

## Structure, governance and accountability

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Sightsavers is the working name of the Royal Commonwealth Society for the Blind. Originally founded in 1950, it is now incorporated by Royal Charter dated 28 February 1990, as amended on 8 July 2009 (company number RC000706) and is a charity registered in England and Wales (207544) and Scotland (SC038110). It is regulated by the Charity Commission.

We have a governing international council of trustees committed to maintaining a high standard of corporate governance. Council members, all of whom are non-executive, are drawn from diverse, international backgrounds and bring a broad range of relevant experience and skills to council discussions. Trustees are elected to the council by other trustees normally for two terms of four years, although this can be extended in exceptional circumstances (such as where a particular skill cannot easily be replaced).

A new chair of council was appointed in July 2019 – Sir Clive Jones. Martin Dinham retired at the end of his allowed tenure.

Recruitment of new trustees is based upon consideration of skills, always mindful of the need to reflect diversity (in terms of gender and disability in particular) and maintain a balance of individuals from different countries. Depending on the gap to be filled, this may be achieved via existing networks or by advertisement.

All trustees have a tailored induction programme to familiarise themselves with their statutory responsibilities, their role within the council, the governance framework and Sightsavers' objectives. They also have full access to the e-learning induction programme for staff, and key programme database and performance measurement systems. It is now mandatory for all trustees to undertake an e-learning module on safeguarding. Performance of the council both collectively and as individual trustees is periodically assessed, typically every two years.

There are four committees of the council:

- **Audit**, which monitors and reviews audit activities, the risk and control framework, the effectiveness of our processes and the statutory accounts/annual report.
- **Investment**, which monitors investment performance and treasury activities.
- **Remuneration**, which monitors remuneration policy and key salary decisions.
- **Governance**, which monitors legal and registration issues in the countries where we operate and advises on the appointment of trustees and honorary officers.

Committees may include specialists who are not members of the council, but who volunteer to use their expertise to assist the committees. As well as the formal governance committees, a programme expert group meets twice a year and provides advice to the executive and insight on more detailed programme matters to the Council.

There are clear distinctions between the roles of the council and of senior management, to whom day-to-day management is delegated. Matters such as policy and strategic plans are prepared by senior management for consideration and approval by the council. The key leadership team, set up to facilitate decision-making at management level, is the management team, consisting of 15 people drawn from across the organisation. This includes the regional directors, the CEOs of India and Ireland, and senior staff across the directorates. There is also a people team, which meets when required to discuss strategic

HR matters. We have set up a strategy refresh steering group and a series of working groups to tackle the strategy review process.

The organisation is structured with four main directorates, whose leaders report to the CEO. These are:

- **Policy and programme strategy**, which includes research, evidence, technical leadership, institutional funding and relations (including trusts, foundations and corporates) policy and advocacy, and communications and media.
- **Finance and performance**, which includes all programme implementation, operations, finance, assurance and reporting. All country offices report to this directorate through regional offices.
- **NTDs**, which includes all the management of large consortia grants and contracts, and technical support to NTD programmes.
- **Fundraising and marketing**, which is responsible for individual supporters across all our markets, including major donors (although in the case of India and Ireland this is an advisory role), and our website.

The CEO of India reports day-to-day to the CEO of the international organisation, although he is ultimately responsible to the Sightsavers India board. The CEO of Ireland reports to the chair of Ireland and the Irish board, with a link to the international CEO. The director of the Uniting to Combat NTDs secretariat also reports into the CEO.

This structure was changed slightly in April 2020 with a directorate of major giving being split between fundraising and marketing (including major donors) and the directorate of policy and programme strategy (trusts, foundations and corporates moving in with the institutional funding team).

As at 31 December 2019 there were seven subsidiary undertakings consolidated within the Group: Sightsavers (Trading) Limited, Sightsavers Ireland, Sightsavers International (Italia), Sightsavers International Inc (USA), Sightsavers Inc (USA), Insamlingsstiftelsen Sightsavers International Sverige (based in Sweden), and Stiftelsen Sightsavers International Norge (based in Norway) Our presence in the UAE is consolidated under our licensed branch located in Dubai.

Sightsavers is a charity registered in Scotland with the Office of the Scottish Charity Regulator, registration number SC038110. In 2019 Sightsavers raised £5.1 million (2018: £4.4 million) from donors based in Scotland.

## Remuneration

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Sightsavers' policy on remuneration is to ensure that the reward package offered to staff is competitive with other organisations in the areas where we work, both in terms of geography and type of role, to ensure we are able to recruit and retain staff. As stated previously, inability to do this is seen as a key risk to the organisation.

We have a remuneration committee of trustees, including one with extensive HR experience. The policy (approved in 2016) is based around benchmarks at the median level, with flexibility as required, particularly for roles that are difficult to benchmark. The salaries of all individuals who report to the CEO, and that of the CEO herself, are individually approved by the remuneration committee, as is the overall policy.

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As of December 2019, the salary of the CEO was £139,138. This was the highest salary in the organisation, although one other individual had higher remuneration because of international allowances. There is no bonus scheme or car allowance for any members of staff and the CEO has the same pension rights as other UK staff.

All UK staff are paid at least the living wage, including apprentices and interns. The ratio of the highest-paid person to the lowest in the UK is approximately 6:1 (excluding interns), and the ratio of highest to median is 3:1.

As of the end of December 2019, Sightsavers' mean and median gender pay gaps in the UK were calculated to be 4.93% and 9.91% respectively in favour of men. This compares well with other organisations, both within and outside the sector, although it has increased since last year. The reason for this is that we have increased the number of staff at junior levels this year and most of the recruits have been women. It does not reflect a reduction in the number of women in leadership positions.

## Accountability

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Sightsavers is a member of Accountable Now, an international organisation dedicated to helping international NGOs demonstrate and improve their accountability. We submitted the eighth formal report to the Charter Company Independent Review Panel (IRP) last year on the basis of performance in 2018.

The panel commented that the report showed a strong approach to dynamic accountability, mentioning beneficiary feedback mechanisms and complaints as an area for improvement.

The full report can be found online at <http://tiny.cc/accountablenow>.

## Governance code

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The new governance code was published in 2017, after extensive consultation across the sector. Sightsavers' board welcomed the introduction of this updated version of the code. Its seven principles on organisational purpose, leadership, integrity, decision-making (risk and control), board effectiveness, diversity, and openness and accountability are central to the core values of this organisation.

Sightsavers' board remains committed to maintaining the organisation's compliance with the requirements of the governance code.

Each year our governance committee reviews the composition and recruitment needs of our board in going forward. A key objective is to sustain the breadth and depth of our trustees' skills and competence, as well the board's diversity. Currently, our trustees come from the UK, Europe, Africa, Australia and Southeast Asia. Forty-seven percent of them are female and 20 percent are affected by a visual or physical impairment.

From a strategic leadership and direction perspective, our trustees agreed specific streams of activity on our business strategy to be developed and updated during 2019. The board has reviewed progress on this activity at each meeting during the year, and individual trustees have actively engaged with the workstream groups to produce proposals and recommendations. This work will continue until the end of 2020.

The Audit Committee oversaw a review of our complaints handling system, which culminated in our policy being updated and published on our website. Work will continue during 2020 to implement the recommendations to further strengthen our complaints

systems. Our trustees are dedicated to maintaining our organisational transparency by continuing with our membership of Accountable Now, whose evaluation reports, along with the evaluations completed by external reviewers of our programme activity, are published on our website and made publicly available.

Our board formally reviews our full corporate risk exposure annually and discusses the appropriateness of our mitigation activities. Our audit committee considers our business risk response as a substantive item at each meeting. Also, a mechanism was introduced where our trustee lead on safeguarding engages formally with our governance, risk and safeguarding leads to ensure that our risk response, policy and systems approach continue to be fully effective. The outcome is reported back to the audit committee and the main board.

The chairman and vice-chairman undertook an exercise to discuss the performance of the board on a one-to-one basis. Outcomes from these discussions were summarised and are being taken forward by the new chairman. Midway through the year, a team of senior managers completed an exercise to confirm our on-going compliance with the tenets of the code. The discussions are underway to set up a formal board effectiveness review toward the end of 2020.

## Modern slavery

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Sightsavers participated in an HMG assessment in 2017, designed to assess an organisation's efforts to combat modern slavery. Building on the work done in 2018, we performed a risk assessment of our supply chain and programmatic activities, addressing the probability of the presence of modern slavery and human trafficking. While the likelihood of these risks was deemed to be low, the high impact of these risks in key areas has allowed us to tailor our approach. This includes the broadening of the code of conduct and who we expect to sign it, enhanced training for staff and suppliers involved in our supply chain and additional due diligence, paired with an appropriate audit programme.

