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Right: Kim Collins  
(left) with Sally  
Ludlow-Rhodes,  
a British Red  
Cross care in the  
home volunteer



The British Red Cross is required at all times to act in accordance with the fundamental principles of the International Red Cross and Red Crescent Movement:

Humanity

Impartiality

Neutrality

Independence

Voluntary service

Unity

Universality



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Left: a Palestinian  
Red Crescent  
volunteer assesses  
the needs of the  
local community

# Chairman and chief executive's statement

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2009 was a significant year for the British Red Cross, as we set out our direction for the next five years in our new corporate strategy: *Saving Lives, Changing Lives*.

The strategy, which covers the period 2010-2015, sets out our ambitions, priorities and the difference we aspire to make. It focuses on four main areas of work: helping people left in need by major emergencies; building more resilient communities; providing essential health and social care to those made vulnerable by everyday crises; and supporting the International Red Cross and Red Crescent Movement to meet growing humanitarian needs overseas.

This ambitious agenda builds on the success of our previous five-year strategy, *Across the world and around the corner*, which finished at the end of this year. This report is based on the earlier strategy.

Our evaluation of the strategy shows we successfully achieved the priorities we set ourselves and implemented it effectively. But five years is a long time to plan for, so we also remained flexible enough to adapt our detailed plans where necessary to serve our wider objectives. Among many successes, our response to the 2007 UK floods stands as testament to our emergency response skills, while our tsunami recovery programmes in Indonesia, Sri Lanka and the Maldives have rebuilt homes and livelihoods.

A common thread running through both strategies is an emphasis on responding to emergencies, positioning ourselves as the leading voluntary organisation in this field. We are continuing to develop our ability to carry out this core part of our work with maximum effectiveness.

As the year came to an end, these capabilities were tested to the limit, as severe flooding in Cumbria in November was followed by a month of heavy snowfall across the UK. Our volunteers and staff were involved in sustained responses to both crises, once again proving their professionalism and dedication.

Then, on 12 January 2010, a devastating earthquake struck Haiti, killing more than 200,000 people and leaving an estimated one million more in need of urgent assistance. The British Red Cross sent cash, relief items and expert staff to support the massive international relief operation. We also raised funds through our own appeal and the Disasters Emergency Committee. It will take Haiti years to recover from the earthquake and, at the time of writing, we are starting to plan how we will support this.

2009 was marked by a crisis of another kind. The ongoing recession has affected the British Red Cross in common with most other large UK charities. However, due to a prudent approach,

we have continued to deliver our services to the most vulnerable people without making any cuts and, thanks to the remarkable generosity of our donors, our income from fundraising has increased. We have also kept tight control on our costs.

Our accounts, however, show a drop in our total income, from £243.5 million in 2008 to £182.1 million in 2009. This reduction is due to restricted money from the Department for International Development (DFID) now being transferred directly to the International Committee of the Red Cross. These funds therefore continue to go to the wider Movement.

In 2009, we also began to develop an advocacy agenda, which will be launched in 2010. By speaking up on behalf of our beneficiaries, we hope to influence change which will make a positive difference to their lives.

Here in the UK, our 31,606 volunteers and staff continue to show enormous dedication and commitment. Our supporters, too, have shown exceptional generosity in difficult economic times. We would like to thank them for making our work possible and look forward to their ongoing support, as we put our new strategy into action.



**James M. T. Cochrane**

Chairman of the board of trustees



**Sir Nicholas Young**

Chief executive



# Our work in pictures



“The Red Cross was so good to me when my home in Morpeth was flooded and I wanted to give something back. I think I have the empathy to support people in Cumbria. I know what they are going through”

Lilian Nelson, who volunteered during the Cumbria floods

**Search and rescue:** Red Cross volunteers look out for people in need in Cockermouth

**Displaced:** people in Swabi camp, Pakistan, receive emergency supplies from the Red Cross (below left)

**Flu friends:** helping vulnerable people by delivering anti-viral medicine (below)





**Gaza:** a mother and child are left homeless during the Gaza crisis in January

**Operation amphibian:** young people are trained in international humanitarian law and first aid (centre left)

**Haiti earthquake:** Haitian Red Cross volunteer Jean Zacharie treats an injured boy (below)



# Trustees' report



# Objectives

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The legal objects of the British Red Cross, as laid out in its revised Royal Charter, are to provide assistance to victims of armed conflicts and to work for the improvement of health, the prevention of disease and the prevention and alleviation of human suffering in the UK and throughout the world.

The British Red Cross' vision is of a world in which everyone receives the help they need in a crisis. Our core purpose is to mobilise the power of humanity so that individuals and communities have the capacity to prepare for, deal with and recover from a crisis.

Our corporate strategy, *Across the world and around the corner*, set out the organisation's objectives and provided the framework for our core activities for the period 2005-2009.

Left: Red Cross volunteers are equipped with a fleet of 4x4 vehicles, many donated by Land Rover, which proved invaluable during the severe winter weather

# Activities, achievements and performance

## Charitable activities

**Emergency response: we will respond to emergencies and build local and individual capacity to withstand and recover from them.**

### 2009 plans included:

- > consolidating our position as the leading voluntary sector provider of emergency response services in the UK, and as a leading National Society supporting the International Red Cross and Red Crescent Movement in disaster management
- > developing our ability to use mutual aid effectively and operate telephone support lines across the UK, upgrading our communications systems and completing our recovery programme in Morpeth
- > developing a household economic security team to support the transition from relief to recovery following a disaster and completing our final post-tsunami recovery programme in the Maldives.

During 2009, we responded to 19 international disasters, including four natural disasters which swept through

the Asia Pacific region within the space of a few days in September, destroying lives, homes and livelihoods. The Philippines was hit first by Typhoon Ketsana, which continued its path of destruction to Vietnam. Then a tsunami struck the Samoan islands, followed by an earthquake off the west coast of Indonesia. A second typhoon hit the Philippines a few days later.

We deployed two logistics teams to co-ordinate the earthquake relief effort in Padang, Indonesia, and sent £1.6 million in cash and relief supplies to help more than 75,000 survivors in all the affected countries.

The effectiveness of our logistics emergency response unit (ERU) deployments is a highlight of the last five years and we have enhanced our ability to support the Movement internationally by establishing new household economic security and mass sanitation ERUs – the sanitation team was the first of its kind.

While these dramatic events dominated the headlines, we also responded to less high-profile emergencies, such as chronic food crises in East Africa, caused by drought. We also responded when severe flooding hit Namibia in April, sending our mass sanitation unit to improve sanitation and hygiene. When more floods in Angola forced 80,000 people from their homes in May, we sent our new household economic security team to

help them restart their livelihoods. Our mass sanitation unit also helped raise awareness of good hygiene practices among 70,000 people during the cholera epidemic in Zimbabwe, where we distributed hygiene kits to another 30,000 people.

When fighting erupted in the Gaza Strip in January, we ran an appeal, took part in a Disasters Emergency Committee appeal, and sent six delegates to work with the International Committee of the Red Cross (ICRC) in the region. We also supported the ICRC in other conflict zones, including Sri Lanka, Pakistan, Yemen and the Democratic Republic of Congo. The ICRC nutrition programme we assist in Gereida camp, in Sudan's Darfur region, is now in its fifth year and continues to support thousands of malnourished children.

Our work to help those affected by the biggest natural disasters of the last five years continued: we supported recovery

programmes to help over 30,000 people in Myanmar rebuild their livelihoods after Cyclone Nargis and another 50,000 do the same in China, following the Sichuan earthquake (both in May 2008). Having wrapped up tsunami recovery work in Indonesia and Sri Lanka in 2008, this year we completed our final house-building programme in the Maldives. We also restored water supplies to 11,600 people in four villages in Pakistan, devastated by the October 2005 earthquake.

As well as responding to disasters, we also help people to prepare for and withstand them. Research has shown that every pound spent on building resilience to crises is equivalent to £4 spent in a disaster's aftermath<sup>1</sup>. In 2009, for example, we helped 206,000 people across 85 communities in Bangladesh prepare for cyclones.

During 2009, we responded to 3,608 emergencies in the UK, including 81 major incidents. In February and December (continuing into January 2010), heavy snowfall brought chaos to many parts of the UK, with whole communities cut off. Volunteer teams supported ambulance services across the country, using our fleet of 4x4 vehicles, many donated by Land Rover. These enabled us to reach areas inaccessible to standard ambulances. We also helped vulnerable people get the help they needed, for example by transporting carers or providing hot food.

We also responded to several major fires, including a blaze at the Grand Hotel in Blackpool and two fires in flats in Peckham and Camberwell. Each involved the evacuation of hundreds of people to rest centres, where we provided psychosocial (practical and emotional) support.

Following the 2008 Morpeth floods, we worked with other agencies to support the community's recovery. To identify

Below: an emergency response team during a training exercise



those most in need, our volunteers called at flood-affected houses, set up an information point to provide practical advice and had a strong presence on the multi-agency flood recovery group, work which continued throughout 2009.

When Cockermouth was deluged by severe floods in November, we helped evacuate more than 200 people, deploying our Scotland-based swift water rescue team, which is trained in flood response and equipped with two specially-adapted boats. We also knew from our experiences in Morpeth the importance of providing more help as people begin the long process of recovery. Once again, our volunteers went door-to-door to identify those in need of extra support, and were on hand at three flood advice centres.

These were just the latest in a series of high-profile, well-executed responses to UK emergencies over the last five years, including the major flooding of 2007. We have built up our leading role in the voluntary sector over the course of our strategy and carried out sustained and

steady growth in our relationships with category one emergency responders. We have also developed our mutual aid capacity so that we are better able to deploy assets to different parts of the country, backing up a local response with national resources.

As part of our commitment to enhance our national emergency response capability, we signed contracts to upgrade our pager and radio systems. This will enable us to communicate better with the emergency services at major incidents, including multiple emergencies which happen simultaneously across the UK, such as flooding or snow.

Last year, we also expanded the Red Cross telephone support line, which is activated following major disasters – such as the Asian tsunami and London bombings. We launched a training programme to build a database of skilled volunteers. The plan was a success and the support line register now has 306 volunteers, of whom 130 are fully trained.



