

Charity number: SC022140
Company number: SC265941

Scottish International Relief
(A company limited by guarantee)
Annual report and financial statements
for the year ended 30 November 2008

Scottish International Relief
(A company limited by guarantee)

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Scottish International Relief
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Legal and administrative information

Status

The charity is constituted as a company limited by guarantee and is operated under the rules of its Memorandum and Articles of Association

Charity number SC022140

Company registration number SC265941

Business address Craig Lodge
Dalmally
Argyll
PA33 1AR

Registered office Craig Lodge
Dalmally
Argyll
PA33 1AR

Directors Kenneth Black
Calum MacFarlane-Barrow
Mary MacFarlane Barrow
Julie MacFarlane-Barrow
Graeme Pagan
Mark McGreevy
David Clayton

Secretary Julie MacFarlane-Barrow

Chief executive Magnus MacFarlane Barrow

Auditors R A Clement Associates
Chartered Accountants
Registered Auditors
5 Argyll Square
Oban
Argyll
PA34 4AZ

Scottish International Relief
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Chair's Report
for the year ended 30 November 2008

This was another year of very significant growth for the organisation with our income increasing by 26.7%. This in turn has allowed us to provide many more impoverished children with Mary's Meals in some of the world's poorest countries. Each year that passes allows us to see more clearly that Mary's Meals really does work by meeting the immediate need of the hungry child but also by tackling its underlying causes through allowing these children to benefit from the education that can set them, and their communities, free from chronic poverty.

We continue to adhere to our commitment to be good stewards of all the resources entrusted to us and continue to keep our fundraising and governance costs very low compared to the amounts spent on our charitable activities. We are pleased that the amounts spent on fundraising and governance fall comfortably within our guidelines of 6% (excluding the retail shops) and 1% respectively.

I am extremely grateful to my fellow directors for their commitment and the diligence they bring to the governance of Scottish International Relief.

I would also like to thank Chief Executive, Magnus MacFarlane-Barrow, all of our staff and the thousands of volunteers, without whom this work would not happen

Dr Kenneth Black
Chair

Scottish International Relief
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Chief Executive's Report
for the year ended 30 November 2008

The year ended 30 November 2008 was again one of remarkable growth for Scottish International Relief. The number of children receiving daily meals in places of education through our flagship campaign, Mary's Meals, increased from 230,000 to over 355,000 children. In addition, nearly one million pounds worth of donated material aid (most of which took the form of backpacks filled with educational items) was delivered to the impoverished communities in which we are working.

These achievements are all the more remarkable given the economic downturn affecting the countries in which we fundraise, the devaluation of Sterling and the rise in food prices. By the end of the year the average cost to provide Mary's Meals for one child for one school year was £8.40

Once again virtually every aspect of work has been dependent on the contribution of volunteers, who I take this opportunity to thank. This year also saw us creating new roles for salaried staff such as an Operations Manager and Lead Fundraiser based at head office. An increase in donations occurred in virtually all areas. More schools, churches, individuals, companies and Trusts began supporting us. We were particularly pleased with a significant rise in the number of people who make regular small donations by direct debit. These supporters are also now much more geographically spread throughout United Kingdom and beyond.

In the background, we have been working hard to develop the systems and procedures that allow us to communicate more effectively with all supporters. We are also investing more time in ensuring that all involved in this work understand, and strive to put into practice, our organisational values.

More than ever, Mary's Meals is the name by which people know us as an organisation. We have gone through a renaming exercise that reflects this, with Mary's Meals now being the name on the forefront of all publications etc. However, Scottish International Relief remains the registered name of the charity.

I want to thank all those who have donated money and goods, volunteered their time or offered up prayers for our work during this year. I also thank the paid staff who showed a willingness to cope with all the challenges that we faced this year and displayed the 'vocational attitude' we expect from our staff.

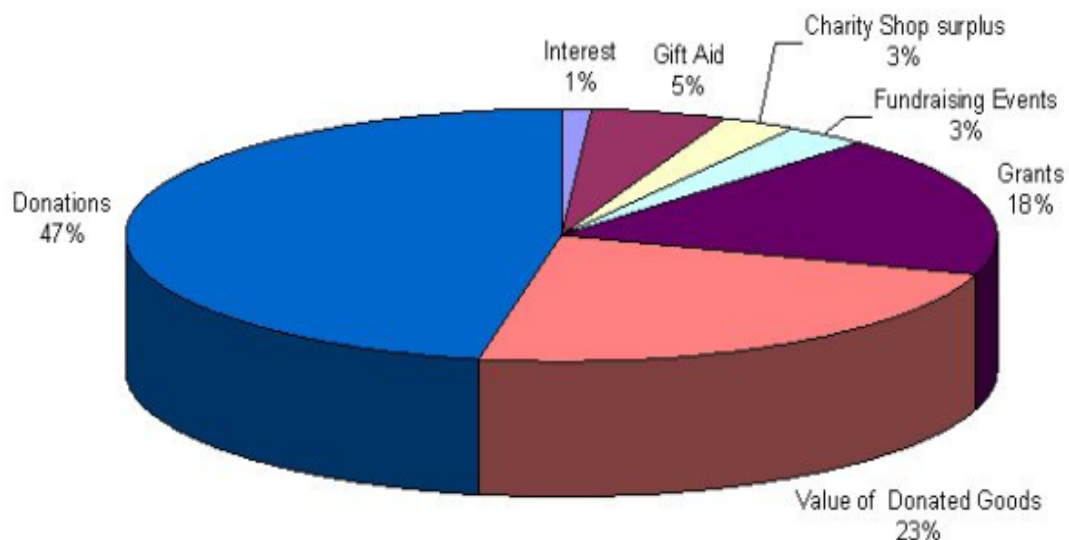
We enter 2009 aware that we are living in uncertain economic times but confident that growth in support of our work will continue in order that many children currently hungry and missing their education will soon benefit from Mary's Meals.