Two years on from the initial review we have completed a second round of self-assessments, which yielded a number of new recommendations related to training, audit and risk management. These recommendations complement the planned work and will be implemented over the coming 18 months.

In accordance with the Modern Slavery Act 2015, and as part of our commitment to transparency, the board published an updated modern slavery statement in 2019 on our website. This statement sets out the steps taken by Sightsavers to prevent modern slavery and human trafficking throughout its business during the financial year ending 31 December 2019. We had no reported incidents of modern slavery or human trafficking in 2019.

## Charity Commission serious incidents

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Sightsavers reported a number of serious incidents to the Charity Commission in 2019. These included issues concerning safeguarding allegations in our partner organisations, a cyber-attack on our business operating systems and an incident involving an adverse reaction that occurred during a mass drug administration (MDA) event on one of our programmes in West Africa.

We had two safeguarding issues related to Sightsavers' projects in Tanzania and Uganda, which involved sexual harassment allegations stemming from the conduct of certain members of staff within a couple of our partner organisations. In both cases, a range of

NGOs funded these partners, so we formed a consortia to oversee the investigation into the allegations. In both cases this was conducted by an independent investigating company and discussions with those partners are ongoing.

The MDA incident involved a number of children in Guinea who felt unwell after taking the medicine for schistosomiasis. Parents were understandably concerned by the vomiting and dizziness which can sometimes occur, where the medication is taken for the first time on an empty stomach and where levels of infectivity are high. The side effects were not serious and did not last long. All the affected children recovered quickly. We took measures to strengthen our sensitisation processes to ensure children are given food before taking the drugs, and updated guidance to our staff and our partners.

Toward the end of 2019, Sightsavers IT infrastructure provider was the subject of a sophisticated criminal attack targeting our email system. This resulted in a single instance of funds being diverted based upon a fraudulent invoice. The compromised access was identified and closed down quickly, and no further access was gained. None of our core finance, reporting, donor databases and management or any other systems were subject to unauthorised access. An independent specialist investigator reviewed our controls and made recommendations as to how we might further strengthen our systems. In addition to the Charity Commissioner, the UK Information Commissioner was advised of this incident.

In all the above cases our donors, along with the relevant authorities, were kept advised fully of the incidents and our responses.



# Review of financial outcome 2019

Detailed financial information is reviewed by the council in each of their meetings during the year. The financial outcome for 2019 is set out in the consolidated statement of financial activities.

## Income

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Total income was £340.9 million in 2019, an increase of £28.1 million compared with 2018, reflecting an increase in income from charitable activities, notably the Accelerate partners' £17 million and the DFID Ascend contract of £8.9 million.

Total income from donations and legacies was £62.8 million; a rise of £10.7 million from 2018. This comprises unrestricted income of £32.1 million and restricted income of £31.6 million (a decrease of 1.5 per cent and an increase of 54 per cent respectively).

2019 income, excluding gift-in-kind donations, was £104.6 million, an increase of £24.3 million (30 per cent) from 2018. Overall income in 2019 again exceeded our original financial plan for the year.

Overall income from individual donations increased by £2.3 million to £28.3 million, which, in aggregate across the group, was again above our plan for the year. We maintained overall investment across all our international markets, while further optimising the investment mix. The majority of our well-established markets achieved increased individual income over 2018. The UK, our most significant market historically, achieved a 9 per cent increase of £1.5 million, representing the biggest increase across the group in monetary terms, while India achieved an increase of £500,000 – an increase of 21 per cent.

Our longer-term expectations remain positive for most of our international territories – any effects from the virus pandemic aside – with the exception of Sweden, where the decision has been made post-balance sheet date to withdraw from our fundraising activities.

Legacy income again performed well in 2019 at £10.3 million, a decrease of 9 per cent. The future legacy pipeline also appears strong.

We were delighted to receive further significant funding in the US from Good Ventures Foundation (GiveWell) of £7.7 million, which helped push donations from trusts to £10.4 million – a significant increase of 90 per cent. Corporate donations increased to £5.8 million, although donations from community service and other organisations remained at a relatively low level.

Donation income from institutional donors increased to £7.8 million in 2019, including a stable level of Irish Aid income (£1.5 million), and continuing support from a number of long-standing existing donors. In 2019 we received donation income from DFID of £900,000 under the Aid Match scheme, and £2.4 million for the second year of a DFID-funded social inclusion programme, Inclusion Works. We also received £500,000 from Task Force for Global Health, which was a new donor in 2018.

Total gifts-in-kind income was £236.2 million, compared with £232.5 million in 2018. Income from gifts of Mectizan® tablets from Merck & Co Inc to treat river blindness were broadly consistent at £219 million. In 2019 we also continued to receive donated Zithromax® treatments in Sudan from the International Trachoma Initiative, for which we recognised £16 million of gifts-in-kind income – an increase from £10 million in 2018 – due to an increased volume of treatments.

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Our income from charitable activities increased by 49 per cent to £41.2 million. £17 million of this came from the Accelerate programme partners and represents an increase of £14.8 million from 2018 inception activities as this programme was rolled out in 2019.

Our aggregate funding in this category from the UK government (DFID), which covers a variety of programmes including the large neglected tropical disease projects, was £17.3 million, compared with £12.4 million in 2018.

The most significant new institutional funding in 2019 was for a large new integrated NTD programme, Ascend, for which we received £9 million from DFID.

Significant incoming resources were received again in 2019 from the Bill & Melinda Gates Foundation for support of a global partnership on NTDs, at £2.4 million, together with continuing income from the European Commission and via USAID.

Investment income was £400,000 in 2019.

## Expenditure

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Total expenditure was £332.1 million in 2019, an increase of £25.9 million compared with 2018. These higher total expenditures principally reflect the expenditure levels related to our neglected tropical diseases programmes.

Costs of raising funds, including institutional fundraising costs, increased by £600,000 year on year to £18.1 million. Direct fundraising costs and allocated support costs increased proportionally in 2019. These expenditures continue to represent our strategy to invest effectively in voluntary fundraising income and donor recruitment, with the objective of balancing and complementing the levels of grant and contract income received in recent years. Direct expenditure and investments were broadly maintained across all major markets and channels.

Total expenditure on NTD programmes increased by £15.7 million, or 48 per cent, reflecting an increase in restricted and unrestricted funded activities. Total expenditure on eye care health charitable activities rose by £700,000, or 5 per cent, and expenditures on social inclusion themes rose by £3.7 million to £7.7 million. These expenditure levels reflect a continuing change in direct costs across these thematic categories, together with a rebalancing of allocated support costs reflecting activity levels. Increases in NTD and social inclusion expenditures are the principal factors in increased underlying restricted charitable expenditures (exclusive of donated drug expenditures).

Costs ascribed to Mectizan® and Zithromax® tablets remained broadly consistent, representing a combined £236 million of expenditures for donated drugs, an overall decrease of £4 million. Total expenditure on charitable activities was £313.3 million in 2019 compared to £288.6 million in 2018.

Overall, our charitable expenditures, excluding donated drugs, were £21 million higher in 2019. This charitable expenditure increase is in line with the overall increase in cash income.

## Grant-making policy

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Sightsavers works in partnership with numerous organisations. Grants payable are made in line with the strategic objectives, and we monitor all grants to partner organisations in accordance with the relevant partnership agreement. There is an annual process to review the project and partner budgets for the following year and determine what funds will be paid.

A list of principal grants is available at [www.sightsavers.org/how-were-run/annual-reports](http://www.sightsavers.org/how-were-run/annual-reports)

## Financial position and reserves

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The reserves policy is decided by the council, taking into consideration relevant Charity Commission guidance.

The reserves policy seeks to balance the objective of promptly spending income with the need to maintain a level of reserves to ensure uninterrupted operations and to provide time to adjust to a change in financial circumstances and the financial impact of risk events.

The target unrestricted reserve level was increased in 2018 by £500,000 to £7.5 million, with flexibility of +/- £1.5 million, which strikes a balance between the need to spend down income and maintaining operational integrity. This level of reserves is consistent with Sightsavers' business model, with the slight increase in target reserves the outcome of the most recent formal assessment of the financial impact of key risks. This policy remains unchanged for 2019.

The level of unrestricted general reserves remains above the top end of the target range as at 31 December 2019, at £13.4 million.