“I think it’s marvellous that Red Cross volunteers take the time to come out and help people like me. It has been like having a friend at the end of the phone”

Fred Perks, 87, (left) who received help from Red Cross ‘flu friend’ Jo Footit



“The Red Crescent is a place where I can come to feel supported, share stories and cry with others. I dream of a good life for my daughter, that she grows up healthy. I want to become a grandmother and see her kids grow up”

Aliona, 26, from Kazakhstan (left), who has received support from the Kazakhstan Red Crescent TB/HIV programme, which we support with financial assistance from AstraZeneca

We also built stronger relationships with a number of primary care trusts and local authorities through our swine flu preparations. Although the pandemic was less serious than predicted, it was still important to be prepared. Our volunteers acted as ‘flu friends’, delivering medication and, where necessary, other essential supplies to more than 1,650 people who did not have friends or relatives nearby.

We worked closely with the Foreign & Commonwealth Office to help resettle vulnerable British nationals from Zimbabwe back to the UK. Teams of first aid and psychosocial support volunteers accompanied 198 people, many of whom were elderly and infirm, on their journey to their chosen place of resettlement.

**Short-term crisis care: we will provide short-term crisis care services to support vulnerable people and communities.**

**2009 plans included:**

> ensuring we put the beneficiary at the centre of what we do by using our new programme approach in the UK

> developing new care in the home projects to support people in a crisis and seeing an increase in reach, as well as quality, in key health and social care activities

> scaling up our overseas community-based health and care programmes, with a particular focus on HIV and AIDS.

This year we began implementing a new programme approach for our UK services, the result of four years’ development work, which began with our Rethinking Vulnerability research study in 2006.

Our programme approach involves using our capabilities and flexibility to support people in crisis. This will be achieved by assessing what is needed, being more accountable to our beneficiaries, listening to what they say they need and offering an integrated package of support. It could mean helping people through our own services, advocating on their behalf or enabling them to get support from other agencies. This approach will be integrated into our 2010-2015 strategy.

One example of how we have focused more closely on our beneficiaries’ needs over the last five years is our work with destitute refugees and asylum

seekers. This group is one of the most vulnerable we help. We provide short-term emergency support and expert advice on accessing whatever limited resources are available to them – and have become the lead agency in this area. We have also advocated on behalf of asylum seekers who are destitute, using evidence drawn from the work we do.

Our programme approach was also tested last year through nine care in the home pilot projects, which support vulnerable people by preventing unnecessary hospital admissions or after a hospital stay. The pilots, funded by our 2007 partnership with Tesco, were set up between October 2008 and August 2009 and are based across the UK, from Orkney to Devon.

We have also refined our offer to care in the home service commissioners, to demonstrate more clearly the way we meet their needs and those of our beneficiaries. A number of other new care in the home schemes were developed in 2009, including ones which focused on providing a rapid response to a crisis.

In total, our health and social care services, which include care in the home, medical equipment and transport services, supported 471,097 people. We also provided assistance to 30,854 refugees and asylum seekers, of whom 9,251 were destitute.

In January 2010, we successfully transferred our four remaining care homes to Heritage Care, a not-for-profit provider, who met the rigorous criteria set by the trustees. It is anticipated that the transfer, which was planned in full consultation with key stakeholders, will ensure the longer-term viability of the homes.

Internationally, we supported HIV and AIDS programmes in nine countries, including South Africa, Lesotho, Ethiopia

and China, reaching more than 320,000 people through providing home-based care and peer education. We reached millions more people with anti-stigma messages and supported programmes which combat the deadly combination of HIV and tuberculosis in central Asia.

We also provided funding, advice and delegates to support community-based healthcare and water and sanitation programmes in 14 countries including Liberia, Sierra Leone, Zimbabwe, Afghanistan, Pakistan and Mongolia. These programmes reached more than 370,000 people.

**Humanitarian action: we will promote and support the principle and practice of humanitarian action and provide opportunities to volunteer, and to give money and active support.**

**2009 plans included:**

- > scaling up our community-based first aid and mass public first aid training
- > expanding our humanitarian education programme and increasing the number of young supporters and volunteers.

Equipping people with the skills to perform the ultimate humanitarian act – saving a life – remains at the heart of our work. In 2009, we focused on expanding our community-based first aid programmes to reach more vulnerable and excluded groups. These are people who often have a particular reason for needing first aid skills, such as those living in rurally isolated communities, injecting drug users, young carers, refugees and people at risk

from specific health problems, such as heart disease.

Our inclusive first aid programme, aimed at people with disabilities, was a great example of how community-based first aid can work. Nearly 6,000 disabled people attended an inclusive

“No longer do people have to sit at home, feeling isolated and unable to participate. The inclusive first aid programme has given thousands of deaf and disabled people the skills and confidence to perform first aid”

Steve Wynne, deaf first aid trainer

first aid course during the three-year programme – 1,000 more than the target. Reaching more vulnerable and excluded groups was a key part of our first aid training plans for the last five years – around 18 per cent of our first aid courses over that period, excluding commercial training, targeted these groups.

In 2009, 303,980 people attended our first aid courses. At the same time, we worked hard to promote the relevance of first aid learning through the media, our website and marketing materials – reaching more than nine million people in this way. We also provided first aid cover to help keep people safe at 10,509 public events, from music festivals to marathons.

Our humanitarian education programme went from strength to strength, reaching 366,304 young people, while our online resources for teachers were accessed over 230,000 times – making us the largest provider of educational support to schools in the charity sector.

In partnership with the international legal practice Allen & Overy LLP, we launched Justice and Fairness, a teaching resource about international



Right: inclusive first aid training for people with disabilities



humanitarian law, delivered to every secondary school in the UK. Another success was rolling out our Positive Images education programme, which raises awareness of refugee issues, to a European audience, reaching 527,738 people.

The explosion in social media provided another channel for reaching new supporters. By the end of 2009, we had 11,400 followers on social networking sites including Twitter and Facebook. Through their online contacts, our followers helped us reach a much larger audience of hundreds of thousands of people. Another 118,113 watched our online videos and our World AIDS Day video campaign, featuring Konnie Huq, attracted 37,000 viewers and sparked a lively online debate about the stigma surrounding HIV.

### Supporting and strengthening the Movement

In 2009, the International Red Cross and Red Crescent Movement celebrated three landmark events: the 150th anniversary of the Battle of Solferino (which inspired the creation of the Red Cross), the 90th anniversary of the International Federation of Red Cross and Red Crescent Societies, and the 60th anniversary of the Geneva Conventions.

In June, 57 British Red Cross volunteers joined thousands of Red Cross volunteers from around the world at a celebratory event in Solferino, Italy. We also hosted a conference on international humanitarian law with the Foreign & Commonwealth Office, to celebrate the anniversary of the Geneva Conventions and debate their future role. Over the last three years, we have played a key role in helping

Above: TV presenter and Red Cross supporter Konnie Huq featured in a web video designed to get viewers to think about their own responses to HIV

the ICRC develop and implement its strategy for restoring family links. We are now starting to see that strategy being implemented by other National Societies.

In November, we were represented at two international statutory meetings of the Movement in Nairobi, Kenya: the Council of Delegates (attended by all parts of the Movement) and the Federation's General Assembly. We were closely involved in the development of the Federation's Strategy 2020, passed at the General Assembly, which gives strategic guidance to National Societies for the next ten years and has informed our own corporate strategy for 2010-2015.

To ensure our partner National Societies are able to deliver good quality programmes, our technical advisers provided organisational development support in 22 countries in Africa, Asia and the Middle East. We also gave capacity-building support to National Societies in Côte d'Ivoire, Liberia, Mozambique and Sierra Leone,

in partnership with the Canadian, Netherlands and Norwegian Red Cross Societies.

## Cutting carbon emissions

An audit in 2006 showed that the British Red Cross generated 11,500 tonnes of CO<sub>2</sub> in the UK, mainly through properties and vehicle use. Over the last three years, we have introduced changes to reduce our carbon footprint.

To gain the support of volunteers and staff, we held a series of roadshows and appointed carbon reduction 'champions' in 2009.

We have set a five per cent reduction target for properties for 2010 and are encouraging staff to cut down on air and car travel and make more use of telephone and video conferencing.

We have also cut carbon emissions from our fleet of vehicles from 165g per kilometre travelled in 2002 to 119g today – a cut of nearly 37 per cent.



Right: Volunteers and staff from across the world met in Italy to commemorate the 150th anniversary of the Battle of Solferino

## Scotland

Note: We provide information specifically on our activities in Scotland, as part of our obligations to the Office of the Scottish Charity Regulator (OSCR), and in Northern Ireland, in anticipation of its new charities legislation.

In 2009, we responded to 688 emergencies including floods in Tayside and Northern Scotland. We also supported the response in Cockermouth in Cumbria, where our swift water rescue team assisted in over 200 rescues. We expanded our fire and emergency support service in Lothian and Borders and Tayside and took part in national consultations on the ambulance service, fire and rescue framework, and water rescue.

Our volunteers provided first aid cover at 2,287 sporting and music events and trained 19,851 people in first aid. This included community-based first aid training for drug users, black and minority ethnic communities and young carers.

Our health and social care services helped 22,950 people live more independently. We launched care in the home services in Argyll, Ayrshire, Orkney and Wick, a telecare project in Argyll and Bute, and a befriending service in Moray. Our refugee unit helped 415 people, and launched a life skills course for young refugees.

We also worked with teachers to reach 16,366 young people with humanitarian education workshops.

## Northern Ireland

Our fire and emergency support service provided practical and emotional support to 254 people affected by emergencies. This included 130 Roma people who were forced to flee their homes in Belfast in June, after a series of attacks on their community.

In the summer, we trained 180 members of Girlguiding UK in emergency response at a special simulated exercise.

We provided first aid training to 3,509 people, and raised awareness of life-saving skills among a further 2,820 people. We offered community-based first aid training to rural communities, vulnerable young people and people with disabilities.

