,870)
Kosovo	90768	10/KOS ABC/063	44,160	115,846	6,367	(78,053)
Kosovo	90769	10/KOS ABC/064	32,002	83,282	2,614	(53,894)

22. DFID – Schedule to Financial Statements

Projects implemented on behalf of DFID during period from 1 July 2010 to 30 June 2011. We certify that each of the DFID grants below were expended in accordance with the terms agreed with DFID.

Country	Cost Centre	Reference	Instalments received £	Expended during the financial year £
Afghanistan	90795 / 90803	201023-101	242,262	130,073
Afghanistan	90817	201023-101 (40035996)	845,417	622,234
Afghanistan	90850	201023-111	583,220	194,114
Ethiopia	90653	CSCF 0449	162,045	193,577
Ethiopia	90815	201840-101	229,521	51,827
Honduras	90721	CSCF 0475	115,622	120,871
Indonesia	90781	201571	81,378	151,607
Myanmar	90853	202316-104	351,442	231,757
Pakistan	90822	114133-110	1,713,627	1,354,153
United Kingdom	90647	DAF 214	80,358	72,612

23. NZAID – Schedule to Financial Statements

Projects implemented on behalf of New Zealand Agency for International Development (NZAID) during the period from 1 July 2010 to 30 June 2011. We certify that each of the NZAID grants below were expended in accordance with the terms agreed with NZAID.

Country	Cost Centre	Reference	Instalments received £	Expended during the financial year £
Indonesia	90710	Koru ID: 13205	120,687	213,550

24. Ultimate Controlling Party

The company is limited by guarantee and the directors have each agreed to contribute £1 in the event of the company being wound up. The directors control the company.



Photo: Miguel Samper/Mercy Corps

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