The trustees believe this level of reserves is acceptable and prudent given the recent award of new complex large grants and contracts, the continuing requirement for investment in fundraising and a desire for programmatic expansion in the future. In addition, reserves are being held to fund the aim of continuing to grow programmatic activity, build capacity in the organisation and to allow further new sources of funding to be pursued. The reserves policy is periodically reviewed to ensure that it remains appropriate as circumstances change. Trustees have been comfortable with holding a level of general reserves above the upper target, on the understanding that the additional holding would be utilised when appropriate and efficient to do so. It is likely that Sightsavers will need to utilise a portion of these general reserves through 2020 as a consequence of effects of the COVID-19 pandemic.

Sightsavers planned to run a modest deficit in 2019 of £1.5 million. The results for the year exceeded the plan, where outturn for the year saw an overall surplus of net income of £8.7 million. After transfers between funds, which captures the benefit of indirect cost recovery on restricted grants and contracts, the outturn unrestricted funds net income surplus was £1.1 million, with a surplus of £7.6 million for restricted funds. The principal factors in these results overall are levels of donation income above plan. In particular, in the USA we received and recognised donation income of £7.7 million in 2019 from the GiveWell foundation, providing funding for programme expenditures including beyond the end of 2019, thereby creating a timing difference across years and being a principal reason for the restricted funds surplus arising in 2019.

Within net income we incurred a gain of £600,000 on the investment portfolio, reflecting improved markets performance within 2019. There was an actuarial loss of £700,000 related to the defined benefit pension scheme. Overall, the net income surplus led to a financial surplus of £8.7 million in 2019, being a net addition to our unrestricted and restricted funds balances.

As at 31 December 2019 total fund balances were £31.3 million, comprising £17.6 million of total unrestricted funds, £200,000 of endowment funds and £13.5 million of restricted funds.

The component items of the restricted funds balance are shown in note 22: Statement of Funds (see page 114).

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The liquidity reserve, separate to general reserves and held within designated reserves, does not contribute to meeting the reserves target, and is formal recognition that the organisation requires operating liquidity and a level of liquid net assets to facilitate ongoing financial operations.

As at 31 December 2019, following the designation of the liquidity reserve in 2018, together with the effect of 2019 financial results, unrestricted funds comprised general reserves of £13.4 million and £4.2 million of designated funds. Of the designated funds cash held overseas of £1.1 million is available for use.

## Investments

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Our investment activities are supported by UBS Wealth Management and the investment committee. This committee meets regularly with UBS to assess investment strategy and performance.

The value of assets held with our fund manager at 31 December 2019 was £6.8 million. We hold a mix of investment assets including cash, fixed income, equity, hedge funds and real estate. We are currently maintaining a tactical asset allocation preference for equities over bonds. Sightsavers' level of fixed-asset investments is calibrated directly with the targeted quantum of reserves, with ongoing liquidity now more specifically addressed by a special designated liquidity reserve. The investment objectives are to maximise investment returns from a long-term discretionary portfolio, through income and capital growth, at acceptable levels of risk, while maintaining good liquidity and in line with ethical standards consistent with our objects and values.

## Pensions

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Sightsavers operates a defined contribution pension scheme, which was established in 2002, with membership made available to all UK contracted employees.

Sightsavers also operates a defined benefit pension scheme for UK contracted employees. This scheme was closed to new entrants in 2002 and closed to future accruals for existing employees in August 2010. As set out in note 12 to the financial statements, under FRS 102 there was a deficit in the scheme of £400,000 at the end of 2018.

During 2019 Sightsavers implemented an adjustment to the pre-existing recovery plan so as to make contribution payments subject to inflation indexation, set at 3 per cent per annum, backdated to original commencement date of January 2017. Sightsavers made a one-off contribution payment in 2019 to cover retrospective indexation, with ongoing indexation to be applied annually. See Note 12 of the financial statements.

## Financial outlook

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The recent strategic direction of the organisation has been defined within the current strategic framework, running through to the end of 2019.

Sightsavers performed a strategy refresh project during 2019, which assessed our progress over the past 10 years of strategy implementation. We looked at what could have been done better, calibrated where we stand as an organisation against evolving sector trends, and determined the implications going forward. The results of this work were presented to trustees in early 2020.

The review found there was no need for wholesale changes to the organisation strategic framework. Ongoing work in 2020 will continue to assist the evolution of that framework, including data analysis on 'programme achievements'; a SIM Card refresh; development of a forward programme strategy and a review of thematic strategies.

Financial planning and forecasting activity take place within the context of the overall strategic plan and objectives.

Currently Sightsavers continues to hold unrestricted reserves above the top end of the target range, and we expect now to be likely to need to utilise a portion of those in 2020 due to the impacts the COVID-19 pandemic, subject to unfolding events and a significant amount of uncertainty.

The pre-existing base 2020 financial plan is to run a deficit of approximately £4 million, reflecting projected income of approximately £125 million and expenditure of £129 million, each excluding pharmaceutical gifts in kind. Both these planned total income and expenditure levels, exclusive of gifts in kind, are above 2019 outturn levels, reflecting the ramp up in programme work under existing large grants and contracts.

This deficit reflects timing difference between cumulative income recognition and expenditure through to the end of 2019 on certain items of restricted income, principally the Good Venture Foundation (GiveWell) and People's Postcode Lottery, which have fund balances brought forward within restricted funds at year end 2019. The base plan is to achieve a neutral unrestricted income and expenditure position. Given the likely adverse consequences of the COVID-19 pandemic it is possible, but not certain, that general reserves could reduce down towards, or possibly below, the reserves target of £7.5 million. In such a scenario we will consider using bank overdraft facilities that are available to us.

We have started a reforecasting exercise to assess the financial impact of the COVID-19 pandemic and expect the financial plan for 2020 to change significantly. There will be significant suspensions of programmes which will impact adversely on our charitable expenditures.

Overall, fundraising investment levels in the base plan are planned again to increase in 2020, compared with 2019 expenditure outturn, as a part of the continuing strategy to strengthen the base of committed and ongoing givers across all fundraising markets.

While the fundraising climate in the UK remains challenging, on balance we still retain a positive outlook on this core market. We are also continuing our long-standing strategy of income diversification in international markets, including India, although we will not continue to invest in Sweden.

We retain the ability to suspend, defer or cancel discretionary, variable fundraising expenditures if we so wish, as a decision-making tool to help ensure a robust financial position.

Within the base 2020 plan, total charitable expenditures, including programme expenditures, are planned to be in the region of £112 million, excluding the value of gift-in-kind distributions, prior to the allocation of certain shared costs for statutory reporting purposes. Although this level of spend is again a significant increase on the comparable outturn for 2019, it is now unlikely to be achieved due to the impact of the virus pandemic on programme activity. Programme effectiveness is continually assessed and the portfolio mix of projects is expected to continue to evolve.

Our medium-term planning work factors in the risks of the purchasing power of sterling, which is heightened given uncertainties related to Brexit and the economic effects of the

virus crisis on the UK, and we hold a level of reserves in order to mitigate this and other associated risks.

There are ongoing funding awards, and further potential funding opportunities, that are not included fully in the 2020 base plan figures. Our ongoing reforecasts aim to capture and use the best available forward financial information, which we expect will lead to changes in the financial forecast for 2020, and in following years.

## Going concern

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There is a reasonable expectation that Sightsavers has adequate resources to continue in operational existence for the foreseeable future. The trustees believe that there are no material uncertainties that call into doubt the charity's ability to continue. The financial statements have therefore been prepared on the basis that the charity is a going concern, as described in note 2 (see page 77).

A disclosure statement affirming trustees' assessment of Sightsavers going concern position is included in Note 2, Accounting policies to the financial statements.

## Public benefit

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We develop our strategic plans to ensure that we provide public benefit and achieve our objectives as set out in the SIM card, as potentially adjusted in 2020.

When reviewing our aims and objectives and in planning activities and setting policies for the year ahead, the trustees confirm that they have referred to the guidelines contained in the Charity Commission's general guidance on public benefit.