We helped 13,175 people live independently at home, providing care in the home for 170 people and 2,181 loans of medical equipment.

We assisted 253 refugees and asylum seekers, an increase of 96 per cent from 2008.

We officially opened our new premises at Heron Road, Belfast in October.

Below: a centre delivers refugee and international tracing and message services



## Wales

The British Red Cross in Wales worked closely with local resilience forums to prepare for and respond to swine flu, helping 200 people and standing ready to provide two call centres. Our volunteers also provided first aid cover at 475 events and trained 42,855 people in first aid.

Health and care services in Wales continued to grow, with 19,271 service users and three new projects in Denbighshire, Carmarthen and Conwy. Medical equipment services also grew, helping 9,063 people. We are discussing the future direction of this service with the Welsh Assembly, giving evidence to the Health and Wellbeing Committee. Our humanitarian education programmes reached more than 55,239 young people and our refugee services assisted 1,032 people.

We held two high-profile events last year, both attended by the health minister: a frugal lunch, where chief executive Sir Nicholas Young and First Sea Lord Sir Mark Stanhope spoke about humanitarianism, and an event in the Senedd attended by 100 emergency response leaders in Wales.

## Our volunteers

Our dedicated volunteers give up their time to ensure people get the help they need in a crisis. In 2009, the British Red Cross had 28,208 volunteers, who carry out a wide range of activities in the UK. These include: responding to emergencies, first aid, delivering health and social care and humanitarian education programmes, supporting refugees and asylum seekers, and fundraising. Without them, we could not carry out this life-saving and life-changing work.

## Plans for 2010

2010 is the first year of our new strategy, *Saving Lives, Changing Lives*, which will shape our work in the UK and overseas over the next five years. During the lifetime of the strategy, we will seek to have an even greater impact on the lives of people vulnerable to a crisis.

### Our main priorities for 2010 include:

- > strengthening our emergency response to ensure more individuals and communities affected by emergencies have the practical and emotional support they need during and immediately after the event
- > responding to the Haiti earthquake by meeting people's immediate needs and assessing how we can best support the transition from relief to recovery
- > building resilience in individuals and communities to help them prepare for and withstand disasters. We will also be exploring and defining what the term resilience may mean in a wider UK context
- > increasing the impact of the International Red Cross and Red Crescent Movement in meeting the needs of the most vulnerable people by being an active, supportive and influential member of the Movement.

# Review of finances

Our total income decreased in 2009 from £243.5 million to £182.1 million. This reduction was anticipated in last year's report and is due to restricted money from the Department for International Development (DFID) being transferred directly to the International Committee of the Red Cross. DFID income fell by £70.3 million to £7.9 million in 2009.

## Fundraising and trading

Voluntary income, which includes income from emergency appeals, fundraising, regular giving, cash donations and legacies, increased from £87.4 million to £91.6 million. Following a trend in the charity sector to recognise legacy income at the date of probate, we have reviewed our own methodology. This has resulted in our recognising about £9 million additional legacy income in 2009, bringing the total legacy income to £29.5 million. Excluding legacies, our voluntary income increased by 2.3 per cent to £62.1 million.

Our individual supporters gave more generously than ever before, in spite of the recession. The number of people who donate regularly by direct debit grew from 300,000 to 365,000 – evidence of the success of our regular giving investment programme. We also received £10 million in response to direct mail appeals.

We continued to receive major support from corporate partners, including ongoing funding from AstraZeneca for our TB work overseas and emergency relief stocks in our Kuala Lumpur warehouse. And Red Cross Appeal Week raised £935,000 through collections and events.

Trading income showed an increase in turnover of 4.3 per cent to £24.9 million. During a fortnight in November, our shops took £1.2 million in their £100,000-a-day challenge, beating last year's record of £1 million taken in the same two-week period.

## Charitable income

Income from charitable activities fell to £61.5 million (2008: £128.0 million) primarily due to the fall in DFID grants mentioned above.

Short-term crisis care income rose six per cent to £30.5 million. Our community equipment services generated £10.6 million through the loan of medical equipment, such as adjustable wheelchairs, an increase of seven percent on 2008. The remainder of the increase was generated through new and renewed agreements with statutory partners.

The fall in DFID income also largely led to emergency response income falling to £23.8 million (2008: £73.2



“I wanted to see the world and have an adventure. Raising money for the Red Cross seemed the natural thing to do because it’s an international charity which helps people right across the world”

Mohan Everett (pictured left), who cycled 15,000 miles from Dieppe to Australia with his friend Finn Cotton (right)

million) and income for supporting and strengthening the Movement falling to £6.5 million (2008: £25.5 million). Included within emergency response is Red Cross Training, which delivers workplace first aid courses and brought in £12.8 million, a six per cent decrease on 2008 due to the recession.

### Charitable expenditure

Excluding expenditure linked to DFID income, our charitable expenditure increased by 8.8 per cent to £117.3 million. Charitable expenditure includes a planned spend-down on restricted and designated funds.

In response to the recession, we established a major expenditure panel to review the organisation’s finances and major expenditure more regularly and rigorously. We also improved our management reporting and cash flow monitoring.

### Reserves

As at 31 December, our free available reserves amounted to £43.4 million (2008: £23.7 million). Reserves fell to as low as £16 million during the year, but recovered through cost reduction actions taken, recovery in the value of our investments and the large accrual of legacy income.

We reviewed our reserves policy and set a new minimum reserves level of £15 million. The *Saving Lives, Changing Lives* strategy outlines plans to draw down on the free reserves over the minimum level over the next two to three years to invest in new areas such as improving accountability to beneficiaries; strengthening our advocacy; and developing our national emergency capabilities, among others.

The reserves policy is set to ensure there is no disruption of British Red Cross services in the event of an unforeseen reduction in income or increase in expenditure. The board of

trustees reviews the reserves policy annually. The reserves policy is based on an evaluation of risk and sets our minimum free available reserves level.

Our reserves include a pension reserve to reflect the British Red Cross' two defined benefit pension schemes (which are both closed to new members). The net pension deficit was £1.6 million as at 31 December 2009 (2008 deficit: £0.6 million) and the actuarial losses during the year were £1.6 million in the year (2008: £0.3 million loss).

Reserves also cover the contingent liabilities in relation to the membership of the Pension Trust's Growth Plan. British Red Cross has sole liability for £4.6 million and joint liability with the Order of St John for £2 million pension liabilities of the Joint Committee of the Order of St John of Jerusalem and British Red Cross Society.

## Investment policy and performance

Under our revised Royal Charter, the board of trustees may invest any money not immediately required for our legal objects in any investments, securities or property. However, we will not invest in companies with a significant interest in trading arms or in the manufacture of tobacco products.

Our investment objective is to enhance the value of capital

and growth in income in real terms through the selection of investment in equities, fixed interest securities and cash. The board carries out an annual review of its investment policy.

Our investments are held in managed portfolios. An investment sub-committee of the finance and audit committee regularly reviews our investment portfolio. Our investments recovered some of their value after the turbulence in financial markets in 2008 with total gains on investments in 2009 of £6.3 million (2008: £13.8 million total losses).

Following the preparation of a five-year corporate and financial plan, the investment sub-committee reviewed the investment strategy in 2009 and decided to reduce our exposure to equities in light of the decision to lower the minimum reserves level. By February 2010, we reduced our equity holdings to £12 million from £29.6 million, taking advantage of the gains in stock markets.

# Structure and governance

## Legal status

The British Red Cross was founded in 1870 and incorporated by Royal Charter in 1908. A Supplemental Royal Charter took effect on 1 January 1998 and this was revised by HM The Queen in Council on 17 July 2003. The governing instruments under which the British Red Cross operates comprise this revised charter, the standing orders and other policies agreed from time to time by its governing body, the board of trustees.

## Organisation

The board of trustees comprises nine elected members and up to eight members co-opted by the board itself (in 2009 there were seven co-opted trustees on the board). Newly elected and appointed

trustees join the board at the start of the calendar year in most instances.

Trustees' terms of office last for three years, and they can serve two consecutive three-year terms, after which they must stand down from the board for at least one year. A nominations group is convened to oversee trustee recruitment. The recruitment for elected trustees is conducted via a national electoral college of eight volunteers council chairs; the board of trustees ratifies the election result. When recruiting co-opted trustees, posts are advertised and the nominations group interviews short-listed applicants and presents its recommendation for appointment to the board of trustees.

The board has appointed a finance and audit committee to oversee its financial transactions, including investments. This committee has been given specific responsibilities and makes relevant recommendations to the board. While the approval of policy is a matter for the board, that body works closely with the chief executive and his colleagues on the senior management team, which is charged with the implementation of policy.

Based in London, the UK Office of the British Red Cross houses the offices of the chairman, the chief executive and central staff. The main functions of the staff are to lead the implementation of the policies laid down by the board and to support the work of local volunteers and

Below: Val Steele, a Red Cross volunteer, helps a family affected by the floods in Cockermouth



staff in the UK and overseas. UK Office staff perform operational activities in the areas of UK programmes, international operations, fundraising, communications, human resources, finance and strategy.

There are four Territory teams in the UK: Northern England; Scotland, Northern Ireland and the Isle of Man; South Eastern England; and Wales and Western England.

These teams support the work of volunteers and staff in 21 British Red Cross Areas. There are a further eight Branches in British Overseas Territories. Since 2006, the financial results of these Overseas Branches have been included in the consolidated financial statements. Previously they were excluded on the grounds of non-materiality.

A wholly-owned trading subsidiary, Britcross Limited, supports the fundraising activities of the British Red Cross. The assets, liabilities and trading results of this company, which is incorporated in the UK, are consolidated into the financial statements. As its activities are integral to the British Red Cross, the commentary on fundraising on page 20 also covers the activities of this subsidiary.

The British Red Cross is a prominent member of the International Red Cross and Red Crescent Movement, with volunteers and staff contributing to a number of initiatives within both the International Federation of Red Cross and Red Crescent Societies and the International Committee of the Red Cross.