Magnus MacFarlane-Barrow
Chief Executive

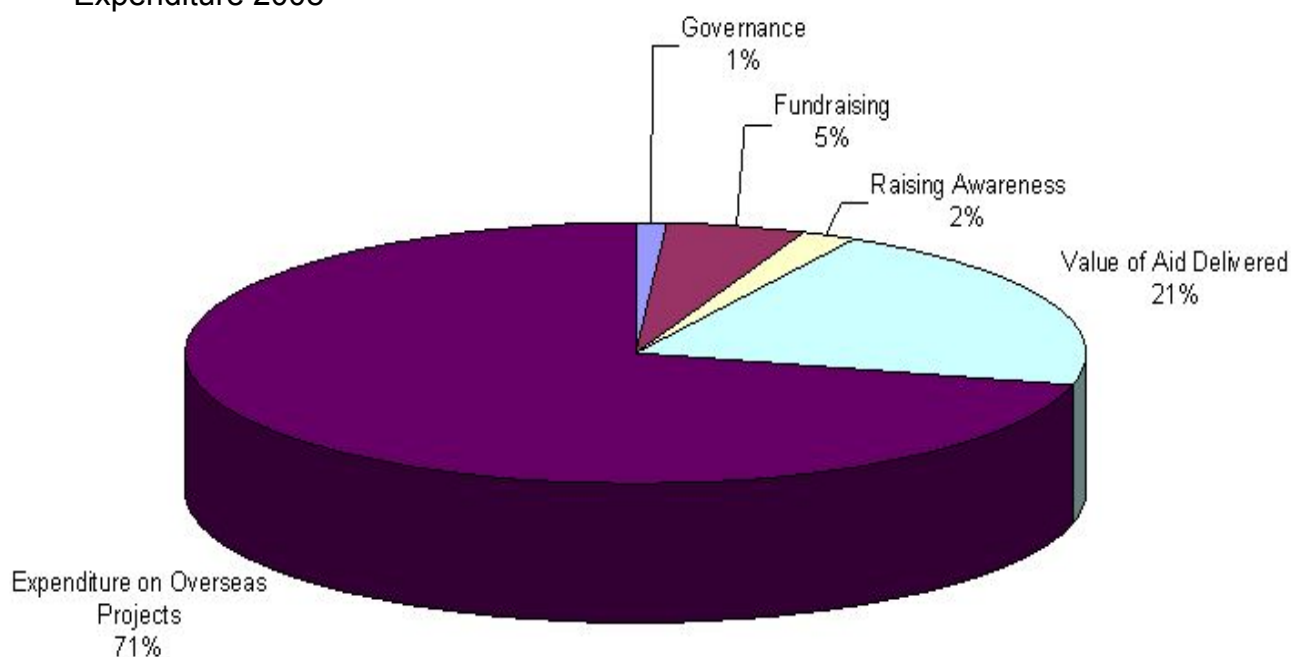
**Scottish International Relief
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**Chief Executive's Report
for the year ended 30 November 2008**