## Statement of trustees' responsibilities

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The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the Royal Charter Company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 (and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended)) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

## Disclosure of information to auditors

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As far as each of the trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (needed by the charity's auditor to prepare the audit report) of which the charity's auditor is unaware. Each trustee has taken all steps that he/she should have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

## Key people and suppliers

Key people and suppliers
<b>Patron</b>
Her Majesty the Queen
<b>President</b>
Her Royal Highness Princess Alexandra The Hon. Lady Ogilvy GCVO
<b>Vice-presidents</b>
Lady Wilson OBE
Sir David Thompson KCMG
Sir Graham Burton KCMG
Lord Nigel Crisp KCB
Dr Ramachandra Pararajasegaram (deceased May 2020)
Martin Dinham CBE (appointed on stepping down)
<b>Honorary Officers</b>
<b>Chairman</b>
Martin Dinham CBE (stepped down July 2019)
Sir Clive Jones (appointed July 2019)
<b>Vice-chairman</b>
Christopher Kinder
<b>Treasurer</b>
Bill Kendall
<b>Members of the Council (the trustees)</b>
Ms Abia Akram
Dr Uche Amazigo
Dr Robert Chappell OBE (stepped down January 2019)
Howard Dalzell (stepped down July 2019)
Maryanne Diamond
Martin Dinham CBE (stepped down July 2019)



Heather de Haes (stepped down July 2019))

Barry Hoffman

Ms Joy Hutcheon (appointed June 2019)

Sir Clive Jones

Bill Kendall

Christopher Kinder

Ms Elaine Lee

Jim Miley (appointed October 2019)

Ms Mavis Owusu-Gyamfi

Dr Manoj Parulekar

Prof Tuwani Rasengane

David Louis Taylor

Prof Chris Whitty

## **The committees**

### **Audit Committee**

Christopher Kinder, Chair

Bill Kendall

David Louis Taylor

Richard Ufland (non trustee member)

### **Governance Committee**

Sir Clive Jones, Chair

Martin Dinham (stepped down July 2019)

Barry Hoffman

Bill Kendall

Christopher Kinder

David Louis Taylor

### **Investment Committee**

Bill Kendall, Chair

Heather de Haes (stepped down July 2019)

Sir Clive Jones

Christopher Kinder	
<b>Remuneration Committee</b>	
Sir Clive Jones, Chair	
Martin Dinham (stepped down July 2019)	
Barry Hoffman	
Bill Kendall	
Christopher Kinder	
<b>Strategy Steering Group</b>	
Dr Caroline Harper, CBE	<i>(Chair) Chief Executive</i>
Simon Bush	<i>Director of Neglected Tropical Diseases</i>
Alicia Cummins Strategy	<i>Head of Operations and Planning, Policy and Programme</i>
Dominic Haslam	<i>Director of Policy and Programme Strategy</i>
Ella Pierce	<i>Director of Fundraising and Marketing (appointed March 2020)</i>
Rebecca Jupp 2020)	<i>Director of Individual Giving and Marketing (resigned March</i>
Paula Mendez Keil	<i>Project Manager Strategy Review</i>
Kenneth Moon	<i>Director of Finance and Performance</i>
Gareth Roberts	<i>Planning, Monitoring and Reporting Director</i>
<b>Management Team</b>	
Kenneth Moon	<i>(Chair) Director of Finance and Performance</i>
Anna Becker	<i>Director of Institutional Funding</i>
Alistair Burnett	<i>Director of News</i>
Alicia Cummins Strategy	<i>Head of Operations and Planning, Policy and Programme</i>
Fatoumata Diouf	<i>Regional Director, West Africa</i>
Dr Caroline Harper, CBE	<i>Chief Executive</i>
Dominic Haslam	<i>Director of Policy and Programme Strategy</i>
Rebecca Jupp 2020)	<i>Director of Individual Giving and Marketing (resigned March</i>
Charlie Lamson	<i>Chief Executive, Ireland (resigned March 2020)</i>

Thomas Millar	<i>Neglected Tropical Diseases Operations Director</i>
Ella Pierce	<i>Director of Fundraising and Marketing (appointed March 2020)</i>
RN Mohanty	<i>Chief Executive. India</i>
John Muriuki	<i>Regional Director, East Central and Southern Africa</i>
Mark Ramsden	<i>Director of Governance, Legal and Assurance</i>
Gareth Roberts	<i>Planning, Monitoring and Reporting Director</i>
Michael Straney	<i>Director of Major Giving (resigned April 2020)</i>

## Principal addresses

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### Registered address

35 Perrymount Road  
Haywards Heath  
West Sussex  
RH16 3BW

### Correspondence address

Bumpers Way  
Bumpers Farm  
Chippenham  
SN14 6NG

### Principal bankers

HSBC plc  
Sussex and Surrey Corporate Centre  
First Point, Buckingham Gate  
London Gatwick Airport  
West Sussex RH6 ONT

### Investment managers

UBS AG  
5 Broadgate  
London  
EC2M 2QS

Standard Chartered Bank  
1 Basinghall Avenue  
London EC2V 5DD

### Independent auditors

Crowe U.K. LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

Allied Irish Bank  
7/12 Dame Street  
Dublin 2  
D02 KX20

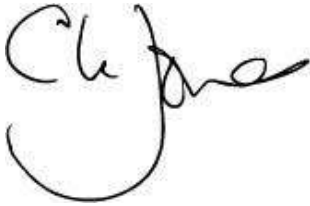
### Solicitors

Bates, Wells & Braithwaite  
Cheapside House  
138 Cheapside  
London EC2V 6BB

## Independent auditors

A resolution that Crowe U.K. LLP be appointed as the independent auditor to Sightsavers will be proposed at the forthcoming annual general meeting.

Approved by the trustees and signed on their behalf on:



24<sup>th</sup> July 2020

**Sir Clive Jones**

**Date**

Chairman



# Independent Auditor's Report to the Trustees of the Royal Commonwealth Society for the Blind

## Opinion

We have audited the financial statements of the Royal Commonwealth Society for the Blind for the year ended 31 December 2019, which comprise the consolidated statement of financial activities, group and charity balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 57, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

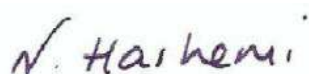
We have been appointed as auditor under section 151 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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.



Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

**London**

**Date: 30 July 2020**

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

# Consolidated statement of financial activities

Year ended 31 December 2019

	Note	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000
<b>Income and endowments from:</b>							
Donations and legacies	3	31,128	31,727	62,855	31,596	20,569	52,165
Gifts in kind	4	465	235,760	236,225	358	232,106	232,464
Charitable activities	5	-	41,279	41,279	-	27,684	27,684
Investments	6	453	-	453	225	-	225
Other	7	65	-	65	227	-	227
<b>Total income and endowments</b>		<b>32,111</b>	<b>308,766</b>	<b>340,877</b>	<b>32,406</b>	<b>280,359</b>	<b>312,765</b>
<b>Expenditure on:</b>							
Raising funds	9	18,061	-	18,061	17,483	-	17,483
Charitable activities							
Health – eye care	8,9	2,521	12,109	14,630	2,991	10,888	13,879



	Note	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000
Neglected tropical diseases	8,9	5,985	42,143	48,128	3,488	28,967	32,455
Gift in kind drug donation	8,9	-	235,760	235,760	-	232,106	232,106
Education	8,9	951	2,952	3,903	1,778	1,744	3,522
Social inclusion	8,9	1,732	5,960	7,692	1,141	2,851	3,992
Policy and research	8,9	3,176	-	3,176	2,659	-	2,659
<b>Total charitable activities</b>	8,9	14,365	298,924	313,289	12,057	276,556	288,613
Other	9	755	-	755	154	-	154
<b>Total expenditure</b>		<b>33,181</b>	<b>298,924</b>	<b>332,105</b>	<b>29,694</b>	<b>276,556</b>	<b>306,250</b>
Operating (deficit) / surplus		(1,070)	9,842	8,772	2,712	3,803	6,515
Gains / (losses) on investments	16	632	-	632	(355)	-	(355)
<b>Net income / (expenditure)</b>		<b>(438)</b>	<b>9,842</b>	<b>9,404</b>	<b>2,357</b>	<b>3,803</b>	<b>6,160</b>
Transfer between funds	22	2,228	(2,228)	-	2,973	(2,973)	-

	Note	Unrestricted funds 2019 £'000	Restricted funds 2019 £'000	Total 2019 £'000	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000
Net income / (expenditure) before other recognised gains / (losses)		1,790	7,614	9,404	5,330	830	6,160
Actuarial gains / (losses) on defined benefit pension scheme	12	(678)	-	(678)	15	-	15
Net movement in funds		1,112	7,614	8,726	5,345	830	6,175
Reconciliation of funds:							
Total funds brought forward		16,531	6,066	22,597	11,186	5,236	16,422
Total funds carried forward	22	17,643	13,680	31,323	16,531	6,066	22,597

Restricted funds include endowment funds, which had a balance as at 31 December 2019 of £214,000 (2018: £214,000). See note 22 for further information. All incoming and outgoing resources arise from continuing activities. All gains and losses recognised in the year are included above.