## Risk management

Achievement of the charity's objectives necessarily entails taking certain risks. These risks, as well as other strategic and operational risks, have been identified and ranked in terms of impact and

likelihood. The trustees are satisfied that appropriate systems are in place to monitor, manage and mitigate the organisation's exposure to risk. They consider that the following framework provides the British Red Cross with adequate measures to reduce the effects of risk and sufficient resources in the event of adverse conditions:

- > a risk management group, comprising members of the senior management team, which reviews risks to the organisation and the processes in place to mitigate risk

- > a finance and audit committee, chaired by the treasurer, which reviews risk and controls within the organisation, and receives reports from management, the risk management group, and audit reports from the risk and assurance function

- > a risk and assurance function which carries out a programme of internal audits to cover the major risks identified by management and trustees. Action plans are developed in conjunction with management to counter any weaknesses and recommendations are systematically followed up. Audit reports are submitted to the finance and audit committee, together with regular updates on progress on the implementation of recommendations. The finance and audit committee approves the internal audit plan, oversees the work programme of internal audit coverage and considers the overall adequacy of the control environment.

**The above framework is used to ensure:**

- > an extensive insurance strategy, which provides cover against a range of risks

- > a comprehensive annual planning process, which includes the identification and analysis of risk as an integral part of planning
- > embedding risk identification and assessment procedures within routine operating procedures.

## Trustees' responsibilities

Consolidated financial statements are prepared for each financial year. These give a true and fair view of the state of the British Red Cross and of the annual results. In preparing the financial statements, the trustees have:

- > selected suitable accounting policies and applied them consistently
- > made judgements and estimates that are reasonable and prudent
- > followed applicable accounting standards without any material departures
- > prepared the accounts on a going concern basis.

Financial statements are published on the organisation's website ([redcross.org.uk](http://redcross.org.uk)) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The trustees' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

During 2009, the British Red Cross recruited three new trustees, who joined the board at the start of 2010. This has resulted in a full complement of 17 trustees. A number will be eligible for re-appointment/election in 2010.

As a result of a review of its elected trustee arrangements in 2008, this year saw the first trustee election under the new arrangements. The four Territory elections were replaced with one national election. This is part of the board's commitment to ensuring that its governance arrangements are effective and relevant, as well as ensuring that over time its diversity reflects the breadth of the services we provide and the communities in which we operate.

Trustees participated in a range of development activities during the year. From visits to British Red Cross areas, services and events, to external conferences, the British Red Cross ensures that its board members are kept abreast of developments in the sector as well as given the opportunity to broaden their skills and experiences to help them be effective in discharging their duties.

## Public benefit

The board of trustees has given regard to the legislative and regulatory requirements for disclosing how its charitable objectives (as set out in our revised Royal Charter) have provided benefit to the public. The board of trustees has complied with the duty set out in Section 4 of the Charities Act 2006 (and under the equivalent charities' regulatory regime in Scotland). This report outlines how our achievements during 2009 have benefited the public, either directly or indirectly.

On behalf of the trustees



**James M. T. Cochrane**

Chairman of the board of trustees  
25 March 2010

# Report of the independent auditors to the trustees of the British Red Cross Society

We have audited the financial statements of the British Red Cross for the year ended 31 December 2009 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with

applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the trustees' report.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the trustees' Annual Report is consistent with the financial statements

In addition, we report to you if, in our opinion, the charity has not kept proper and sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the

information and explanations we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the chairman and chief executive's statement, the trustees' report and the summary of income and expenditure. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent's circumstances, consistently applied and adequately disclosed.

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

## Opinion


### In our opinion:

- > the group's financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2009, and of its incoming resources and application of resources for the year then ended;
- > the parent charity's financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent charity's affairs as at 31 December 2009;
- > the financial statements have been properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- > the information provided in the trustees' annual report is consistent with the financial statements.



### BDO LLP

BDO LLP\* is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.  
Chartered Accountants and Statutory Auditor, Epsom, United Kingdom  
25 March 2010



“It’s good that the Red Cross is here. Life is quite difficult at times – particularly bringing up the children – but I hope they will have a bright future”

Nahida Mohammed, from the Maldives, received help from the British Red Cross after the tsunami

# Accounts

for the year ended  
31 December 2009

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Left: a schoolgirl  
in the Maldives,  
with a British Red  
Cross-built house  
in the background

## Summary of income and expenditure for the year ended 31 December 2009

### Income **£182.1m**



### Expenditure **£181.0m**



# Consolidated statement of financial activities

for the year ended 31 December 2009

	Notes	Unrestricted £000	Restricted £000	2009 Total £000	2008 Total £000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	81,780	9,782	<b>91,562</b>	87,355
Trading activities		24,860	6	<b>24,866</b>	23,839
Investment income		930	917	<b>1,847</b>	3,348
<b>Total incoming resources from generated funds</b>		107,570	10,705	<b>118,275</b>	114,542
<b>Incoming resources from charitable activities</b>					
Emergency response		16,131	7,700	<b>23,831</b>	73,247
Short-term crisis care		29,811	719	<b>30,530</b>	28,674
Humanitarian action		381	321	<b>702</b>	591
Supporting and strengthening the Red Cross Movement		99	6,369	<b>6,468</b>	25,518
<b>Total incoming resources from charitable activities</b>	3	46,422	15,109	<b>61,531</b>	128,030
<b>Other incoming resources</b>					
Miscellaneous income		777	45	<b>822</b>	775
Net gains on disposal of fixed assets		1,426	(3)	<b>1,423</b>	201
<b>Total incoming resources</b>		156,195	25,856	<b>182,051</b>	243,548
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Voluntary income		31,610	603	<b>32,213</b>	32,927
Trading activities		22,916	23	<b>22,939</b>	21,954
Investment management costs		36	16	<b>52</b>	25
<b>Total resources expended on generating funds</b>		54,562	642	<b>55,204</b>	54,906
<b>Costs of charitable activities</b>					
Emergency response		32,126	18,836	<b>50,962</b>	98,101
Short-term crisis care		45,690	7,144	<b>52,834</b>	47,723
Humanitarian action		7,387	1,081	<b>8,468</b>	7,420
Supporting and strengthening the Red Cross Movement		4,202	5,952	<b>10,154</b>	29,050
<b>Total resources expended on charitable activities</b>		89,405	33,013	<b>122,418</b>	182,294
<b>Governance costs</b>					
		3,338	2	<b>3,340</b>	2,555
<b>Total resources expended</b>	4	147,305	33,657	<b>180,962</b>	239,755
<b>Net incoming/(outgoing) resources before transfers</b>					
		8,890	(7,801)	<b>1,089</b>	3,793
Transfers between funds	7	430	(430)	<b>-</b>	-
<b>Net incoming/(outgoing) resources before recognised gains and losses</b>					
		9,320	(8,231)	<b>1,089</b>	3,793
Gains/(losses) on investments	9	6,228	63	<b>6,291</b>	(13,770)
Actuarial losses on defined benefit pension schemes	14	(1,634)	-	<b>(1,634)</b>	(289)
<b>Net movement in funds</b>		13,914	(8,168)	<b>5,746</b>	(10,266)
<b>Total funds – 1 January</b>	7	93,431	46,585	<b>140,016</b>	150,282
<b>Total funds – 31 December</b>	7	107,345	38,417	<b>145,762</b>	140,016

All the activities relate to continuing operations.

## Consolidated balance sheet

as at 31 December 2009

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	8	<b>67,879</b>	68,684
Investments	9	<b>37,778</b>	53,339
		<b>105,657</b>	122,023
<b>Current assets</b>			
Stocks		<b>2,886</b>	2,691
Debtors	10	<b>27,461</b>	19,356
Investments	9	<b>21,115</b>	18,731
Cash at bank and in hand		<b>11,720</b>	4,668
		<b>63,182</b>	45,446
Creditors: amounts falling due within one year	11	<b>(15,724)</b>	(20,954)
<b>Net current assets</b>		<b>47,458</b>	24,492
<b>Total assets less current liabilities</b>		<b>153,115</b>	146,515
Creditors: amounts falling due after more than one year		<b>(275)</b>	(275)
Provision for liabilities and charges	12	<b>(5,470)</b>	(5,575)
<b>Net assets before pension scheme deficit</b>		<b>147,370</b>	140,665
Defined benefit pension scheme deficit	14	<b>(1,608)</b>	(649)
<b>Net assets</b>		<b>145,762</b>	140,016
<b>Funds:</b>			
<b>Restricted funds</b>	7	<b>38,417</b>	46,585
<b>Designated funds</b>	7	<b>11,435</b>	15,664
General fund tangible fixed assets		<b>54,155</b>	54,690
Defined benefit pension scheme fund		<b>(1,608)</b>	(649)
Free available reserves		<b>43,363</b>	23,726
<b>General funds</b>	7	<b>95,910</b>	77,767
<b>Total funds</b>		<b>145,762</b>	140,016

The British Red Cross has not prepared a separate balance sheet for the charity as this is not considered to be materially different to the consolidated balance sheet.

For and on behalf of the British Red Cross,



**James M. T. Cochrane**  
Chairman, board of trustees  
25 March 2010



**Russell Walls**  
Chairman, finance and audit committee  
25 March 2010

## Consolidated cash flow statement for the year ended 31 December 2009

	Notes	2009 £000	2008 £000
<b>Net cash outflow from operating activities (see below)</b>		<b>(6,955)</b>	(8,255)
Capital expenditure and financial investment	16	<b>16,314</b>	(14,080)
		<b>9,359</b>	(22,335)
(Increase) / decrease in current asset investments		<b>(2,307)</b>	16,621
<b>Increase / (decrease) in cash</b>	17	<b>7,052</b>	(5,714)
<b>Reconciliation of net incoming resources to net cash outflow from operating activities</b>			
Net incoming resources		<b>1,089</b>	3,793
Depreciation charge		<b>6,801</b>	5,062
Surplus on sale of tangible fixed assets		<b>(1,423)</b>	(201)
Increase in stocks		<b>(195)</b>	(611)
Increase in debtors		<b>(8,105)</b>	(2,109)
(Decrease) / increase in creditors		<b>(4,342)</b>	142
Decrease in provisions for liabilities and charges		<b>(105)</b>	(13,949)
Net charges for defined benefit pension scheme		<b>(675)</b>	(382)
<b>Net cash outflow from operating activities</b>		<b>(6,955)</b>	(8,255)
<b>Reconciliation of net funds to movement in short-term funds less borrowing</b>			
Increase/(decrease) in cash in the period		<b>7,052</b>	(5,714)
Increase/(decrease) in current asset investments		<b>2,307</b>	(16,621)
		<b>9,359</b>	(22,335)
Unrealised gains on current asset investments		<b>77</b>	505
		<b>9,436</b>	(21,830)
<b>Net short-term funds less borrowing at 1 January</b>		<b>23,124</b>	44,954
<b>Net short term funds less borrowing at 31 December</b>	17	<b>32,560</b>	23,124

The accompanying notes form an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

## for the year ended 31 December 2009

### 1. Accounting policies

#### (a) Scope and basis of the financial statements

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at market value, and are in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice* (Revised 2005) ('the SORP'), applicable accounting standards in the United Kingdom and the reporting requirements of the Charities Act 1993.