Analysis of 2008 Income



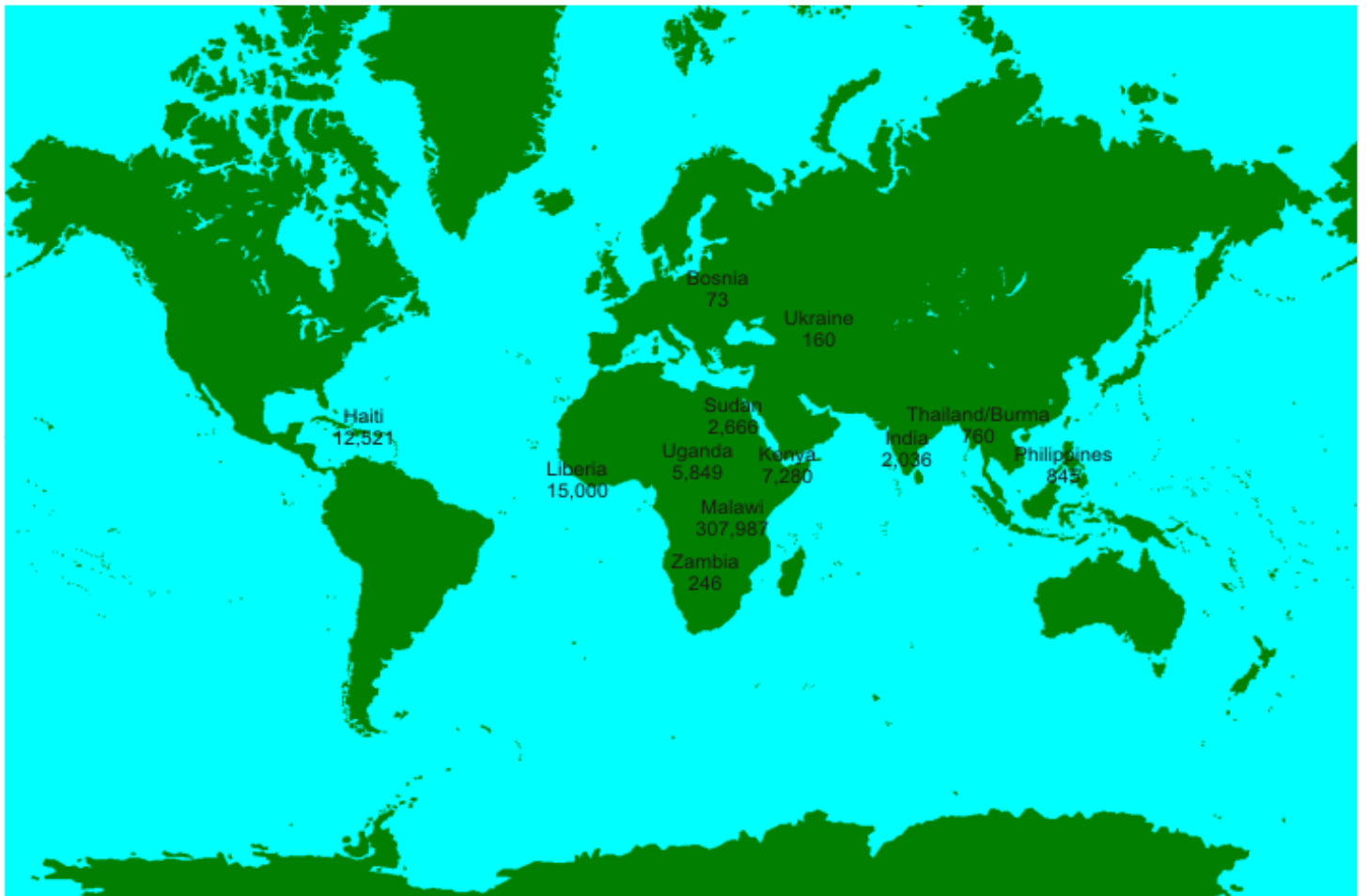
Expenditure 2008



**Scottish International Relief
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**Chief Executive's Report
for the year ended 30 November 2008**

Map showing the number of children fed per country, per day in 2008



World wide total number of children fed per day by SIR is 355,423.

Scottish International Relief
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Report of the directors
for the year ended 30 November 2008

The directors present their report and the financial statements for the year ended 30 November 2008. The directors who served during the year and up to the date of this report are set out on page 1.

Principal objective

The principal objectives of the charity were:

- a) To provide relief for those suffering, in any part of the world, as a result of humanitarian crises or poverty, to help people escape poverty and to provide care for orphaned, abandoned and vulnerable children.
- b) To raise awareness in the UK and worldwide of world poverty issues through education.

Achievements and performance

This has been another year of growth for the organisation. Increased income has allowed us to provide many more hungry children with a daily meal in a place of education through our Mary's Meals campaign. Many more people have become supporters of our work, in the UK and overseas where new support groups have been set up in various countries. Most of our income consists of many small donations but we have also seen increased support from grant making bodies, trusts and wealthy individuals. We have also seen a rise in the number of people supporting us by making a commitment to regular donations through signing direct debits.

Charity shops and trading

Our charity shops once again provided a significant contribution to our funds, this year producing a surplus of £53,000. Those volunteers running our shops on an unpaid basis have also done much to raise awareness of our work in their particular areas.

Material Aid

In total, we shipped £1,004,000 of material aid including all educational aid and other items such as medical equipment and regular supplies to Romania, Liberia, Malawi and Uganda. The increase on last year is due to the additional number of volunteers working to raise awareness of the Back Pack Project, and the appointment last year of a new material aid co-ordinator has begun to have a long term effect on the quality and timing of aid delivery.

Mary's Meals

By the end of the year 355,000 children were receiving Mary's Meals across fourteen countries (up from 230,000 children at the beginning of the year)(see page 4).

All of this work is underpinned by the contribution of volunteers - from fundraising through to the cooking of school meals, the vast majority of our work is carried out by people who receive no financial reward. This has been the most important factor in keeping our costs to a minimum and allowing us to keep within our guiding limits for expenditure on fundraising (6% - excluding retail shops) and governance (1%) (see pie charts).

Our heartfelt thanks to donors, large and small, to all our volunteers, and staff, for their continued support.

Scottish International Relief
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Report of the directors
for the year ended 30 November 2008

Structure, governance and management

Management of the charity

The charity is governed by the Board of Directors. The Board meets quarterly. The day to day running of the charity is managed by the Chief Executive supported in the three key areas of fundraising, overseas aid, and finance by:

- a) Fundraising department: responsible for raising donations from individuals, groups, companies and legacies.
- b) Overseas aid committee: which co-ordinates new applications, agrees and authorises all expenditure. The budget is set annually in advance and submitted to the Board of Directors for approval. It is reviewed at regular intervals to assess new applications when surplus funds become available. This committee also co-ordinates collection of donated Material Aid and the shipping thereof.
- c) Finance department: supports the charity and is responsible for financial reporting and management.

Reserves Policy

The policy of the charity is to retain sufficient funds required to meet three months running costs in respect of salaries, premises costs etc, and between 1.5 - 2 months of committed project expenditure. This committed expenditure includes not only the funding of the Children's Homes in Romania, but also its commitments to providing Mary's Meals. On this basis, the charity would expect to hold minimum reserves of £918,000. As shown in the notes to the accounts, in the first two months of 2009 a total of £932,836 was transferred to meet grant aid obligations. As a result, the Board is of the opinion that the balances held at the year end by the charity were prudent and necessary to ensure that commitments could be met.