## Consolidated and Charity balance sheet

31 December 2019

		Group		Charity	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
<b>Tangible assets</b>	15	47	9	47	9
<b>Investments</b>	16	6,752	6,139	6,752	6,139
Total fixed assets		<b>6,799</b>	<b>6,148</b>	<b>6,799</b>	<b>6,148</b>
Current assets					
<b>Debtors</b>	17	4,992	4,371	11,217	6,627
<b>Cash at bank and in hand</b>	18	34,791	22,495	24,483	17,794
Total current assets		<b>39,783</b>	<b>26,866</b>	<b>35,700</b>	<b>24,421</b>
Liabilities					
<b>Creditors: amounts falling due within one year</b>	19	14,177	9,606	10,876	8,295
Net current assets		<b>25,606</b>	<b>17,260</b>	<b>24,824</b>	<b>16,126</b>
Total assets less current liabilities		<b>32,405</b>	<b>23,408</b>	<b>31,623</b>	<b>22,274</b>
<b>Creditors: amounts falling due after more than one year</b>	19	-	-	-	-
<b>Provision for other liabilities</b>	20	712	691	705	684
Net assets excluding pension (liability)		<b>31,693</b>	<b>22,717</b>	<b>30,918</b>	<b>21,590</b>
<b>Defined benefit pension scheme (liability)</b>	12	(370)	(120)	(370)	(120)
Total net assets		<b>31,323</b>	<b>22,597</b>	<b>30,548</b>	<b>21,470</b>

		Group		Charity	
The funds of the Charity:					
Unrestricted funds					
Free reserve	22,23	13,819	12,128	13,129	11,001
Pension reserve	12,22,23	(370)	(120)	(370)	(120)
General	22,23	13,449	12,008	12,759	10,881
Designated	22,23	4,194	4,523	4,194	4,523
Total unrestricted funds		<b>17,643</b>	<b>16,531</b>	<b>16,953</b>	<b>15,404</b>
Restricted funds	22,23	13,466	5,852	13,381	5,852
Endowment funds	22,23	214	214	214	214
Total funds		<b>31,323</b>	<b>22,597</b>	<b>30,548</b>	<b>21,470</b>

The net movement in funds for the financial year dealt with in the financial statements of the parent charity was £9,328,000 (2018: £6,288,000).

The trustees have prepared group accounts in accordance with section 138 of the Charities Act 2011.

The notes on pages 75 to 135 form part of these financial statements.

These financial statements were approved by the Council on 24<sup>th</sup> July 2020.

and signed on their behalf by:




Chairman ..... Hon. Treasurer .....

# Consolidated statement of cash flows

Year ended 31 December 2019

		2019	2018
	Note	£'000	£'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		8,726	6,175
<b>Adjustments for:</b>			
Depreciation charges	15	740	289
Gains on investments	16	(522)	355
Investment income	6	(453)	(225)
Exchange rate (gain) / loss	9	(697)	(154)
(Profit) on sale of fixed assets	7	65	(227)
Increase / (decrease) in provisions	20	21	106
(Increase) / decrease in debtors	17	(621)	248
Increase / (decrease) in creditors	19	4,331	(1,605)
Increase in defined benefit pension liabilities	12	250	(271)
Net cash provided by (used in) operating activities		<b>11,840</b>	<b>4,691</b>
<b>Cash flows from investing activities:</b>			
Payments to acquire tangible fixed assets	15	(778)	(174)
Payments to acquire investments	16	(2,018)	(1,656)
Receipts from sale of fixed assets	7	(65)	227
Receipts from sale of investments	16	1,987	1,573
Decrease in cash held for investment	16	(60)	72
Investment income	6	453	225
Net cash provided by investing activities		<b>(481)</b>	<b>267</b>
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		-	-
Net cash provided by (used in) financing activities		-	-



		2019	2018
Change in Cash and Cash equivalents		11,359	4,958
<b>Cash and cash equivalents at the beginning of the year</b>		22,495	17,383
<b>Exchange gains / (losses) on cash equivalents</b>		697	154
Cash and cash equivalents at the end of the year		<b>34,551</b>	<b>22,495</b>
Cash and cash equivalents consist of:			
<b>Cash in hand</b>	18	34,791	22,495
<b>Notice deposits (less than 3 months)</b>		-	-
<b>Overdraft facility repayable on demand</b>	19	(240)	-
<b>Total cash and cash equivalents</b>		<b>34,551</b>	<b>22,495</b>

#### Analysis of changes in net cash / (debt)

	At start of year	Cash-flows	Foreign exchange movements	At end of year
	£'000	£'000	£'000	£'000
Cash	22,495	11,599	697	34,791
Cash equivalents	-	-	-	-
Overdraft facility repayable on demand	-	(240)	-	(240)
Loans falling due within one year	-	-	-	-
Loans falling due after more than one year	-	-	-	-
Finance lease obligations	-	-	-	-
<b>Total</b>	<b>22,495</b>	<b>11,359</b>	<b>697</b>	<b>34,551</b>

# Notes to the financial statements

## Year ended 31 December 2019

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### 1 Charity information

The Royal Commonwealth Society for the Blind, trading as Sightsavers, is a registered charity (No. 207544 and SCO38110) which is incorporated and domiciled in the UK. The address of the registered office is 35 Perrymount Road, Haywards Heath, West Sussex, RH16 3BW, UK.

### 2 Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the inclusion of investments at market value, and in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The accounting policies have been applied consistently throughout the current and previous year.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 rather than the Accounting and Reporting by Charities Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The trustees report includes a review of financial performance and the Charity's reserves position (page 53). Sightsavers has adequate financial resources and is well placed to manage the business risks. The planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. There is a reasonable expectation that Sightsavers has adequate resources to continue in operational existence for the foreseeable future. The trustees believe that there are no material uncertainties that call into doubt the Charity's ability to continue. The financial statements have therefore been prepared on the basis that the Charity is a going concern.

Sightsavers meets the definition of a public benefit entity under FRS 102.

#### Basis of consolidation

The financial statements consolidate the results of the Charity and its subsidiary undertakings on a line by line basis. A separate Statement of Financial Activities (SOFA) has not been presented for the Charity alone which is consistent with previous years. The net result for the Charity (which includes all its branches) is a surplus of £9,328,000 with comprises income of £82,631,000, expenditure of £73,935,000 and a gain on investment of £632,000 (2018 loss of £355,000). Sightsavers has the following subsidiary undertakings for

which group accounts have been prepared. These all undertake fundraising activity in their local jurisdictions.

Sightsavers (Trading) Limited is a UK registered company (No: 2464229). Control is established by virtue of the Charity owning 100 per cent of the issued share capital of the organisation.

Sightsavers International Inc. is registered in the USA, incorporated under the laws of the State of Delaware (federal ID: 31-1740776). The Charity has the right to appoint all directors of the organisation.

Sightsavers Inc. is registered in the USA, incorporated under the laws of the State of Missouri (federal ID: 47-4657747). There is a collaboration agreement between the organisations.

Sightsavers (Ireland) is registered in Ireland (company number: 377692, charity number: CHY15437). The Charity appoints two directors to the Board of the organisation and there is a management contract in place between the organisations.

Sightsavers International Italia (Onlus No: 97653640017) is registered in Italy as an Onlus non-profit, non-stock corporation. The majority of the Board of the entity are trustees or senior management of the Charity. The Charity and subsidiary are managed on a unified basis.

Insamlingsstiftelsen Sightsavers International (Sverige) is registered in Sweden (company number: 802477-8188, charity number: 90 03 63-3). The Charity, as founder, has the right to appoint the Board in the governing document.

Stiftelsen Sightsavers International Norge is registered in Norway (No: 912 388 573). The Charity, as founder, has the right to appoint the Board in the governing document.

## **Fund accounting**

General funds are unrestricted funds available for use at the discretion of the trustees to further the general objectives of Sightsavers that have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The use of each designated fund is set out in note 22.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. Details of restricted funds are set out in note 22.

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

## **Income**

Income is recognised when Sightsavers is entitled to the income, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Charitable activities performance-related conditions: Some funding agreements specify the services to be performed by Sightsavers for receiving the funds. Where this is the case, Sightsavers becomes entitled to the funds as it earns the right to consideration by its

performance. When cash is received in advance of entitlement, income is deferred and included in creditors. Where entitlement occurs before cash being received, the income is accrued.

The following specific policies apply to categories of income:

Legacies: these are recognised at the earlier of estate accounts being finalised and Sightsavers being notified that a payment will be made;

Gifts in kind in the form of Mectizan® and Zithromax tablets: these are included in the SOFA at the donor's wholesale price or equivalent at the date the tablets are recorded as being received overseas for use. These amounts will vary each year based on the donor's distribution plans; and

Other gifts in kind are included at the value to the Charity and are recognised as income when utilised.