The results and balance sheet of the British Red Cross' subsidiary, Britcross Limited, have been consolidated on a line by line basis. Britcross Limited makes up accounts to 31 December. Separate statements of financial activities and balance sheet have not been presented for the charity alone as these are not considered to be materially different from the consolidated statement of financial activities and consolidated balance sheet.

The financial statements incorporate the results of all material activities overseas where the British Red Cross has operational responsibility. The results and net assets of Red Cross operations in eight British Overseas Branches have been included in the financial statements.

#### (b) Fund accounting

General unrestricted funds are available for use at the discretion of the trustees in furtherance of the general charitable objectives. A pension reserve is included within unrestricted funds to reflect the pension deficit.

Designated funds are those unrestricted funds transferred from the general fund for particular purposes or projects at the discretion of trustees. The creation of designated funds is approved by the trustees before the year end to meet specific future plans. Amendments to estimates used in calculating the level of designated funds are made up to the date of approval of the accounts.

Restricted funds are donated for either a particular area or purpose, the use of which is restricted to that area or purpose. Such donations are principally for international purposes.

#### (c) Incoming resources

All income is accounted for when the British Red Cross has entitlement to the funds, the amount can be quantified and there is certainty of receipt. Where income is received in advance of providing goods and/or services, it is deferred until the British Red Cross becomes entitled to that income.

Unless there is evidence of uncertainty of receipt, residuary legacies are recognised from the date of probate where a reliable estimate can be made. Income from will or reversionary trusts is not recognised until the life interest has passed away. Income from pecuniary legacies is recognised upon notification.

Gifts donated for resale are included as income when they are sold. Donated assets and services are included at the value to the British Red Cross where this can be reliably quantified. Donated services from our volunteers are not included within the financial statements.

#### (d) Resources expended and basis of allocation of cost

All expenditure is accounted for on an accruals basis.

Direct costs are those specifically related to producing the output of an activity, for example the costs incurred in direct contact with beneficiaries.

Support costs are those which provide indirect support to front-line output provision – examples are central finance, human resources and management information services. Support costs not attributable to a single activity have been allocated on a basis consistent with identified cost drivers for that cost category such as staff head count, floor space and expenditure.

Governance costs relate to the direct running of the charity, allowing the charity to operate and generate the information required for public accountability. They include the costs of subscriptions related to membership of the International Red Cross and Red Crescent Movement, as well as the costs of trustee meetings and internal and external audits.

#### (e) Tangible fixed assets and depreciation

All tangible fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental expenses of acquisition and irrecoverable VAT. Depreciation is provided on a straight-line basis over their useful economic lives as follows:

Freehold properties	50 years
Leasehold properties	
> <i>Shop premises</i>	the shorter of the term of the lease and five years
> <i>Other premises</i>	the shorter of the term of the lease and 50 years
Freehold premises improvements	ten years
Leasehold premises improvements	the shorter of the term of the lease and ten years
Vehicles, equipment and furniture	between two and ten years
Fixture and fittings	five years
Computer equipment	between one and three years
Freehold land	Nil
Assets in course of construction	Nil

## Notes to the consolidated financial statements for the year ended 31 December 2009

### (f) Pensions

The defined benefit pension scheme current service costs, together with the scheme interest cost less the expected return on the scheme assets for the year, are charged to the relevant expenditure heading within the consolidated statement of financial activities in line with the salary costs of the related employees. The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised in the consolidated statement of financial activities within actuarial gains/losses on defined benefit pension schemes. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet. The British Red Cross will not recognise a net asset for its defined benefit schemes because the British Red Cross does not have the agreement of the pension fund trustees to recover any surplus on the schemes.

Pension costs in respect of defined contribution schemes are charged to the consolidated statement of financial activities for the period in which they are payable.

### (g) Investments

Investments are stated at market value at the balance sheet date and the consolidated statement of financial activities shows net investment gains and losses arising from revaluation of the investment portfolio and disposals during the year.

### (h) Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective stock where appropriate. Items donated for resale and distribution are not included in the financial statements until they are sold or distributed. Emergency stocks held for disaster response are transferred from stock to resources expended when issued from the warehouse.

### (i) Value added tax

Irrecoverable value added tax is allocated to the category of expenditure to which it relates.

### (j) Provisions

Provisions are recognised when the British Red Cross has a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

The British Red Cross has entered into commitments for support and rehabilitation work in areas affected by the Asian tsunami. Provisions are recognised where a firm agreement is in place.

### (k) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease terms, even if the payments are not made on such a basis.

Benefits received and receivable as an incentive to sign an operating lease are, similarly, spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

### (l) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate ruling on the balance sheet date. All exchange differences are taken to the consolidated statement of financial activities.

## Notes to the consolidated financial statements for the year ended 31 December 2009

### 2. Voluntary income

	Unrestricted £000	Restricted £000	2009 Total £000	Unrestricted £000	Restricted £000	2008 Total £000
Regular giving	28,308	41	<b>28,349</b>	19,402	59	19,461
Public donations, appeals and fundraising	15,577	5,750	<b>21,327</b>	13,703	15,685	29,388
Gift aid	8,759	414	<b>9,173</b>	6,327	825	7,152
Legacies	28,975	494	<b>29,469</b>	26,263	412	26,675
DEC* appeals	–	2,018	<b>2,018</b>	–	3,195	3,195
Grants	20	1,065	<b>1,085</b>	23	1,213	1,236
Other	141	–	<b>141</b>	248	–	248
<b>Total</b>	<b>81,780</b>	<b>9,782</b>	<b>91,562</b>	<b>65,966</b>	<b>21,389</b>	<b>87,355</b>

\*Disasters Emergency Committee

Legacy income is not recognised until the British Red Cross has entitlement to the funds, the amount can be quantified and there is certainty of receipt. The estimated value of legacies which have been notified but not recognised at 31 December 2009 was £10.5 million (2008: £16.7 million).

The charity **v** supports four of our projects to develop youth volunteering opportunities. Grant income accounted for in 2009 includes support from **v** of £122,000 (2008: £188,000). The total value of grants from **v** over the period of support is £524,000.

### 3. Incoming resources from charitable activities

	Grants £000	Other £000	2009 Total £000	2008 Total £000
<b>Emergency planning and response</b>				
UK	52	416	<b>468</b>	444
International	3,115	4,323	<b>7,438</b>	56,445
First aid and emergency support services	80	15,845	<b>15,925</b>	16,358
	<b>3,247</b>	<b>20,584</b>	<b>23,831</b>	<b>73,247</b>
<b>Short-term crisis care</b>				
Medical equipment services	292	13,733	<b>14,025</b>	13,264
Care and support programmes	3,561	12,944	<b>16,505</b>	15,410
	<b>3,853</b>	<b>26,677</b>	<b>30,530</b>	<b>28,674</b>
<b>Humanitarian action</b>				
	311	391	<b>702</b>	591
<b>Supporting and strengthening the Red Cross Movement</b>				
	5,960	508	<b>6,468</b>	25,518
<b>Total</b>	<b>13,371</b>	<b>48,160</b>	<b>61,531</b>	<b>128,030</b>

Supporting and strengthening the International Red Cross and Red Crescent Movement grant income includes £900,000 from the Department for International Development as part of our strategic framework agreement, which provides core funding for our international work to further strengthen the effectiveness of the Movement as a key pillar of the international humanitarian system.

## Notes to the consolidated financial statements for the year ended 31 December 2009

### 4. Resources expended

	Direct £000	Support Costs £000	2009 Total £000	2008 Total £000
<b>Costs of generating funds</b>				
Voluntary income	30,752	1,461	<b>32,213</b>	32,927
Trading activities	22,023	916	<b>22,939</b>	21,954
Investment management costs	52	–	<b>52</b>	25
	52,827	2,377	<b>55,204</b>	54,906
<b>Charitable activities</b>				
<b>Emergency planning and response</b>				
UK	4,327	600	<b>4,927</b>	4,529
International	19,428	–	<b>19,428</b>	67,673
First aid and emergency support services	24,636	1,971	<b>26,607</b>	25,899
	48,391	2,571	<b>50,962</b>	98,101
<b>Short-term crisis care</b>				
Medical equipment services	15,778	1,166	<b>16,944</b>	16,561
Care and support programme	33,575	2,315	<b>35,890</b>	31,162
	49,353	3,481	<b>52,834</b>	47,723
<b>Humanitarian action</b>				
	7,742	726	<b>8,468</b>	7,420
<b>Supporting and strengthening the Red Cross Movement</b>				
	10,041	113	<b>10,154</b>	29,050
	115,527	6,891	<b>122,418</b>	182,294
<b>Governance costs</b>				
Subscriptions to ICRC and Federation	1,632	–	<b>1,632</b>	1,246
Staff	1,014	88	<b>1,102</b>	897
Audit fees – accounts	100	–	<b>100</b>	111
Fees to auditors for other services	31	–	<b>31</b>	13
Other	475	–	<b>475</b>	288
	3,252	88	<b>3,340</b>	2,555
<b>Total</b>	171,606	9,356	<b>180,962</b>	239,755

The basis of allocation of support costs is described in note 1(d) and further analysis is provide in note 5.