Investment powers, policy and performance

In accordance with the Memorandum and Articles of Association, the directors have the power to invest in such stocks, shares, investments, and property in the UK and overseas as they see fit. The directors have considered the most appropriate policy for investing funds and have decided that surplus funds should be held in a mixture of current and investment accounts to minimise bank charges, optimise interest earned and accessibility, and minimise risk. This policy is under constant review.

Related Parties

The charity owns 100% of the share capital of SIR Trading Limited, either directly or through a nominee. The charity's administration is based at Craig Lodge, which is owned and operated by the Craig Lodge Trust. The Trustees of the Craig Lodge Trust include Magnus MacFarlane-Barrow, who is employed by Scottish International Relief as Chief Executive, and Ruth Black who is the SIR fundraising co-ordinator. The office accommodation is currently provided free to Scottish International Relief, with the exception of a charge for a share of the direct costs such as power, heat and light.

Scottish International Relief
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Report of the directors
for the year ended 30 November 2008

Risk assessment

The directors have overall responsibility for ensuring that the charity has assessed the major risks to which it is exposed, in particular to the operations and finances of the charity.

The directors recognise that the systems in place are designed to manage rather than eliminate the risk of failure to achieve the charity's objectives.

In order to improve the formal risk management process, a review of systems in place, which commenced in 2008, will continue throughout 2009, and will:

- identify and evaluate the risks on an ongoing basis
- consider the types of risk to which the charity is exposed
- identify the level of acceptable risk
- assess the likelihood of the risks concerned materialising
- assess the charity's ability to reduce the incidence and impact of risks that do materialise
- compare the costs of implementing controls to the benefits obtained
- put in place a system for monitoring and reporting on risk and details of corrective action taken

Statement as to disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the charity's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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Report of the directors
for the year ended 30 November 2008

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution proposing that R A Clement Associates be reappointed as auditors of the charity will be put to the Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

This report was approved by the Board on

and signed on its behalf by

.....
Julie MacFarlane-Barrow
Secretary

Scottish International Relief **(A company limited by guarantee)**

Independent auditor's report to the members of Scottish International Relief

This report is issued in respect of an audit carried out under section 235 of the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of Scottish International Relief for the year ended 30 November 2008 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made exclusively to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985, and to the directors of the company as trustees of the charity, as a body, in accordance with S44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members and directors 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 company, the company's members as a body, and the directors as trustees of the charity, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, and whether the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the information given in the directors' annual report is consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the directors' annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Scottish International Relief
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Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 30 November 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and
- the information given in the directors' report is consistent with the financial statements.

R A Clement Associates
Chartered Accountants and
Registered Auditors

5 Argyll Square
Oban
Argyll
PA34 4AZ

Scottish International Relief
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Statement of financial activities
(incorporating the income and expenditure account)

For the year ended 30 November 2008

	Notes	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	443,575	2,429,167	2,872,742	2,195,338
Activities for generating funds	3	1,486,997	136,793	1,623,790	1,406,050
Investment income		33,323	-	33,323	23,917
Incoming resources from charitable activities		6,731	-	6,731	6,477
Tax reclaimed on gift aid		211,885	14,588	226,473	127,267
Total incoming resources		<u>2,182,511</u>	<u>2,580,548</u>	<u>4,763,059</u>	<u>3,759,049</u>
Resources expended					
Costs of generating funds:					
Cost of generating voluntary income	4	226,047	-	226,047	134,203
Fundraising trading:					
cost of goods sold and other costs	5	354,199	-	354,199	402,864
Charitable activities	6	1,195,565	3,165,033	4,360,598	2,638,018
Governance costs	8	13,280	-	13,280	9,896
Total resources expended		<u>1,789,091</u>	<u>3,165,033</u>	<u>4,954,124</u>	<u>3,184,981</u>
Net incoming/(outgoing) resources before transfers					
		393,420	(584,485)	(191,065)	574,068
Transfer between funds		<u>(251,330)</u>	<u>251,330</u>	<u>-</u>	<u>-</u>
Net movement in funds/Net income/(expenditure) for the year		142,090	(333,155)	(191,065)	574,068
Total funds brought forward		<u>385,774</u>	<u>814,258</u>	<u>1,200,032</u>	<u>625,964</u>
Total funds carried forward		<u>527,864</u>	<u>481,103</u>	<u>1,008,967</u>	<u>1,200,032</u>

The notes on pages 14 to 29 form an integral part of these financial statements.

Scottish International Relief
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Balance sheet
as at 30 November 2008

	Notes	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	13		51,947		57,768
Investments	14		100		100
			<u>52,047</u>		<u>57,868</u>
Current assets					
Stocks		783		4,469	
Debtors	15	79,189		55,141	
Cash at bank and in hand		948,775		1,119,061	
		<u>1,028,747</u>		<u>1,178,671</u>	
Creditors: amounts falling due within one year					
	16	(71,827)		(36,507)	
Net current assets			<u>956,920</u>		<u>1,142,164</u>
Net assets			<u>1,008,967</u>		<u>1,200,032</u>
Funds					
	17				
Restricted income funds			481,103		814,258
Unrestricted income funds			527,864		385,774
Total funds			<u>1,008,967</u>		<u>1,200,032</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board on

and signed on its behalf by

Kenneth Black
Director

The notes on pages 14 to 29 form an integral part of these financial statements.

