

**WAR CHILD**  
**ANNUAL ACCOUNT**  
**2011**



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**Balance sheet as per December 31, 2011**

(after proposed profit appropriation)

	31 dec 2011	31 dec 2010
Assets		
<b>Tangible fixed assets</b>		
2.1 Property, plant and equipment	49,886	97,492
	<b>49,886</b>	<b>97,492</b>
<b>Current assets</b>		
2.2 Accounts receivable	1,473,106	1,520,766
2.3 Securities	-	-
2.4 Cash and cash equivalents	6,078,678	5,912,085
	<b>7,551,784</b>	<b>7,432,851</b>
	<b>7,601,670</b>	<b>7,530,343</b>
Liabilities		
<b>Reserves and funds</b>		
<b>2.6.1 Reserves</b>		
Continuity reserve	4,650,000	5,050,000
Earmarked reserve	526,505	626,306
	<b>5,176,505</b>	<b>5,676,306</b>
<b>2.6.2 Funds</b>		
Earmarked funds	-	-
	<b>-</b>	<b>-</b>
<b>Short-term liabilities</b>		
Accounts payable	396,195	612,890
2.5.2 Taxes and social security payments	120,870	107,275
2.5.3 Accruals, provisions and other liabilities	1,908,100	1,133,872
	<b>2,425,165</b>	<b>1,854,037</b>
	<b>7,601,670</b>	<b>7,530,343</b>

## Statement of income and expenses in 2011

	Realisation 2011	Budget 2011	Realisation 2010
<b>Income</b>			
<b>Income own fundraising</b>			
Donations, gifts and grants	10,596,088	10,446,000	9,249,165
Legacies	543,040	300,000	88,094
Gifts in kind	111,670	95,000	153,501
	<u>11,250,798</u>	<u>10,841,000</u>	<u>9,490,760</u>
<b>Share in activities of third parties</b>			
Dutch Postcode Lottery	1,400,000	1,150,000	900,000
UNICEF	221,608	384,955	663,856
European Union	788,854	470,000	389,412
ECHO	320,081	540,000	-
Other	147,578	764,196	34,854
	<u>2,878,121</u>	<u>3,309,151</u>	<u>1,988,122</u>
<b>Government grants and others</b>			
PSO	213,476	287,756	851,338
Royal Netherlands Embassy (Sudan)	509,398	602,800	453,676
Dutch Ministry of Foreign Affairs	3,610,876	3,777,148	2,001,072
	<u>4,333,750</u>	<u>4,667,704</u>	<u>3,306,086</u>
<b>Other income</b>			
Other financial income and expenses	82,922	-	69,783
	<u>82,922</u>	<u>-</u>	<u>69,783</u>
<b>Sum of income</b>	<u><u>18,545,591</u></u>	<u><u>18,817,855</u></u>	<u><u>14,854,751</u></u>
<b>Expenses</b>			
<b>Expenditure on behalf of the objective</b>			
Project activities (see 3.1.1)	12,847,499	13,057,514	10,457,247
Preparation & coordination (see 3.1.2)	875,441	975,051	774,895
Communication & awareness raising (see 3.1.3)	1,886,598	1,740,428	1,422,196
<b>Subtotal expenses on behalf of the objective</b>	<u>15,609,538</u>	<u>15,772,993</u>	<u>12,654,338</u>
<b>Expenditures fundraising</b>			
Costs own fundraising (see 3.2.1)	2,042,520	1,460,915	1,354,529
Costs obtaining government grants (see 3.2.2)	214,528	302,461	250,293
<b>Subtotal expenses fundraising</b>	<u>2,257,048</u>	<u>1,763,376</u>	<u>1,604,822</u>
<b>Management &amp; administration</b>			
Costs management & administration (see 3.3.1)	1,178,805	1,220,219	1,120,085
<b>Subtotal management &amp; administration</b>	<u>1,178,805</u>	<u>1,220,219</u>	<u>1,120,085</u>
<b>Sum of expenses</b>	<u><u>19,045,391</u></u>	<u><u>18,756,588</u></u>	<u><u>15,379,245</u></u>

Surplus / (Deficit)

(499,800)

61,267

(524,494)

**RATIOS**

% Costs own fundraising	18.2%	13.5%	14.3%
% Costs obtaining government grants and third parties	3.0%	3.8%	4.7%
% Costs management & administration	6.2%	6.5%	7.3%
% Total expenditure on behalf of the objective / Total income (Gross)	84.2%	83.8%	85.2%
% Total expenditure on behalf of the objective / Total income (Net)	82.0%	84.1%	82.3%

The appropriation of results is as follows:

	2011	2010
Surplus / (Deficit)	(499,800)	(524,494)
<b>(Addition) / Withdrawal from:</b>		
Continuity reserve	400,000	(1,050,000)
Earmarked reserve	99,800	402,166
General reserve	-	1,172,328
Earmarked fund	-	-
Balance at the end of the financial year	-	-