Our total resources expended includes irrecoverable VAT of £1.8 million (2008: £2.5 million).

Included under the 2009 direct costs are grants to the International Federation of Red Cross and Red Crescent Societies (Federation) and International Committee of the Red Cross (ICRC) of £6.6 million (2008: £75.5 million) and grants to other National Societies of £2.1 million.

## Notes to the consolidated financial statements

for the year ended 31 December 2009

### 5. Support costs by activity

	Generating funds £000	Emergency response £000	Short-term crisis care £000	Humanitarian action £000	Supporting and strengthening the Movement £000	Governance £000	2009 Total £000	2008 Total £000
Finance	657	615	1,088	130	11	9	<b>2,510</b>	2,825
Human resources	1,024	882	663	236	65	50	<b>2,920</b>	2,734
Management information services	613	1,015	1,641	356	37	29	<b>3,691</b>	3,264
Chief executive's office	82	59	90	4	–	–	<b>235</b>	309
<b>Total</b>	2,376	2,571	3,482	726	113	88	<b>9,356</b>	9,132

Support costs have been allocated on the basis of the accounting policy set out in note 1(d).

### 6. Trading subsidiary

Britcross Limited, the British Red Cross' wholly owned trading subsidiary incorporated in the United Kingdom, traded as follows:

	2009 £000	2008 £000
Turnover	<b>1,331</b>	1,921
Interest receivable	–	5
<b>Total income</b>	<b>1,331</b>	1,926
Expenditure	<b>(788)</b>	(756)
<b>Net income donated to British Red Cross</b>	<b>543</b>	1,170

Britcross Limited engages in the sale of cards and gifts as well as corporate sponsorship in aid of the British Red Cross. The turnover and expenditure of Britcross Limited are included within trading activities.

# Notes to the consolidated financial statements

## for the year ended 31 December 2009

### 7. Funds

	Balance 1 January 2009 £000	Income £000	Expenditure £000	Investment gains £000	Actuarial losses on benefit pension schemes £000	Transfers £000	Balance 31 December 2009 £000
General funds	77,767	156,188	(143,071)	6,228	(1,634)	432	<b>95,910</b>
Designated funds	15,664	7	(4,234)	–	–	(2)	<b>11,435</b>
<b>Total unrestricted funds</b>	<b>93,431</b>	<b>156,195</b>	<b>(147,305)</b>	<b>6,228</b>	<b>(1,634)</b>	<b>430</b>	<b>107,345</b>
Total United Kingdom restricted funds (note a)	23,078	4,177	(5,724)	63	–	(646)	<b>20,948</b>
Total international restricted funds (note b)	22,640	21,059	(27,932)	–	–	(2,276)	<b>13,491</b>
Disaster Fund (note c)	867	620	(1)	–	–	2,492	<b>3,978</b>
<b>Total restricted funds</b>	<b>46,585</b>	<b>25,856</b>	<b>(33,657)</b>	<b>63</b>	<b>–</b>	<b>(430)</b>	<b>38,417</b>
<b>Total funds</b>	<b>140,016</b>	<b>182,051</b>	<b>(180,962)</b>	<b>6,291</b>	<b>(1,634)</b>	<b>–</b>	<b>145,762</b>

#### Designated funds

Designated funds relate to transformational projects that the British Red Cross developed to ensure delivery of its UK, international and information systems strategies. These projects began in 2006 and are due to complete and deliver by 2010. The projects include:

- Standardising and improving existing emergency response practices including replacing emergency response equipment.
- Investments in fundraising and finance systems as well as trading. This investment is complete and the funds balance relates to the net book value of the assets purchased.
- Funding local developments in support of the implementation of the Saving Lives, Changing Lives strategy.

#### Restricted funds

a) UK restricted funds include:

- > £8.2 million of properties and other assets held for restricted purposes
- > funds raised through our partnership with Tesco which are being used to deliver a wide range of community-based services
- > legacies with a geographical and/or service restriction
- > a variety of other local, national and European funding sources to deliver projects over the next two and three years.

The balance of funds is held for the provision of locally agreed services. Expenditure plans have been agreed for all material restricted funds.

The transfer from international restricted funds includes £2 million from the tsunami fund to our Disaster Fund.

b) Significant programmes of work are planned for the disbursement of international restricted fund balances as at 31 December 2009. These include £1.5 million for an HIV programme in South Africa, £1.1 million for a Sichuan (China) earthquake programme and £1 million for ICRC's nutritional programme in Gereida, south Darfur.

c) The Disaster Fund allows us to prepare for and respond to humanitarian disasters abroad and in the UK. We fundraise specifically for the Disaster Fund, and – as stated on emergency appeal materials – it can also contain funds donated to emergency appeals where we raise more than can be reasonably and efficiently spent on that specific response.

## Notes to the consolidated financial statements

for the year ended 31 December 2009

### 8. Tangible assets

<b>Cost</b>	<b>Freehold property £000</b>	<b>Leasehold property £000</b>	<b>Vehicles, equipment and furniture £000</b>	<b>Assets in the course of construction £000</b>	<b>Total £000</b>
At 1 January 2009	42,338	31,423	34,840	8,625	<b>117,226</b>
Completions	1,629	2,778	2,331	(6,738)	<b>-</b>
Additions	2,475	296	3,244	478	<b>6,493</b>
Disposals	(272)	(503)	(1,698)	-	<b>(2,473)</b>
<b>At 31 December 2009</b>	<b>46,170</b>	<b>33,994</b>	<b>38,717</b>	<b>2,365</b>	<b>121,246</b>
<b>Accumulated depreciation</b>					
At 1 January 2009	11,293	8,958	28,291	-	<b>48,542</b>
Charge for year	2,164	1,661	2,976	-	<b>6,801</b>
Disposals	(191)	(279)	(1,506)	-	<b>(1,976)</b>
<b>At 31 December 2009</b>	<b>13,266</b>	<b>10,340</b>	<b>29,761</b>	<b>-</b>	<b>53,367</b>
<b>Net book value</b>					
<b>At 31 December 2009</b>	<b>32,904</b>	<b>23,654</b>	<b>8,956</b>	<b>2,365</b>	<b>67,879</b>
<b>At 31 December 2008</b>	<b>31,045</b>	<b>22,465</b>	<b>6,549</b>	<b>8,625</b>	<b>68,684</b>

# Notes to the consolidated financial statements

## for the year ended 31 December 2009

### 9. Investments

<b>Fixed assets investments</b>	<b>£000</b>
Market value – 1 January 2009	<b>53,339</b>
Additions at cost	<b>9,988</b>
Disposals at market value	<b>(31,763)</b>
Net investment gains in the year	<b>6,214</b>
Market value – 31 December 2009	<b>37,778</b>
Cost – 31 December 2009	<b>36,556</b>

<b>The portfolio consists of the following:</b>	<b>Market value 2009 £000</b>	<b>Per cent of 2009 portfolio</b>	<b>Market value 2008 £000</b>	<b>Per cent of 2008 portfolio</b>
UK equities	<b>17,745</b>	<b>47</b>	24,457	46
Overseas equities	<b>5,579</b>	<b>15</b>	5,095	10
UK fixed income	<b>12,795</b>	<b>34</b>	13,899	26
Cash	<b>1,659</b>	<b>4</b>	9,888	18
	<b>37,778</b>	<b>100</b>	53,339	100

<b>The following investments represented more than five per cent of the value of the portfolio at 31 December 2009</b>	<b>Number of units</b>	<b>Market value £000</b>	<b>Per cent of portfolio</b>
Lazard Thematic Global Institutional Share Class	65,152	5,579	15
Lazard Sterling Corporate Bond Fund Institutional Share Class	5,018,931	4,251	11

<b>Current asset investments</b>	<b>2009 £000</b>	<b>2008 £000</b>
<b>Money market funds</b>		
BlackRock – Institutional Sterling Liquidity Fund	<b>5,019</b>	-
CCLA – COIF Charities Deposit Fund	<b>2,512</b>	-
Royal Bank of Scotland Global Treasury Funds plc	<b>2,506</b>	10,310
Barclays Global Investments Sterling Liquidity Funds plc	-	3,572
HSBC Sterling Liquidity Fund Class A plc	-	4,849
	<b>10,037</b>	18,731
<b>Deposits</b>	<b>9,878</b>	-
<b>Investment property in the UK</b>	<b>1,200</b>	-
<b>Total</b>	<b>21,115</b>	18,731

## Notes to the consolidated financial statements for the year ended 31 December 2009

### 10. Debtors

	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
Service and training debtors	<b>5,509</b>	4,930
Accrued income	<b>3,654</b>	5,294
Other debtors	<b>811</b>	720
Prepayments	<b>3,175</b>	3,685
Investment income receivable	<b>164</b>	157
Tax recoverable	<b>4,463</b>	2,916
Legacies receivable	<b>9,685</b>	1,654
	<b>27,461</b>	19,356

### 11. Creditors: amounts falling due within one year

	<b>2009</b> <b>Total</b>	<b>2008</b> <b>Total</b>
Trade creditors	<b>3,867</b>	3,834
Accruals	<b>7,831</b>	13,283
Deferred income	<b>2,568</b>	2,479
Taxes and social security costs	<b>1,458</b>	1,358
	<b>15,724</b>	20,954

#### Movements in deferred income during the year were as follows:

	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
<b>At 1 January</b>	<b>2,479</b>	5,353
Income recognised during the year	<b>(2,479)</b>	(5,275)
Income deferred during the year	<b>2,568</b>	2,401
<b>At 31 December</b>	<b>2,568</b>	2,479

### 12. Provisions for liabilities and charges

	<b>Rehabilitation</b> <b>commitments</b> <b>£000</b>	<b>Leasehold</b> <b>dilapidations</b> <b>£000</b>	<b>Others</b> <b>£000</b>	<b>Total</b> <b>£000</b>
<b>At 1 January</b>	3,918	1,194	463	<b>5,575</b>
Payments during the year	(2,077)	(432)	(176)	<b>(2,685)</b>
Amounts released during the year	–	–	(203)	<b>(203)</b>
Increase in provision	1,617	766	400	<b>2,783</b>
<b>At 31 December</b>	3,458	1,528	484	<b>5,470</b>
Amounts expected to be incurred:				
– within one year	3,458	670	484	<b>4,612</b>
– beyond one year	–	858	–	<b>858</b>
	3,458	1,528	484	<b>5,470</b>

The provision for rehabilitation commitments includes amounts committed in the Maldives for construction projects and livelihood grants.