Scottish International Relief
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Notes to financial statements
for the year ended 30 November 2008

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005) and the Companies Act 1985.

1.2. Basis of consolidation

SIR Trading Limited is a wholly owned trading subsidiary whose profits are annually covenanted to Scottish International Relief. The company was dormant throughout the year ended 30 November 2008 and has not been consolidated.

SIR Liberia is registered as a non governmental organisation operating in Liberia and the activities of this organisation are carried out by SIR. Due to the uncertainties prevalent in the region and the difficulties of obtaining audited accounts, all of the activities of SIR Liberia are reflected in the SIR accounts on the basis of the income and expenditure for the year.

SIR Malawi: although this entity is closely associated with SIR and implements a significant part of its projects in Malawi, the directors of SIR are of the opinion that they do not have sufficient dominant influence to constitute control. The financial statements for SIR Malawi are therefore not consolidated in these accounts and the transactions with SIR Malawi are included in the grant aid expenditure.

1.3. Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

Gifts donated for resale are included as incoming resources within activities for generating funds when they are sold.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable.

Income from the charity shops is included in the year in which it is receivable.

Income from investments is included in the year in which it is receivable.

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Notes to financial statements
for the year ended 30 November 2008

1.4. Resources expended

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay. Any costs directly attributable to specific categories have been included in those cost categories in the SOFA. Other costs, which are attributable to more than one activity, are apportioned across categories on the basis of an estimate of the proportion attributable. The Charity is registered for VAT and all expenditure will be shown net of vat. Any irrecoverable vat is shown as a separate cost.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the charity's shops.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

Governance costs are those incurred directly in connection with compliance with constitutional and statutory requirements, together with a proportion of salary costs relating solely to the strategic management of the charity.

1.5. Tangible fixed assets and depreciation

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

Leasehold properties	-	Straight line over the life of the lease
Plant and machinery	-	15% straight line
Fixtures, fittings and equipment	-	15% straight line
Motor vehicles	-	25% straight line
Computer Equipment	-	33% straight line

1.6. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at an appropriate rate of exchange. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the statement of financial activities.

1.9. Tax reclaimed on gift aid

Tax reclaimed on the basis of donations made under gift aid during the year is recognised in the year in which the donation was made. Tax recovered is normally credited to unrestricted funds, unless material amounts are recovered from specific restricted donations.

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Notes to financial statements
for the year ended 30 November 2008

1.10. Pensions

The charity has now put in place a group pension scheme to make available pension provision to all employees. Contributions in respect of the company's defined contribution pension scheme are charged to the income and expenditure account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

1.11. Value of distributed goods

Prior to 2005, the charity was unable to quantify the value of donated stock which was distributed overseas and as a result did not include this in incoming resources and charitable expenditure. In 2005, the charity put in place systems to enable it to quantify this with reasonable accuracy and as a result now includes this in the SOFA.

All donated goods which the charity sends abroad are evaluated to establish how it can maximise the value of the gift, except where appeals are made specifically for items to send overseas i.e school backpacks.

A wide variety of goods are donated to the charity and sent overseas. In placing a value on these items, the following factors are taken into account:

- a) the purchase price or market value for new/unused items
- b) the price of an equivalent substitute in the recipient area
- c) the income which could be generated if the goods were sold in the UK
- d) the depreciation of second hand goods, or value added through reconditioning or checking by volunteers

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Notes to financial statements
for the year ended 30 November 2008

2. Voluntary income

	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
General Donations	311,050	-	311,050	297,800
Mary's Meals	-	1,056,674	1,056,674	901,211
Mary's Meals Malawi	-	481,850	481,850	312,039
Childrens' Homes Romania	-	24,836	24,836	41,263
Malawi	-	30,454	30,454	18,779
Liberia Clinic	-	39,000	39,000	34,100
Liberia Other	-	6,808	6,808	59,966
Mary's Meals Liberia	-	11,733	11,733	9,824
Mary's Meals Uganda	-	40	40	12,000
Mary's Meals Ukraine	-	5,740	5,740	27,171
Haiti	-	4,122	4,122	97,818
Donations from trading subsidiary	525	-	525	5,663
Other donations - Kenya Emergency	-	2,883	2,883	-
Other donations Burma Emergency	-	108,961	108,961	-
Romania My Weekly Project	-	20,000	20,000	-
Park House Charitable Trust	60,000	-	60,000	-
Peter Birse Charitable Trust	5,000	-	5,000	-
Bannatyne Charitable Trust	-	70,000	70,000	-
Scottish Executive	-	133,330	133,330	143,651
Medicor	-	166,141	166,141	70,000
Farmer Foundation	-	80,000	80,000	80,000
Garfield Weston Trust	-	50,000	50,000	50,000
Lloyds TSB Foundation	-	-	-	13,215
Lichtenstein Red Cross	-	38,850	38,850	-
Iamco	-	62,745	62,745	20,838
Rozelle Trust	-	33,000	33,000	-
Souter Charitable Trust	5,000	2,000	7,000	-
Balraig Foundation	50,000	-	50,000	-
John & Mary Elliot Memorial Trust	12,000	-	12,000	-
	<u>443,575</u>	<u>2,429,167</u>	<u>2,872,742</u>	<u>2,195,338</u>

Included in the above figures are amounts raised by fundraising organisations outwith the UK. Some of the major areas are noted below.