The cash flow statement is as follows:

	2011	2010
<b>Cash flow from operational activities</b>		
Result	(499,800)	(524,494)
Adjustment for:		
- depreciation tangible fixed assets	75,619	127,838
<b>Gross cash flow from operational activities</b>	<b>(424,181)</b>	<b>(396,656)</b>
Change in accounts receivable	47,660	(248,807)
Change in short-term liabilities	571,128	651,671
<b>Net cash flow from operational activities (A)</b>	<b>194,607</b>	<b>6,208</b>
<b>Cash flow from investment activities</b>		
Investments in tangible fixed assets	(28,013)	(96,858)
<b>Cash flow from investment activities (B)</b>	<b>(28,013)</b>	<b>(96,858)</b>
<b>Cash flow from financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>166,593</b>	<b>(90,650)</b>
Cash and cash equivalents per 1 January	5,912,085	6,002,735
Cash and cash equivalents per 31 December	6,078,678	5,912,085
<b>Change in cash and cash equivalents</b>	<b>166,593</b>	<b>(90,650)</b>

#### Notes to the cash flow statement

The cash flow statement is drawn up according to the indirect method. The cash and cash equivalents have increased by € 166,593 compared to 2010. The difference between 2010 and 2011 is a result of changes in:

- Net cash flow from operational activities
- Accounts receivable: The claim on legacies have increased with 165% (210,000). At the same time the claim on subsidy decreased with 23%.
- Short-term liabilities: The change in short-term liabilities is mainly due to the category "donations received in advance" and "Received in advance from institutional donors". More was received in advance in 2011 than in 2010.
- Investment activities: Investment activities decreased in 2011, because many tangible fixed assets have been received in kind as a result of War Child's low cost policy.

## 1. Notes to the balance sheet and the statement of income and expenses

### Accounting policies for the balance sheet and statement of income and expenses

#### 1.1 General

This report is drawn up following the principle of historical costs. Unless indicated otherwise, assets and liabilities have been admitted against no-par value. The annual accounts are arranged according to "Guideline 650 Fundraising Institutions". The objective of this directive is to give a better insight into the costs of the organisation and expenditure of the resources in relation to the objective for which these funds were brought together. In addition, the reviewed guideline has a more transparent lay-out than the old version and has to be used uniformly by every fundraising institution.

#### 1.2 Tangible fixed assets

Tangible fixed assets are valued at purchase price minus depreciation, determined on estimations of their economic life span. Tangible fixed assets which are applied as part of the objective are depreciated in full. In the notes to the tangible fixed assets this is, as far as it is relevant, additionally clarified. For the value of the assets on behalf of the operational management, a fund assets operational management will be retained at the end of the financial year at the expense of the earmarked reserve.

#### 1.3 Reserves and funds

The equity of the foundation is in place in order for the organisation to achieve its objectives. The equity is divided into reserves and funds. The reserves are earmarked by the Board of Trustees, whereas the funds are earmarked by third parties. The reserves within War Child consist of the continuity reserve and the earmarked reserve. The funds consist of earmarked funds on behalf of the objective, in general projects in the field.

#### 1.4 Other assets and liabilities

The other assets and liabilities are valued against no-par value. The valuation of accounts receivable is done by deduction of a provision because of irrecoverability based on the individual valuation of the accounts receivable.

#### 1.5 Foreign currency

Transactions in foreign currency are converted to euro at the exchange rate of the transaction date. At the end of the financial year all accounts receivable and liabilities in foreign currency are converted to euro on the basis of the exchange rate as per balance date. Exchange rate results have been added to the income statement.

#### 1.6 Contributions, donations and grants

The income consists of the proceeds from contributions, donations, grants and other income which are ascribed to the financial year concerned. Donations are accounted for in the year in which these were attributed. Losses are taken into account if they originate in the financial year in question and as soon as these are anticipated. Grants are accounted for in the year of receipt.

#### 1.7 Gifts in kind

Gifts in kind are valued against fair value in The Netherlands. The fair value is estimated as the regular selling price of the supplier minus a reduction which best reflects the circumstances in which the gift is made (e.g. positive exposure for the supplier, price differentiation due to corporate social responsibility programs, discounts for older products, etc.) Contributions from volunteers are not financially accounted for. In addition, services that War Child would purchase when no sponsors are found, are treated as contributions from volunteers and are therefor also not recognized in the income statement. Processing gifts in kind does not affect the result and the equity, but only the volume of income and expenses. The income is accounted for under the

are found, are treated as contributions from volunteers and are therefor also not recognized in the income statement. Processing gifts in kind does not affect the result and the equity, but only the volume of income and expenses. The income is accounted for under the income from own fundraising. The expenses are accounted for where they are usually accounted for.