## **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is inclusive of irrecoverable VAT where applicable. Expenditure is classified into the following categories:

- costs of raising funds are those incurred in seeking voluntary and grant income, trading activities and investment management. They do not include the costs of disseminating information in support of charitable activities; and
- expenditure on charitable activities is reported as an analysis between the different thematic aims of the organisation, being health, neglected tropical diseases, education and social inclusion. The amount spent on policy and research activities is also reported.

Amounts payable to partners for overseas projects are charged when an obligation exists and are described as grants payable in note 9. These payments are made under standard partner agreements, which include an agreed project budget, in response to payment requests made by the partner. These requests are reviewed and approved on an individual basis and the obligation to pay exists and is generally recognised as a partner payable, as opposed to an accrual, once the payment request has been approved.

Employee benefits include all costs incurred by the Charity in exchange for the services of its employees. Expenditure is recognised for all employee benefits resulting from their service to Sightsavers during the reporting period. A liability is recognised for the cost of all benefits to which employees are entitled at the reporting date that have yet to be paid.

Redundancy costs (termination benefits) are recognised as an immediate cost and charged to the SOFA on a demonstrable commitment to termination, with provision for future redundancy costs measured at a best estimate of the expenditure that would be required to settle the obligation at the reporting date.

Expenditure includes gifts in kind which are valued and recognised on the same basis as gifts in kind shown as income.

## Allocation of support costs

Support costs include the central and regional office functions such as general management, payroll administration, budgeting, forecasting and accounting, information technology, human resources and facilities management. These are allocated across the categories of expenditure outlined above. The basis of the cost allocation is explained in note 9.

## Operating leases

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

## Finance leases

Leases are accounted for as finance leases when substantially all the risk and rewards relating to the leased property transfer to Sightsavers. The asset is recognised as a tangible fixed asset. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset). The liability is written down as the rent becomes payable; and
- a finance charge (charged to the SOFA as the rent becomes payable).

Fixed assets recognised under finance leases are accounted for using the policies applied generally to tangible fixed assets.

## Tangible fixed assets

Individual tangible fixed assets costing £1,500 or more are capitalised at cost. Depreciation is provided on all tangible fixed assets, excluding freehold land, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over their expected useful economic lives as set out below:

Freehold buildings	2 per cent to 4 per cent
Computer equipment	33 per cent
Motor vehicles held overseas	100 per cent
Fittings and office equipment	25 per cent
Leasehold improvements	To the date of the next lease break point

## Investments

Investments are initially measured at cost and subsequently at market value at the balance sheet date. The SOFA includes the net gains and losses arising from disposals and revaluations throughout the year.

## Debtors

Debtors are measured in the accounts at their recoverable amount.

## Creditors

Creditors are measured in the accounts at their settlement amount.

## **Forward exchange contracts**

Sightsavers has entered into forward exchange contracts during the year to hedge forward currency exposure on near term future programme expenditure. Forward currency exchanges made under these contracts are recorded at the specified rate at the time of the transaction.

At the end of each reporting period, each contract is revalued based on the rate of exchange ruling at the balance sheet date. An asset or liability is recorded and the gain or loss is reported in the SOFA.

## **Financial instruments**

Sightsavers also has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Investments held as part of an investment portfolio are held at fair value at the balance sheet date, with gains and losses being recognised in the SOFA. Investments in subsidiary undertakings are held at cost less impairment.

## **Provisions**

Provisions are recognised when the Charity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

## **Pension**

Sightsavers operates a defined benefit pension scheme for its eligible UK contracted employees. This scheme was closed to new members in September 2002 and to future accruals in August 2010. The pension costs and the pension provision for the defined benefit scheme are calculated on the basis of actuarial advice and are charged to the SOFA in accordance with the requirements of FRS 102.

Sightsavers also operates a defined contribution scheme for eligible UK contracted employees. Pension costs for the defined contribution scheme are charged to the accounts as they are accrued.

A pensions reserve has been created within unrestricted funds in compliance with paragraph 10.93 of the Charities SORP (FRS 102). Details of the pension schemes are disclosed in note 12.

For staff based overseas, Sightsavers contributes to locally managed provident fund schemes and a centrally managed end-of-service benefit scheme based on the number of years' service completed, in line with local employment laws. Any benefit accrued but not paid at the year-end is recorded as a liability.

All pension costs are allocated between activities and between restricted and unrestricted funds on the basis of the time spent.



## Foreign exchange

Assets and liabilities denominated in foreign currencies have been translated at the rate of exchange ruling at the balance sheet date. Exchange differences are recognised within net income / (expenditure).

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

## Functional / presentation currency

The functional currency of the Charity and its subsidiaries is considered to be pound sterling because that is the currency of the primary economic environment in which Sightsavers operates. The consolidated financial statements are also presented in pound sterling and rounded to the nearest thousand.

## Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies trustees are required to make judgements, estimates, assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have an effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – the Charity recognises its liability to its defined benefit pension scheme which involves a number of estimates as disclosed in note 12; and

Provisions for liabilities – the Charity has provided for its possible liabilities in relation to its leasehold property and employees which have been estimated as disclosed in note 20.

## Going concern

The Trustees of Sightsavers receive forecasts and financial projections which detail variations in the level and timing of future income and funding. During the first quarter of 2020 the COVID-19 (coronavirus) pandemic took hold across the world.

Aside from the public health questions, the impact on economies across the world is unknown, although all commentators agree there will be a severe recession. It is unclear how deep this will be or how long it will last.

The Trustees have considered the short- and longer-term financial projections and other risks that may affect Sightsavers. They have considered the key risks that could negatively impact the going concern of Sightsavers and have considered budgets and forecasts, cashflow projections and contingency and recovery plans.

To mitigate these risks Sightsavers has undertaken a range of activities to maximise its resilience during the pandemic:

- a) A comprehensive risk log tailored to COVID-19 has been created, including mitigation strategies that are regularly reviewed.
- b) A business continuity team has been created to ensure we can function properly while offices are closed and during recovery phases.
- c) A monitoring system has been created for our programmes so we are able to monitor activities more frequently, and the financial impacts arising.
- d) A comprehensive engagement plan with donors has been executed with all institutional and major donors.
- e) Our voluntary fundraising has continued with an emphasis on TV advertising and digital activity, in major European markets.
- f) We have kept a close eye on costs, deferring some staff recruitment, furloughing a handful of staff and keeping costs lower with programmes suspended and international travel impossible.
- g) We have maintained a laser focus on liquidity, monitoring our cashflow and cash position at least weekly. We are confident that the combination of the reserves we carry, the funding donors are continuing to provide, and our existing borrowing facilities will enable us to manage cashflow volatility through this period.
- h) We have undertaken scenario planning looking at a variety of financial scenarios including some with increasingly pessimistic assumptions. We are confident that Sightsavers is financially robust even under these negative scenarios.
- i) We are performing monthly organisation-wide financial reforecasting, which we are using to inform understanding of decision making in response to the financial impacts of the pandemic.

After considering these factors, the trustees have concluded that Sightsavers has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.



### 3 Donations and legacies

	2019 £'000	2018 £'000
<b>Individuals</b>		
<b>UK</b>	18,609	17,056
<b>Ireland</b>	3,136	3,171
<b>Italy</b>	2,940	2,596
<b>India</b>	2,424	1,905
<b>Other</b>	1,143	1,223
<b>Total from individuals</b>	<b>28,252</b>	<b>25,951</b>
<b>Legacies</b>	10,332	11,332
<b>Government, NGO and institutional donors</b>	7,837	5,319
<b>Companies</b>	5,828	3,800
<b>Trusts</b>	10,358	5,434
<b>Community service and other organisations</b>	248	329
	<b>62,855</b>	<b>52,165</b>

<b>Donations, excluding legacies, above £100,000 included within the above:</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Government, NGO and institutional donors:</b>		
Irish Aid	1,543	1,535
DFID Inclusion Works	2,482	871
Conrad N. Hilton Foundation	858	689
DFID AID Match	911	485
The END Fund	571	390
Fred Hollows Foundation	192	362
Liverpool School of Tropical Medicine	306	258
National Lottery Fund	195	244
Task Force for Global Health	548	-
<b>Companies:</b>		
Standard Chartered Seeing is Believing	860	877
People's Postcode Lottery	2,889	1,074
Dubai Duty Free	120	116
Dubai Cares	203	428
L'Occitane Foundation	120	124
Unilever	114	-
Rama Prasar Group (RPG)	121	255
Chola Business Services	301	156
HCL Technologies	144	81

Donations, excluding legacies, above £100,000 included within the above:	2019 £'000	2018 £'000
<b>Trusts:</b>		
<b>Good Ventures Foundation (GiveWell)</b>	7,748	1,947
<b>Jersey Overseas Aid</b>	273	415
<b>Arcadia</b>	768	-
<b>Zochonis Trust</b>	112	70
<b>Latter Day Saints</b>	170	-
<b>The Pathway Foundation</b>	261	-

As at 31 December 2019, in addition to legacy income that has been included in the accounts, Sightsavers is expected to benefit from a number of legacies from estates for which the administration has yet to be finalised or Sightsavers notified that a payment will be made. Sightsavers' future income from these legacies is estimated at £11,941,000 (2018: estimated at £11,567,000). In addition, Sightsavers is the future beneficiary of legacy assets transferred to and held in trust, with an estimated value of £2,292,000 (2018: £2,014,000). As a result of COVID-19 there is a risk that the administration and processing of legacy cases in 2020 will be adversely affected and that legacy values may be reduced as a result of a fall in asset values.