Leasehold dilapidations relate to properties where the British Red Cross has a legal responsibility as tenant for such costs.

## Notes to the consolidated financial statements for the year ended 31 December 2009

### 13. Staff emoluments and trustee expenses

	2009 £000	2008 £000
<b>Total staff emoluments including casual staff</b>		
Salary costs	62,848	56,940
National insurance costs	5,308	4,871
Pensions costs	1,258	1,156
<b>Total</b>	<b>69,414</b>	62,967

#### The number of employees whose emoluments, as defined for taxation purposes (basic pay, vehicle and medical insurance benefits), amounted to over £60,000 in the year were as follows:

	2009	2008
£60,001 – £70,000	9	7
£70,001 – £80,000	2	5
£80,001 – £90,000	8	5
£90,001 – £100,000	1	2
£100,001 – £110,000	1	–
£170,001 – £180,000	1	1

Six (2008: five) of the above employees have retirement benefits accruing to them under defined benefit pension schemes. The total cost of the contributions to these defined benefit schemes made by the British Red Cross for these employees was £109,000 (2008 £71,000).

Thirteen (2008: eleven) of the above employees are members of a defined contribution scheme. The total cost of the contributions to this scheme made by the British Red Cross for these employees was £76,000 (2008 £60,000).

#### The average number of full time equivalent (FTE) staff employed by the British Red Cross during the year:

	2009	2008
<b>In the UK</b>		
Fundraising	147	148
Retail	570	572
UK services	1,418	1,329
First aid services	357	332
International services	65	64
Other	257	236
<b>Overseas</b>		
International services	56	74
<b>Total employed by FTE</b>	<b>2,870</b>	2,755
<b>Total employed by headcount</b>	<b>3,398</b>	3,302

#### The average number of volunteers working for the British Red Cross during the year:

	2009	2008
<b>In the UK</b>		
Fundraising	3,774	4,061
Retail	5,299	4,769
UK services	10,906	10,431
First aid services	7,897	7,793
International services	328	292
Other	4	3
<b>Total</b>	<b>28,208</b>	27,349

# Notes to the consolidated financial statements

## for the year ended 31 December 2009

### 13. Staff emoluments and trustee expenses (cont.)

Number of trustees	2009	2008
	16	16
Trustees' expenses:	£000	£000
Travelling expenses incurred by trustees and reimbursed by the British Red Cross	13	21
Trustees' indemnity insurance cover cost	15	15

None of the trustees received any remuneration during the year (2008: £nil). Twelve of the trustees claimed expenses during 2009 (2008: eleven).

### 14. Pensions

New British Red Cross staff are entitled to join either the Pensions Trust's Unitised Ethical Plan or the Pensions Trust's Flexible Retirement Plan. Staff had previously been entitled to join the British Red Cross Pension Fund ("UK Office scheme"), Scottish Branch British Red Cross Society Retirement Benefits Scheme ("Scottish scheme") or the Pensions Trust's Growth Plan. These three schemes are all closed to new entrants.

#### UK Office and Scottish defined benefit pension schemes

The assets of these pension schemes are held in separate trustee-administered funds. The schemes are subject to triennial valuations with the last full valuation being carried out as at 31 December 2007 for the UK Office scheme and 1 November 2006 for the Scottish scheme. These valuations were updated at 31 December 2008 and 2009 by independent actuaries on a Financial Reporting Standard 17 – Retirement Benefits (FRS 17) basis.

The amounts charged to statement of financial activities are:	UK Office scheme £000	Scottish scheme £000	2009 Total £000	2008 Total £000
<b>Current service cost:</b>	188	88	<b>276</b>	530
Interest cost on scheme liabilities	987	315	<b>1,302</b>	1,432
Expected return on assets in the scheme	(1,007)	(262)	<b>(1,269)</b>	(1,582)
<b>Net finance charge/ (credit)</b>	(20)	53	<b>33</b>	(150)
Actual return less expected return on pension assets	1,237	391	<b>1,628</b>	(4,785)
Experience (losses)/gains on liabilities	(14)	(15)	<b>(29)</b>	(405)
Changes in assumption underlying the present value of scheme liabilities	(3,105)	(1,466)	<b>(4,571)</b>	5,741
<b>Total actuarial (loss)/gain</b>	(1,882)	(1,090)	<b>(2,972)</b>	551
Less movement in restriction of surplus	1,338	–	<b>1,338</b>	(840)
<b>Net actuarial loss recognised</b>	(544)	(1,090)	<b>(1,634)</b>	(289)

The increase in scheme liabilities due to the changes in assumptions was greater than the actuarial gains associated with the better than expected performance of the scheme assets during 2009. As required by FRS 17 the discount rate for scheme liabilities is based on corporate bond yield rates.

The current service cost will increase as the members of the schemes approach retirement because the schemes are closed to new members.

## Notes to the consolidated financial statements for the year ended 31 December 2009

### 14. Pensions (cont.)

The amounts recognised in the balance sheet are:	UK Office scheme £000	Scottish scheme £000	2009 Total £000	2008 Total £000
Fair value of plan assets	20,594	5,057	<b>25,651</b>	22,568
Present value of scheme obligations	(19,106)	(6,665)	<b>(25,771)</b>	(20,391)
Restriction of scheme surplus	(1,488)	–	<b>(1,488)</b>	(2,826)
<b>Net (deficit)/surplus</b>	–	(1,608)	<b>(1,608)</b>	(649)

The British Red Cross does not have the agreement of the Pension Fund trustees to recover the potential surplus on the UK Office scheme and therefore no surplus has been recognised in the consolidated financial statements.

Changes in present value of scheme obligation during the year:	UK Office scheme		Scottish scheme	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>At 1 January</b>	<b>15,549</b>	19,140	<b>4,842</b>	5,450
Service cost	<b>188</b>	305	<b>88</b>	125
Interest cost	<b>987</b>	1,110	<b>315</b>	322
Member contributions	<b>66</b>	68	<b>32</b>	32
Benefits paid	<b>(803)</b>	(728)	<b>(93)</b>	(97)
Actuarial loss/(gain) due to changes in assumptions	<b>3,105</b>	(4,798)	<b>1,466</b>	(943)
Actuarial loss/(gain) due to experience	<b>14</b>	452	<b>15</b>	(47)
<b>At 31 December</b>	<b>19,106</b>	15,549	<b>6,665</b>	4,842

Change in value plan assets during the year:	UK Office scheme		Scottish scheme	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>At 1 January</b>	<b>18,375</b>	21,126	<b>4,193</b>	4,708
Expected return	<b>1,007</b>	1,254	<b>262</b>	328
Employer contributions	<b>712</b>	370	<b>272</b>	292
Member contributions	<b>66</b>	68	<b>32</b>	32
Benefits paid	<b>(803)</b>	(728)	<b>(93)</b>	(97)
Actuarial (gain)/loss on plan assets	<b>1,237</b>	(3,715)	<b>391</b>	(1,070)
<b>At 31 December</b>	<b>20,594</b>	18,375	<b>5,057</b>	4,193

The British Red Cross expects to make employer contributions in 2010 of £722,000 for the UK Office scheme and £253,000 for the Scottish scheme.

The major categories of plan assets as percentage of total plan assets are:	Per cent of UK Office scheme		Per cent of Scottish scheme	
	2009	2008	2009	2008
Equities	<b>51</b>	45	<b>68</b>	63
Bonds	<b>49</b>	54	<b>32</b>	35
Cash	<b>0</b>	1	<b>0</b>	2
	<b>100</b>	100	<b>100</b>	100

# Notes to the consolidated financial statements

for the year ended 31 December 2009

## 14. Pensions (cont.)

Principal actuarial assumptions at the balance sheet date were:	2009 % pa	2008 % pa
Discount rate	5.8	6.5
Price inflation	3.8	3.2
Salary increases	4.8	4.2
Pension increases		
– RPI max 5%	3.7	3.1
– RPI max 2.5%	2.5	2.3
– Discretionary pre 1997	N/A	N/A
Expected return on equities	8.0	7.4
Expected return on bonds	4.5	3.9
Expected return on cash	0.5	4.0

Mortality assumptions adopted at the year end imply the following life expectancy at 65:	Years	Years
Pensioners: male	21.5	21.4
Pensioners: female	23.9	23.8
Non-pensioners: male	23.4	23.3
Non-pensioners: female	25.8	25.7

### UK Office scheme

History for current and previous periods:	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of scheme obligations	(19,106)	(15,549)	(19,140)	(19,754)	(19,409)
Fair value of plan assets	20,594	18,375	21,126	20,240	18,456
<b>Surplus/(deficit)</b>	<b>1,488</b>	2,826	1,986	486	(953)
Restriction of surplus	(1,488)	(2,826)	(1,986)	N/A	N/A
<b>Reported surplus/(deficit)</b>	<b>–</b>	–	–	486	(953)
<b>Experience gains/(losses)</b>					
– on liabilities	(14)	(452)	(135)	71	857
– on assets	1,237	(3,715)	78	651	1,790

### Scottish scheme

History for current and previous periods:	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Present value of scheme obligations	(6,665)	(4,842)	(5,450)	(5,426)	(5,085)
Fair value of plan assets	5,057	4,193	4,708	4,456	4,058
<b>Deficit</b>	<b>(1,608)</b>	(649)	(742)	(970)	(1,027)
<b>Experience gains/(losses)</b>					
– on liabilities	(15)	(47)	155	(78)	33
– on assets	391	(1,070)	(291)	72	440

# Notes to the consolidated financial statements

## for the year ended 31 December 2009

### 14. Pensions (cont.)

#### Other schemes

The British Red Cross also contributes to the Pensions Trust schemes and other contribution schemes for certain employees. In 2009 the total cost of these contributions was £926,000 (2008: £901,000).