#### 1.8 On-charged expenses

Based on Guideline 650, six main activities can be distinguished within the organisation:

- \* Project activities;
- \* Preparation & coordination;
- \* Communication & awareness raising;
- \* Fundraising;
- \* Obtaining grants;
- \* Management & administration.

The organisation has costs in support of these activities. These costs are ascribed to the year concerned and are on-charged based on a fixed distribution formula per staff member. This distribution formula is determined per staff member based on the time spent on an activity. Directs costs on behalf of the main activities are also ascribed to the year concerned.

#### 1.9 Costs project activities / project obligations

Costs on behalf of the own projects are directly attributed to these projects in the year in which the activities are done. Attributed funds to local partners are accounted for as liabilities in the year of attribution.



## 2. Notes to the Balance sheet as per 31 december 2011

### 2.1 Tangible fixed assets

#### 2.1 Property, plant and equipment (in euro)

	Capital assets	Project goods	Total
Purchase value assets	441,187	673	383,351
Cumulative depreciations	(344,368)	-	(254,880)
<b>Value as per 1 January 2010</b>	<b>96,819</b>	<b>673</b>	<b>97,492</b>
Investments during the financial year	15,789	12,224	28,013
Depreciations during the financial year	(62,722)	-	(62,722)
Directly charged to project	-	(12,897)	(12,897)
<b>Value as per 31 December 2010</b>	<b>49,886</b>	<b>(0)</b>	<b>49,886</b>
Cumulative purchase value assets	456,976	12,897	469,873
Cumulative depreciations	(407,090)	-	(407,090)
Directly charged to project	-	(12,897)	(12,897)
	<b>49,886</b>	<b>(0)</b>	<b>49,886</b>
<b>Depreciation percentages</b>	<b>33.33%</b>	<b>0.00%</b>	

#### Capital assets

The investments in 2011 largely involve the development of the Management Information System. The depreciation of these investments will, depending on the development of the module, be attributed to the main activity concerned:

- Preparation & coordination: € 6,866;
- Communication & awareness raising: € 3,395;
- Own fundraising: € 41,782.

Depreciation costs for head office are accounted for under the support costs (€ 10,682).

#### Project goods

The value of the project goods as per 31 December 2011 concerns purchased laptops, costs are charged to the project after placing it at the disposal of the project. Other goods on behalf of projects are entirely depreciated during the financial year. War Child does not depreciate these goods linear, because of the intensive use their life-span in the project countries is lower than one year.

## 2.2 - 2.4 Current assets

## 2.2 Accounts receivable (in euro)

	31 dec 2011	31 dec 2010
Legacies due	337,932	127,331
Subsidy accounts receivable	722,372	889,713
Interest savings accounts	32,376	57,032
Advances	5,194	5,774
Deposits	290	290
Prepayments in project countries	141,082	212,053
Other accounts receivable	233,860	228,573
	<b>1,473,106</b>	<b>1,520,766</b>

### 2.3 Securities

War Child ensures that no relation exists between War Child on the one hand, and socially irresponsible companies on the other hand. With the insecurity that flows with investments, War Child has decided not to include any securities in its portfolio. In addition, War Child believes that it is unacceptable to speculate with donations.

### 2.4 Cash and cash equivalents (in euro)

	31 dec 2011	31 dec 2010
Savings accounts head office	1,335,760	3,410,086
Current-account head office	3,785,008	1,142,260
Current-account field	956,348	1,356,488
Cash	1,562	3,251
	<b>6,078,678</b>	<b>5,912,085</b>

War Child deposits the cash and cash equivalents in project countries at renowned banks. In some countries it is hard to find a renowned bank, War Child more intensively monitored the financial state of these banks and the impact of the financial crisis on these banks. In 2011 a bank in Afghanistan collapsed, but because War Child's Country Director withdrew War Child savings in time, no money was frozen or lost.

### 2.5 Short-term liabilities

#### 2.5.2 Taxes and social security payments (in euro)

	31 dec 2011	31 dec 2010
To be paid income tax - head office	63,805	50,872
To be paid social security charger - head office	34,056	26,349
To be paid gift tax - head office	-	19,933
To be paid income tax - field	131	131
To be paid national insurance contributions - field	22,805	9,990
	<b>120,797</b>	<b>107,275</b>

## 2.5.3 Accruals, provisions and other liabilities (in euro)

	31 dec 2011	31 dec 2010
Provision holiday allowance and holidays	308,840	257,568
Donations received in advance	174,383	245,235
Transistoria credit - head office	66,407	131,577
Provisions staff - field	119,933	115,311
Received in advance from institutional donors	1,238,537	384,181
	<b>1,908,100</b>	<b>1,133,872</b>

## 2.6 Reserves and funds

The reserves are spent in concordance with the designated purpose given to them with the establishment of the income. In view of a correct justification of the tied-up reserves, already at the receipt of gifts, donations and grants the earmarking for projects is taken into account.