Mary's Meals Ireland	70,751
Lichtenstein/Austria	54,706
Mary's Meals Germany	48,605
	<u>£103,311</u>

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Notes to financial statements
for the year ended 30 November 2008

2. Voluntary income (cont)

Mary's Meals Germany and Mary's Meals Ireland were set up directly by SIR to fundraise solely for Mary's Meals. These organisations are volunteer based, and any costs involved in raising the funds were not material.

Funds donated from other countries were raised by organisations not set up or controlled by SIR. These organisations are free to raise and donate funds to other charities.

3. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2008 Total £	2007 Total £
Shop income	367,079	-	367,079	424,239
Events	3,573	20,693	24,266	17,464
Collections	-	2,015	2,015	6,888
Raffles	-	114,085	114,085	97,212
Value of donated goods distributed	1,004,060	-	1,004,060	743,062
Recycling	112,285	-	112,285	117,185
	<u>1,486,997</u>	<u>136,793</u>	<u>1,623,790</u>	<u>1,406,050</u>

4. Cost of generating voluntary income

	Unrestricted funds £	2008 Total £	2007 Total £
Donations and grants	226,047	226,047	134,203
	<u>226,047</u>	<u>226,047</u>	<u>134,203</u>

Analysis by cost

	2008	2007
Staff costs	121,947	41,678
Staff training and volunteer costs	4,266	-
Premises costs	2,619	1,720
Office costs	48,024	25,904
Advertising and publicity	8,261	55,443
Website costs	11,529	-
Motor and travel	10,785	3,168
Sundry costs	10,317	690
Depreciation	8,299	5,600
	<u>226,047</u>	<u>134,203</u>

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5. Fundraising trading

	Unrestricted funds £	2008 Total £	2007 Total £
Shop costs	354,199	354,199	402,864
	<u>354,199</u>	<u>354,199</u>	<u>402,864</u>

Analysis by cost	2008	2007
Staff costs	129,190	160,202
Staff training and volunteer costs	3,597	9,300
Warehouse expenses	36,664	30,107
Shops; rent, rates and insurance	115,966	125,372
Office costs, including phone and IT	22,365	15,422
Advertising & publicity	1,135	-
Sundry costs	290	1,027
Transport and vehicle costs	35,562	55,434
Depreciation	9,430	6,000
	<u>354,199</u>	<u>402,864</u>

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Warehousing Operations

The warehousing operation is the main focal point for the collecting, sorting, storing and packing of donated items being sent abroad such as educational packs, medical supplies, and other goods. Until July 2008, it also collected and distributed items to the charity shops in various locations, and collected and sold clothes to the commercial recycling companies. The shops and recycling income make a valuable contribution towards the charity's direct aid operations.

In July 2008, SIR restructured its warehousing and retail operations to allow the shops to function on a selfsufficient basis with no central collections or distribution of items. The warehouse has reverted to its primary purpose of storing, collating and preparing items for sending abroad, and in particular backpacks and educational items for schools. The collection of textiles and other goods is now outsourced to specialist companies, and SIR continues to receive income from the donation of these items.

In 2009, the warehousing facility costs will be direct support costs for the material aid operation. However, for 2008, the contribution analysis below has been shown on the same basis as 2007.

	2008	2007
Donated goods distributed	1,004,060	743,062
Recycling and sale of donated goods	479,364	541,424
Total direct costs of realisation	<u>(354,199)</u>	<u>(402,864)</u>
Contribution	<u>1,129,225</u>	<u>881,622</u>

The valuation of goods which are shipped abroad is estimated in accordance with the policy detailed above but as the charity adopts a prudent approach to the valuation, the figure used may understate the true value of the goods shipped.

6. Costs of charitable activities - by fund type

	Unrestricted funds	Restricted funds	2008 Total	2007 Total
	£	£	£	£
Mary's Meals	-	2,483,707	2,483,707	1,340,787
Childrens' Homes	-	152,871	152,871	150,531
Liberia	-	348,822	348,822	251,701
Backpacks and shipped aid	1,101,001	-	1,101,001	859,938
Raising awareness	94,564	-	94,564	35,061
Emergency aid	-	179,633	179,633	-
	<u>1,195,565</u>	<u>3,165,033</u>	<u>4,360,598</u>	<u>2,638,018</u>

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7. Costs of charitable activities - by activity

	Grant funding activities £	Support costs £	2008 Total £	2007 Total £
Mary's Meals	2,302,127	181,580	2,483,707	1,340,787
Childrens' Homes	141,715	11,156	152,871	150,531
Liberia	323,675	25,147	348,822	251,701
Backpacks and shipped aid	1,061,553	39,448	1,101,001	859,938
Raising awareness	-	94,564	94,564	35,061
Emergency aid	166,505	13,128	179,633	-
	<u>3,995,575</u>	<u>365,023</u>	<u>4,360,598</u>	<u>2,638,018</u>

Included in shipped aid is the direct cost of shipping allocated as follows:

	Shipping Costs	Value of Aid	Total
Romania	5,170	96,430	101,600
Malawi	27,725	522,702	550,427
Liberia	11,034	170,428	181,462
Uganda	8,651	126,000	134,651
Kenya	4,913	60,500	65,413
China	-	28,000	28,000
	<u>57,493</u>	<u>1,004,060</u>	<u>1,061,553</u>