## 4 Gifts in kind

In 2019, Sightsavers International Inc. secured gift-in-kind donations valued at £219,451,000 (2018: £222,458,000) from Merck Inc. in the form of Mectizan® tablets, which have been shipped to Benin, Cameroon, Côte D'Ivoire, Ghana, Liberia, Malawi, Nigeria, The Democratic Republic of Congo and Togo.

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

In 2019 Sightsavers received from the International Trachoma Initiative (ITI), an organisation founded by Pfizer, a shipment of the drug Zithromax®. This donation has been valued at £16,309,000 (2018: £9,648,000).

Sightsavers' Sudan county office is the named consignee on the shipments from ITI and takes receipt and title to shipments of Zithromax®, with swift onward distribution and transfer to government and ministry supply chains in Khartoum for use in programme activity. Sightsavers' entitlement to the receipt is by an equivalent form of management control to that exercised for Mectizan®.

During the year, Sightsavers utilised 40,171,250 air miles (2018: 33,036,635) for the purpose of 447 related flights (2018: 383), which were donated by Emirates. These have been valued at £282,000 (2018: £261,000) based on the lowest economy fare available at the time of travel.

Google grants is a unique gift-in-kind donation programme that awards free AdWords advertising to selected charitable organisations. It supports organisations that share Google's philosophy of community service to help the world in areas such as science and technology, education, global public health, the environment, youth advocacy and the arts. During the year Sightsavers secured donations valued at £183,000 (2018: £97,000).

In 2019, Sightsavers benefited from the contribution of unpaid volunteers. The activities carried out by these volunteers, predominantly interactions with schools and community groups, have not been included in the accounts in accordance with the SORP, due to the absence of any reliable measurement basis.

Gifts in kind	2019 £'000	2018 £'000
Mectizan	219,451	222,458
Zithromax	16,309	9,648
Drug donation sub-total	235,760	232,106
Emirates airmiles	282	261
Google adwords	183	97
Total gifts in kind	236,225	232,464

## 5 Income from charitable activities

	2019 £'000	2018 £'000
Accelerate Partners	17,041	2,255
DFID Aid Match	1,055	974
DFID UK Aid Match Oncho / LF	-	992
DFID Health Services Oncho / LF	-	320
DFID Nigeria NTD	1,150	1,643
DFID SAFE	4,156	8,111
DFID DID	1,968	357
DFID Ascend	8,958	-
European Commission	398	574
The Gates Foundation	2,405	2,235
The Queen Elizabeth Diamond Jubilee Trust	3,902	9,427
The World Bank	-	285
USAID (through HKI, JSI and RTI)	246	511
	<b>41,279</b>	<b>27,684</b>

Further information on each of these income sources is provided in note 22.

## 6 Investment income

	2019 £'000	2018 £'000
Dividends from investments	168	163
Bank deposit interest	285	62
	<b>453</b>	<b>225</b>

## 7 Other income

	2019 £'000	2018 £'000
Profit on disposal of fixed assets	65	227
	<b>65</b>	<b>227</b>

## 8 Charitable activities

	Health Eye Care	Neglected Tropical Diseases	Gift in Kind Drugs	Education	Social Inclusion	Policy and Research	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Benin</b>	-	510	-	-	-	-	510	86
<b>Burkina Faso</b>	-	409	-	-	-	-	409	147
<b>Cameroon</b>	45	1,628	-	232	137	-	2,042	1,630
<b>Cote D'Ivoire</b>	-	874	-	-	-	-	874	415
<b>Ghana</b>	-	587	-	-	-	-	587	384
<b>Guinea</b>	35	578	-	-	-	-	613	660
<b>Guinea Bissau</b>	-	403	-	-	-	-	403	691
<b>Kenya</b>	40	1,096	-	144	204	-	1,484	1,780
<b>Liberia</b>	566	186	-	365	-	-	1,117	744
<b>Malawi</b>	303	229	-	237	-	-	769	900
<b>Mali</b>	274	482	-	185	-	-	941	938
<b>Mozambique</b>	579	404	-	-	-	-	983	614
<b>Nigeria</b>	551	4,923	-	-	160	-	5,634	4,707
<b>Senegal</b>	349	661	-	158	193	-	1,361	840



	Health Eye Care	Neglected Tropical Diseases	Gift in Kind Drugs	Education	Social Inclusion	Policy and Research	2019	2018
Sierra Leone	569	302	-	407	-	-	1,278	812
Sudan	-	168	-	-	-	-	168	171
South Sudan	-	193	-	-	-	-	193	270
Tanzania	886	571	-	-	11	-	1,468	1,288
The Gambia	-	56	-	-	-	-	56	42
Togo	31	112	-	-	-	-	143	102
Uganda	190	799	-	120	511	-	1,620	1,818
Zambia	412	353	-	-	-	-	765	1,392
Zimbabwe	11	995	-	-	-	-	1,006	84
East Central Southern Africa (ECSA) Regional Office	132	174	-	14	22	-	342	369
West Africa Regional Office	30	205	-	10	12	-	257	83
<b>Sub Total Africa</b>	<b>5,003</b>	<b>16,898</b>	<b>-</b>	<b>1,872</b>	<b>1,250</b>	<b>-</b>	<b>25,023</b>	<b>20,967</b>
India	3,248	-	-	360	689	-	4,297	4,198
India Regional Office	482	-	-	47	114	27	670	698
<b>Sub Total India</b>	<b>3,730</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>803</b>	<b>27</b>	<b>4,967</b>	<b>4,896</b>

	Health Eye Care	Neglected Tropical Diseases	Gift in Kind Drugs	Education	Social Inclusion	Policy and Research	2019	2018
Bangladesh	1,293	-	-	-	112	-	1,405	1,046
Pakistan	925	195	-	188	-	-	1,308	847
Sub Total South Asia	2,218	195	-	188	112	-	2,713	1,893
Global Programmes	-	22,528	-	-	3,588	-	26,116	12,187
Gifts in Kind	252	-	235,760	-	-	-	236,012	232,337
Central Support Functions	1,363	2,043	-	482	753	893	5,534	3,492
Programme Technical Support	1,753	4,951	-	874	812	847	9,237	8,178
Advocacy and Policy Support	311	1,513	-	80	374	1,409	3,687	4,663
Direct Charitable Expenditure	14,630	48,128	235,760	3,903	7,692	3,176	313,289	288,613

Our income from our charitable activities arises from activities across our programme portfolio, which is described in the section “Our portfolio” on page 10 of the Annual Report. The principal programme categories and types of activities undertaken are as follows:

Eye health: our programmes cover various service interventions, with cataracts being a particular focus, and we focus on various aspects of eye health system strengthening programmes.

1. Neglected tropical diseases (NTDs): during 2019 we concluded the following multi-year large grants: the Department for International Development (DFID) SAFE (trachoma in Ethiopia, Zambia, Tanzania, Chad and additionally South Sudan); the Queen Elizabeth Diamond Jubilee Trachoma Initiative (in Kenya, Mozambique, Uganda, Malawi and one state of Nigeria) (ended in 2019); the UNITED programme (integrated NTDs in Nigeria, funded by DFID); as these programmes concluded through 2019 we developed main operations on large new NTD programmes: the Accelerate programme (eliminating trachoma in 10 African countries and make significant progress towards elimination in another 3); the Ascend programme (significant contribution to the control and elimination of the five PC NTDs, health systems strengthening, and cross-sector collaboration (particularly WASH and education) across 13 countries in Western and Central Africa; and our GiveWell programmes.
2. Education: examples of our education programmes include developing teaching and college systems and access to them and developing community-based education centres.
3. Social inclusion: our programmes look to improve economic empowerment and political participation, with a particular focus on gender and advocacy. We continued our large “Inclusive Futures” separate contract and grant: DFID disability inclusion development (DID) (in Bangladesh, Kenya, Nigeria and Tanzania) and DFID Inclusion works (in Bangladesh, Kenya, Nigeria and Uganda).
4. Policy and Research: these activities provide a consistent underpinning in support of our programme activities.