The Pensions Trust schemes which are offered to all staff are the Unitised Ethical Plan or the Flexible Retirement Plan. Both of these schemes are defined contribution schemes.

Staff were able to join the Pensions Trust's Growth Plan until April 2007. The Pensions Trust's Growth Plan is a multi-employer defined benefit pension plan. The assets of the scheme are co-mingled for investment purposes and as a result it is not possible to break down scheme assets by participating employer and it is not possible to analyse the on-going funding deficit by individual employer. Accordingly, due to the nature of the plan, the accounting charge for the year under FRS 17 represents only the employer contribution payable. There is a contingent liability of £4.6 million (2008: £3.6 million) in the event that the British Red Cross were to withdraw its membership of the Pensions Trust's Growth Plan.

The British Red Cross and the Order of St John are jointly liable for the pension liabilities of the Joint Committee of the Order of St John of Jerusalem and British Red Cross Society ('Joint Committee'). The Joint Committee is a separate charity (charity no 225753) for the purposes of charity regulation. There is a contingent liability of £2.0 million were the Joint Committee to withdraw its membership of the Pensions Trust's Growth Plan. The Joint Committee holds assets of £1.1 million which are held solely for settling the pension liability.

The British Red Cross also contributes to the NHS Pension Agency defined benefit pension scheme for seven permanent employees and certain approved nursing and medical staff employed on a short-term contract basis. It is not possible to identify the British Red Cross' underlying share of the assets and liabilities. Contributions to the scheme for the year ended 31 December 2009 were £27,000 (2008: £21,000).

### 15. Obligations under operating leases

	Property £000	Other £000	2009 Total £000	2008 Total £000
The amount payable within the next 12 months is:				
On leases expiring:				
Within one year	1,606	181	<b>1,787</b>	2,022
In two to five years	2,049	1,089	<b>3,138</b>	3,213
After five years	2,472	–	<b>2,472</b>	2,324
	6,127	1,270	<b>7,397</b>	7,559

### 16. Gross cash flows

	2009 £000	2008 £000
<b>Capital expenditure and financial investment</b>		
Sales of fixed asset investments	<b>31,763</b>	22,349
Purchase of fixed asset investments	<b>(9,988)</b>	(24,567)
Sale of tangible fixed assets	<b>1,920</b>	914
Purchase of tangible fixed assets	<b>(7,381)</b>	(12,776)
<b>Net cash inflow/(outflow)</b>	<b>16,314</b>	(14,080)

## Notes to the consolidated financial statements for the year ended 31 December 2009

### 17. Analysis of changes in net short-term funds less borrowing

	At 1 Jan 2009 £000	Cash flow £000	Investment gains £000	At 31 Dec 2009 £000
Cash at bank and in hand	4,668	7,052	–	<b>11,720</b>
Loan due after one year	(275)	–	–	<b>(275)</b>
Current asset investments	18,731	2,307	77	<b>21,115</b>
<b>Total</b>	<b>23,124</b>	<b>9,359</b>	<b>77</b>	<b>32,560</b>

### 18. Related parties

The partner of one of the trustees, Mr Christopher Hedges, was an employee of the British Red Cross during this period, with remuneration of £22,143 (2008: £21,463). Mr Hedges' partner was an employee prior to his election as trustee.

Mr Stanley Fitches is a pensioner member of the British Red Cross' closed defined benefit scheme and received payments of £31,754 in 2009 (2008: £31,353) – this includes benefits purchased in the British Red Cross scheme from previous pensionable employment.

### 19. Capital commitments

	2009 £000	2008 £000
Capital commitments	<b>341</b>	2,038

### 20. Contingent liabilities

The British Red Cross has pledged support to a Federation-led Sichuan (China) earthquake programme and a South African Red Cross-led HIV programme in South Africa. Full payment of the pledges is contingent on the outcome of British Red Cross reviews of the programmes. The outstanding balance on the pledge is £1.1 million for the Sichuan (China) earthquake programme and £1.5 million for the HIV programme in South Africa.

## Notes to the consolidated financial statements for the year ended 31 December 2009

### 21. Analysis of net assets between funds

	Unrestricted £000	Restricted £000	2009 Total £000	2008 Total £000
Tangible fixed assets	59,686	8,193	<b>67,879</b>	68,684
Fixed asset investments	4,736	33,042	<b>37,778</b>	53,339
Net current assets	46,543	915	<b>47,458</b>	24,492
Creditors: amounts falling due in more than one year	–	(275)	<b>(275)</b>	(275)
Provisions for liabilities and charges	(2,012)	(3,458)	<b>(5,470)</b>	(5,575)
Defined benefit pension scheme deficit	(1,608)	–	<b>(1,608)</b>	(649)
<b>Net assets</b>	<b>107,345</b>	<b>38,417</b>	<b>145,762</b>	140,016

### 22. Big Lottery Fund and Awards for All

Supported by



During the year the Big Lottery Fund and Awards for All provided grants for the following projects:

Purpose of grant	Balance 1 Jan 2009 £000	Income £000	Expenditure £000	Balance 31 Dec 2009 £000
Refugee orientation – Bradford	2	22	(6)	<b>18</b>
Refugee orientation – Portsmouth	10	96	(81)	<b>25</b>
Refugee orientation – Manchester (Reaching communities)	1	78	(74)	<b>5</b>
Dawn patrol – Manchester	3	(2)	(1)	–
Dawn patrol – Merseyside	11	37	(37)	<b>11</b>
Dawn patrol – Wigan	19	44	(38)	<b>25</b>
Leicestershire refugee service	8	8	(16)	–
London refugee unit	15	–	(15)	–
Inclusion project*	59	24	(83)	–
Young carers	–	16	(2)	<b>14</b>
Awards for All – Inner Hebrides	9	–	(9)	–
<b>Total</b>	<b>137</b>	<b>323</b>	<b>(362)</b>	<b>98</b>

\*Inclusion project balance at 1 January 2009 included £29,000 income due but not yet received.

Balances as at 31 December 2009 are included within our restricted funds.

# Thank you

The British Red Cross would like to thank every individual and organisation who supported our work in 2009. They responded with great compassion and speed at times of emergency as well as maintaining our ongoing work in the UK and overseas. We would particularly like to thank all those who support us regularly, enabling us to plan ahead with confidence. We remember with gratitude the generosity of donors who left gifts to us in their wills. We would also like to thank all our local fundraising committees and volunteers for their hard work.



Left: first aid demonstrations for parents at the Baby Show, Glasgow

### We would like to give special thanks to:

**Bovis Lend Lease Guvnors' Club** for their support of our work in Liberia.

**The Bradbury Foundation** for generously supporting many projects around the UK since 1992.

**Sir Arnold Elton CBE and the International Medical and Scientific Committee** for their support of our health projects across the world.

**The European Commission** for generously supporting our work to raise awareness on development and migration issues in the UK and across Europe.

**The Haremead Trust** for generously supporting our cyclone preparedness work in Bangladesh.

**John Nike OBE, DL** for supporting our work in Berkshire through the annual Pangbourne fundraising event.

**The Rt. Hon Earl of Portsmouth** for supporting our work in Hampshire.

**Soroptimist International Wales South Health Education and Hygiene Trust** for their ongoing support of our community-based health programme in Sierra Leone.

**The v charity** for generously supporting youth volunteering opportunities in England.

**Allen & Overy**

**AstraZeneca**

**Barclays**

**The Bernard Lewis Family Charitable Trust**

**The Big Lottery Fund**

**Brit Insurance**

**BT Group**

**Canon Europe and Canon UK**

**The City of London Corporation**

**Mr Terry Cross of Delta Print and Packaging**

**The Freemasons' Grand Charity**

**GlaxoSmithKline**

**Greenham Common Trust, Newbury**

**Jersey Overseas Aid Commission**

**JMP Wilcox**

**John Lewis Partnership**

**Land Rover**

**Mr John Maclean**

**Tesco**

**The Vodafone Foundation**

### Thanks also to members of the following committees:

**Mrs June Clague and the Isle of Man Committee**

**East Herts Ladies Fundraising Committee**

**Alderman and Mrs Jeffrey Evans and the City Christmas Market 2009 Committee**

**Jersey Side-by-Side**

**The Lothian Ball Committee**

**Maria Shammas MBE and the International Fundraising Committee**

**Westonbirt Autumn Fair**

### Thanks also to:

**Allan and Nesta Ferguson Charitable Trust**

**Balmain Charitable Trust**

**The Band Aid Charitable Trust**

**BGC Partners**

**Bhim Ruia Foundation**

**Bliss Family Charity**

**Dr E Boyd and Miss J A Boyd**

**The Cotton Trust**

**The Donald Forrester Trust**

**The Englefield Charitable Trust**

**Epson**

**Miss Evelyn M Murdoch Charitable Trust**

**Guernsey Overseas Aid Commission**

**Isle of Man Overseas Aid Committee**

**The Jordan Charitable Foundation**

**Kathleen Smith Foundation**

**Linklaters**

**The Lotus Foundation**

**Margaret J Stephen's Charitable Trust**

**Moffat Trust**

**The Scottish Government**

**Scouloudi Foundation**

**Tula Trust**

**The Ulster Bank Staff Charity Fund NI**

**WH & A Hawkins Charitable Trust**

“My first letters home were all about children dying from diarrhoea. A lot has changed since then. Today, the clinic sees 150 patients each day and runs a health education programme. The programme has certainly made a difference to the number of children dying from diarrhoea. Parents now know when to bring their children to the clinic and what kind of treatment is needed”

**Maree Dunn, a Red Cross nurse, was one of the first delegates to arrive in Gereida, Darfur in Sudan**

Right: pharmacists distribute medicines in the Gereida internally displaced persons camp, Darfur in Sudan

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