8. Governance costs

	Unrestricted funds £	2008 Total £	2007 Total £
Auditors' remuneration	6,000	6,000	5,200
Professional - Legal fees	1,262	1,262	-
Allocation of salary costs	4,971	4,971	4,000
Bank charges	837	837	551
Subscriptions	210	210	145
	<u>13,280</u>	<u>13,280</u>	<u>9,896</u>

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9. Analysis of support costs

	Mary's Meals £	Childrens' Homes £	Liberia £	Shipped Aid £	Raising Awareness £	Emergency Relief £	2008 Total £	2007 Total £
Staff costs	103,893	6,383	14,388	22,571	37,814	7,511	192,560	147,962
Premises costs	8,791	540	1,217	1,910	-	636	13,094	11,182
Motor and travelling costs	34,364	2,111	4,759	7,465	3,012	2,484	54,195	30,947
Accountancy charges	671	41	93	146	419	49	1,419	6,018
Office expenses, including phone and IT	23,718	1,457	3,285	5,153	10,862	1,715	46,190	38,856
Depreciation and impairment	4,896	301	678	1,064	2,264	354	9,557	14,250
Exchange (gains)/losses	35	3	5	6	-	2	51	(3,430)
Conferences and seminars	2,618	161	363	569	-	189	3,900	9,212
Advertising, publicity and subscriptions	2,594	159	359	564	40,193	188	44,057	15,079
	<u>181,580</u>	<u>11,156</u>	<u>25,147</u>	<u>39,448</u>	<u>94,564</u>	<u>13,128</u>	<u>365,023</u>	<u>270,076</u>

Support costs are allocated as follows:

Staff costs are allocated on the basis of an estimate of time spent for those whose duties cover different categories.

Office, premises and transport costs are allocated either on the basis of an estimate of the use made of the assets, or a direct basis where this can be identified i.e overseas travel, or as a pro rata allocation based on a percentage of expenditure.

All other expenses are allocated directly to the relevant category.

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10. Net (outgoing)/incoming resources for the year

	2008	2007
	£	£
Net (outgoing)/incoming resources is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	25,149	25,184
Auditors' remuneration	6,000	5,200
	<u> </u>	<u> </u>

11. Employees

Employment costs	2008	2007
	£	£
Wages and salaries	391,310	325,214
Social security costs	29,813	24,628
Pension costs and Life assurance	13,800	-
Other costs - Training and volunteer costs	16,637	9,300
	<u> </u>	<u> </u>
	<u>451,560</u>	<u>359,142</u>

The highest paid employee was paid less than £30,000 in the year.

Number of employees

The average monthly numbers of employees (excluding the directors) during the year, calculated on the basis of full time equivalents, was as follows:

	2008	2007
	Number	Number
Support and Finance (F/T equivalent)	7	4
Fundraising and Promotion (F/T equivalent)	6	6
Warehouse and shops	5	7
Education, Material Aid and Raising awareness	4	2
	<u> </u>	<u> </u>
	<u>22</u>	<u>19</u>

A number of employees work in several different areas and are included in the numbers above in the category which is their main focus.

12. Taxation

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. Accordingly, there is no taxation charge in these accounts.

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13. Tangible fixed assets	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Computer Equipment £	Total £
Cost						
At 1 December 2007	-	6,976	48,004	18,735	56,976	130,691
Additions	6,083	3,550	12,309	-	4,257	26,199
Disposals	-	-	(100)	(12,021)	-	(12,121)
At 30 November 2008	<u>6,083</u>	<u>10,526</u>	<u>60,213</u>	<u>6,714</u>	<u>61,233</u>	<u>144,769</u>
Depreciation						
At 1 December 2007	-	6,177	17,964	8,368	40,414	72,923
Charge for the year	1,217	673	8,532	1,678	13,049	25,149
On disposals	-	-	-	(5,250)	-	(5,250)
At 30 November 2008	<u>1,217</u>	<u>6,850</u>	<u>26,496</u>	<u>4,796</u>	<u>53,463</u>	<u>92,822</u>
Net book values						
At 30 November 2008	<u>4,866</u>	<u>3,676</u>	<u>33,717</u>	<u>1,918</u>	<u>7,770</u>	<u>51,947</u>
At 30 November 2007	<u>-</u>	<u>799</u>	<u>30,040</u>	<u>10,367</u>	<u>16,562</u>	<u>57,768</u>

14. Fixed asset investments	Subsidiary undertakings shares £	Total £
Valuation		
At 1 December 2007 and At 30 November 2008	<u>100</u>	<u>100</u>
Historical cost as at 30 November 2008	<u>100</u>	<u>100</u>

All fixed asset investments are held within the United Kingdom.

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14.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Subsidiary undertaking	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
SIR Trading Limited	UK	Art Gallery	Ordinary Shares	100%

The company was non trading throughout the year to 30 November 2008 and is now in the process of being wound up.