## 9 Total expenditure

	Grants payable £'000	Direct costs £'000	Gifts in kind £'000	Allocation of support costs £'000	Total 2019 £'000	Total 2018 £'000
Raising funds	-	15,720	213	2,128	18,061	17,483
Charitable activities						
Health - eye care	4,595	7,706	252	2,077	14,630	13,879
Neglected tropical disease	27,028	18,722	-	2,378	48,128	32,455
Gift in kind drugs	-	-	235,760	-	235,760	232,106
Education	520	2,725	-	658	3,903	3,522
Social inclusion	3,494	3,222	-	976	7,692	3,992
Policy and research	-	2,506	-	670	3,176	2,659
Other - revaluations	-	697	-	-	697	200
Other – forward exchange contracts	-	58	-	-	58	(46)
Total resources expended 2019	35,637	51,356	236,225	8,887	332,105	n/a
Total resources expended 2018	25,175	41,210	232,464	7,401	n/a	306,250

During the year Sightsavers made grants to partner organisations carrying out work in support of the mission. These are considered to be part of the costs of activities in furtherance of the aims of Sightsavers: much of the Charity's programme activity is carried out through grants to local organisations that support long-term, sustainable benefits for people affected by blindness, visual impairment and disability. This includes capacity building and partnership development. The work of these local organisations is closely monitored by Sightsavers.

A list of principal grants is available on our website [www.sightsavers.org](http://www.sightsavers.org)

Direct costs include all the costs which are directly attributable to generating funds £11,129,000 (2018: £9,396,000), the direct operation of the overseas programmes, including the procurement of equipment for use in the programmes £2,550,000 (2018: £1,629,000), informing and creating awareness amongst the public and governance of Sightsavers.

Staff costs included in direct costs is £19,473,000 (2018: £15,975,000).

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

	2019 £'000	2018 £'000
Directorate	131	63
Governance	1,880	2,099
Financial management	663	492
Information communication technology	2,392	1,953
Human resources	766	516
Planning, performance and reporting	285	125
Programme support	2,770	2,153
	<b>8,887</b>	<b>7,401</b>

Support costs are defined as costs which cannot be directly identified with a single activity of the organisation, such as head office finance, human resources, facilities etc. and are primarily identified by cost centre. All costs associated with Sightsavers' overseas offices, such as finance or rent etc. are included as direct costs as these are directly related to the implementation of Sightsavers' programmes.

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

Other costs include foreign exchange gains and losses. In 2019 a foreign exchange loss of £697,000 (2018: loss of £200,000) arose on the translation of foreign currency denominated monetary net assets.

## 10 Net income / expenditure

Stated after charging:	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Depreciation		740		289
<b>Fees paid to Crowe:</b>				
UK charity audit	73		71	
Pension scheme audit	6		6	
USAID audit	<u>11</u>		<u>10</u>	
		<b>90</b>		<b>87</b>
<b>Fees paid to other audit firms:</b>				
International audits	151		154	
EC project verification	<u>9</u>		<u>15</u>	
		<b>160</b>		<b>169</b>
<b>Investment managers' fees</b>		64		40
<b>Operating lease charges</b>		937		778

## 11 Staff costs

	2019 £'000	2018 £'000
Wages and salaries	18,329	14,891
Social security costs	1,653	1,365
Employer's contribution to defined contribution pension scheme	1,256	961
Operating costs of defined benefit pension scheme	-	98
End of service benefit	579	447
Other employee benefits	497	569
	<b>22,314</b>	<b>18,331</b>

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

		2019 No.	2018 No.
Directorate		8	8
Finance and performance		95	81
Global fundraising		84	77
NTDs		29	22
Policy and programme strategies		100	85
International programmes		313	287
		<b>629</b>	<b>560</b>

Staff number growth was grant- and contract-driven, in particular following an increase in Accelerate project activities and the new DFID Ascend contract. New staff members were recruited overseas and within the UK based programme teams to support this increase in activity, as well as within support functions.

The total employee remuneration of the Chief Executive and direct reports was £1,089,171 (2018: £956,984), inclusive of employer pension and national insurance contributions.

For staff paid £60,000 or greater per annum, the number of employees with emoluments in the following ranges were:

No. employees		Range:
2019	2018	
18	13	£60,000 - £69,999
9	4	£70,000 - £79,999
4	6	£80,000 - £89,999
5	2	£90,000 - £99,999
-	-	£100,000 - £109,999
-	1	£110,000 - £119,999
1	1	£120,000 - £129,999
3	2	£130,000 - £139,999

The cost of health insurance for two senior employees with places of work outside of the United Kingdom, with no available state health provision, are included within their emoluments above £60,000 per annum. These costs contribute to both of those staff members comprising the highest emoluments banding and are also included in their remuneration as direct reports to the Chief Executive.

The Chief Executive received the highest base salary and also received the highest emoluments in 2019.

End-of-service benefit scheme liabilities / payments are deemed as employer's contributions to an individual employee pension scheme and as such are not classed as employee emoluments.

Sightsavers operates a flexible holidays scheme where employees can increase or decrease their annual holiday entitlement by buying or selling up to five days of holiday. The value of flexible holiday transactions, which increase and decrease remuneration, have not been included in the calculations of emoluments in the above table so as to allow comparability around base salary plus other emoluments.

Redundancy and termination payments made and provided for during the year to employees for compensation for loss of employment totalled £12,612 (2018: £1,374).



## 12 Pension costs

Sightsavers operates a defined contribution pension scheme for UK staff. The assets of the scheme are held separately from those of the Charity in an independently administered fund. Sightsavers contributes twice the level of an employee's contribution up to a maximum of 10 per cent per cent of pensionable pay. Contributions payable by Sightsavers were £1,255,296 in 2019 (2018: £934,315) of which £127,635 was outstanding at the balance sheet date (2018: £89,495). The disclosure in note 11 also includes the costs of contributions to overseas pension schemes.

Sightsavers operates a defined benefit pension scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The scheme was closed to new members on 30 September 2002 and closed to future accrual on 31 August 2010, although active members at that date continue to have their benefits linked to future salary increases. A full actuarial valuation is carried out every three years by a qualified actuary, independent of the scheme's sponsoring employer, the latest at 31 December 2018. The major assumptions used by the actuary for financial reporting are shown below.

Sightsavers has been operating a 10-year deficit recovery plan, paying funding contributions of £360,000 per annum to the scheme through to the end of 2026. In 2019, alongside the 31 December 2018 triennial actuarial valuation, Sightsavers implemented a discretionary adjustment to that plan so as to make contribution payments subject to inflation indexation, set at 3 per cent per annum, backdated to original commencement date of January 2017. The trustees of the pension scheme approved this change during the first quarter of 2020.

During 2019 Sightsavers made a one-off contribution payment to cover retrospective indexation to the end of 2018; contributions for 2019 were indexed to become £393,000. After year-end indexation recovery payments will be £405,000 in 2020, with annual indexation thereafter. Payments are made monthly.

The new investment strategy has achieved significantly improved hedging of scheme liabilities and currently it is not expected that any adjustments will be needed to the recovery plan as a result of COVID-19 effects.

### Present values of defined benefit obligation, fair value of assets and defined benefit asset (liability)

	2019	2018	2017
	£'000	£'000	£'000
<b>Fair value of plan assets</b>	15,086	13,946	14,565
<b>Present value of defined benefit obligation</b>	(15,456)	(14,066)	(14,956)
<b>Surplus (deficit) in plan</b>	(370)	(120)	(391)
<b>Unrecognised surplus</b>	-	-	-
<b>Defined benefit asset (liability) to be recognised</b>	(370)	(120)	(391)

## Reconciliation of opening and closing balances of the defined benefit obligation

	2019	2018
	£'000	£'000
Defined benefit obligation at start of period	14,066	14,956
Expenses	-	-
Interest expense	388	369
Actuarial losses (gains)	1,432	(946)
Benefits paid and expenses	(430)	(411)
Losses (gains) due to benefit changes	-	98
Defined benefit obligation at end of period	15,456	14,066

## Reconciliation of opening and closing balances of the fair value of plan assets

	2019	2018
	£'000	£'000
Fair value of plan assets at start of period	13,946	14,565
Interest income	390	363
Actuarial gains (losses)	754	(931)
Contributions by the employer	426	360
Benefits paid and expenses	(430)	(411)
Fair value of plan assets at end of period	15,086	13,946