15. Debtors

	2008	2007
	£	£
Trade debtors	17,982	9,440
Other debtors	6,591	1,985
Prepayments and accrued income	54,616	43,716
	<u>79,189</u>	<u>55,141</u>

16. Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	31,499	15,474
Other taxes and social security	12,877	6,381
Accruals and deferred income	27,451	14,652
	<u>71,827</u>	<u>36,507</u>

17. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fund balances at 30 November 2008 as represented by:			
Tangible fixed assets	51,947	-	51,947
Investment assets	100	-	100
Current assets	547,644	481,103	1,028,747
Current liabilities	(71,827)	-	(71,827)
	<u>527,864</u>	<u>481,103</u>	<u>1,008,967</u>

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18. Unrestricted funds	At 1 December 2007 £	Incoming resources £	Outgoing resources £	Transfers £	At 30 November 2008 £
Unrestricted funds	<u>385,774</u>	<u>2,182,511</u>	<u>(1,789,091)</u>	<u>(251,330)</u>	<u>527,864</u>

19. Restricted funds	At 1 December 2007 £	Incoming resources £	Outgoing resources £	Transfers £	At 30 November 2008 £
Mary's Meals	663,441	1,190,027	(228,706)	(1,402,016)	222,746
Mary's Meals Malawi	75,891	866,765	(1,820,484)	1,011,158	133,330
Mary's Meals Haiti	62,846	163,009	(191,548)	-	34,307
Mary's Meals Uganda	12,000	40	(118,673)	106,633	-
Mary's Meals Ukraine	-	5,740	(86,433)	80,693	-
Mary's Meals Liberia	-	11,733	(215,265)	203,532	-
Liberia Clinic and other	-	79,663	(133,558)	65,492	11,597
Children's Homes Romania	-	45,835	(145,662)	99,827	-
Romania My Weekly Project	-	20,000	(7,209)	-	12,791
Emergency relief funds	-	167,282	(179,632)	78,682	66,332
Other restricted funds	80	30,454	(37,863)	7,329	-
	<u>814,258</u>	<u>2,580,548</u>	<u>(3,165,033)</u>	<u>251,330</u>	<u>481,103</u>

Emergency relief funds are made up as follows:

Kenya/Bangladesh	2,883	(50,511)	47,628	-
Burma	164,399	(98,067)	-	66,332
Haiti	-	(31,054)	31,054	-
	<u>167,282</u>	<u>(179,632)</u>	<u>78,682</u>	<u>66,332</u>

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20. Financial commitments

At 30 November 2008 the company had annual commitments under non-cancellable operating leases as follows:

	2008	2007
	£	£
Expiry date:		
Within one year	28,840	21,210
Between one and five years	36,300	63,700
In over five years	29,582	8,666
	<u>94,722</u>	<u>93,576</u>

21. General commitments

The company operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The annual pension commitment under this scheme is for contributions of £12,000. At 30 November 2008, an amount of £1,915 was accrued in the accounts (2007 nil)

22. Committed Resources

In the first three months of the year to 30 November 2009, the following amounts of direct grant aid were sent overseas:

December 2008	400,324
January 2009	532,512
February 2009	269,290
	<u>£ 1,202,126</u>

Over the year to 30 November 2009, SIR is committed to a grant aid programme of £3.7m of which £2m is committed to Malawi.

The charity is committed to supporting the running of Iona House, Bannatyne House, and Rozis House in Romania. Included in the above commitments is annual expenditure in the region of £130,000 (2008 - £150,000) in respect of the Children's Homes in Romania.

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23. Transactions with directors

In accordance with the Memorandum and Articles of Association, directors may only receive remuneration for services undertaken in the administration of the charity provided that it is authorised by the Board, is within the limits laid down, and as long as a majority of the Board members are acting without remuneration. There were no reimbursements of expenses to any of the directors during the year, nor any remuneration.

During the year, no transactions were made by the company with businesses in which Board members had a direct interest.

Conflicts of Interest

The company operates a policy to deal with potential conflicts of interest. This includes maintaining a register of board members/directors interests, which details any contractual or financial relationship or position of authority with outside companies, firms or organisations. Whenever a board member/director has an interest in any item discussed by the Board, he/she takes no part in the discussions or decision making process.

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24. Related party transactions

Craig Lodge Trust

SIR operated during the year on a rent free basis from property owned by the Craig Lodge Trust and contributes to the running of the property by paying for power usage, a share of rates and similar overheads. The Craig Lodge Trust is run by Calum and Mary Anne MacFarlane-Barrow who are Directors of SIR.

Partnership Organisations

SIR works with various organisations to enable it to best achieve its objectives; the main entities are as follows:

Rhema Foundation (Romania)
Emmaus Foundation, Masaka Widow's Association (Uganda)
SIR Malawi (Malawi)
Billy Riordan Clinic (Malawi)
SIR Liberia (Liberia)
Pragati Social Services (India)
New Ways (Kenya)
Diocese of Lodwar (Kenya)
Hands Together (Haiti)
Maison Fortune orphanage (Haiti)
Caritas (Haiti)
Los Abeilles Parish (Haiti)
Depaul Foundation, The Way Home (Ukraine)
Medjugorje Centre for Peace (Philippines)

SIR Overseas

SIR Malawi is an independently constituted body whose main function is to implement SIR projects in Malawi, but it is free to fundraise from other sources. SIR is represented on the board of this organisation. SIR is not constituted as a separate entity in Liberia, but is registered there as an overseas organisation working in the country.

SIR has set up fundraising groups in several other countries such as Mary's Meals Germany and Mary's Meals Ireland. A group has also been set up in Bosnia. These groups are constituted in such a way that all funds are channelled through SIR in Scotland. Although other groups have been fundraising for Mary's Meals i.e in Switzerland, New Zealand, Austria and Lichtenstein, these groups are not officially affiliated to SIR and are free to fundraise for other organisations and causes.

25. Company limited by guarantee

Scottish International Relief is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.