### 2.6.1 Overview reserves (in euro)

	(A)	(B)			(C)	TOTAL
	Continuity reserve	Earmarked reserve			General reserve	
	-	Asset operational management	Project activities	Projects HQ	General reserve	
<b>Balance as per 1 January 2011</b>	<b>5,050,000</b>	<b>96,890</b>	<b>529,416</b>	-	-	<b>5,676,306</b>
- Additions	-	15,789	150,000	326,548	-	492,337
- Withdrawals	(400,000)	(62,722)	(529,416)	-	-	(992,138)
<b>Balance as per 31 December 2011</b>	<b>4,650,000</b>	<b>49,957</b>	<b>150,000</b>	<b>326,548</b>	-	<b>5,176,505</b>

#### Ad a) Continuity reserve

The continuity reserve has been drawn up to cover risks in the short-term to ensure that War Child can also meet its obligations in the future.

The guideline of the Dutch Fundraising Institutions Association ('VFI') stipulates a maximum for the continuity reserve: 1,5 times a defined group of operational costs. The definition of this group of costs has been changed by VFI in November 2011.

Applying the 'old' definition, the maximum for War Child at the end of 2011 would have been euro 16.8 mln, whilst applying the 'new' definition leads to a maximum of euro 8.5 mln.

War Child tries to balance the desire to spend as much of the income to help war children, with the need to maintain a prudent reserve. For many years this has led us to set the continuity reserve at approximately onethird (1/3) of the maximum.

In line with the effect of the change of the maximum in the VFI guideline, War Child intends to set its continuity reserve lower in the future. In 2011 we took a first step: euro 5.2 mln versus euro 5.7 mln. During 2012 we will review our bottom up risk calculations and considerations so as to be able to 'sharpen' our approach to the appropriate balance between prudence and objective-based spending.

<b>Development</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Continuity reserve / Costs own operational organisation	0.4 *	0.6	0.5	0.6	0.7	0.7

## Ad b) Earmarked reserve

The earmarked reserve is the part of the reserve which is set aside by the Board of Trustees for a specific purpose.

In 2011 the earmarked reserve included 'assets operational management', 'project activities' and 'projects HQ'. An amount of € 529,000 was assigned for Sudan, DR Congo, Colombia and Uganda and was spent accordingly. The dotation of € 150,000 is to cover risks concerning donor funds, for example non-eligible costs which have to be paid back to the donor. 'Projects HQ' is reserved for War Child methodology development, E-teaching, a new website and additional investment in fundraising and communications

## Ad c) General reserve

In line with the guideline 650 War Child does not have a general reserve.

## 2.6.2 Earmarked funds

When third parties, thus not War Child's Board, have given a specific destination it concerns an earmarked fund. For 2011 this was zero.

## 2.7 Right and obligations not included in the balance

### 2.7.1 Long-term financial obligations

In 2007 an office rental obligation was engaged for five years for a total amount of € 999,000, of which € 199,800 will expire within one year.

### 2.7.2 Long-term financial rights

War Child does not have any long-term financial rights.

### 2.7.3 Contracts with partners 2012

With the board's approval of the 2012 budget, a full obligation has been entered into with local partners for the amount of € 2,096,261 (2011: € 1,823,345).

### 3. Notes to the statement of income and expenses in 2011

As mentioned in the 'Notes to the balance sheet and statement of income and expenses (1.8)', the on-charge of support costs is based on a fixed distribution key per staff member. It is procentually determined by how much time each staff member has spent per main activity. The other expenses are direct costs and these have also been attributed to the main activity as such.

#### 3.1 Expenditure on behalf of the objective

War Child distinguishes three main activities on behalf of the objective: project activities, preparation & coordination and communication & awareness raising. The costs within these main activities can be divided into direct costs and support costs.

##### 3.1.1 Costs project activities (in euro)

	2011			2010		
	Own Projects*	Contracts with local partners	Total per country	Own Projects*	Contracts with local partners	Total per country
Afghanistan	208,530	176,369	384,899	239,201	175,955	415,156
Burundi	385,699	21,124	406,823	116,884	101,724	218,608
Chechnya	-	-	-	-	30,000	30,000
Colombia	513,251	545,064	1,058,315	404,246	638,358	1,042,605
DR Congo	1,285,001	61,680	1,346,681	1,014,009	159,640	1,173,648
Israel / occupied Palestinian territories	404,361	481,090	885,451	340,504	594,587	935,091
Lebanon	210,510	141,628	352,138	44,792	139,571	184,363
Sierra Leone	894,629	-	894,629	1,084,943	-	1,084,944
Sri Lanka	100,524	200,000	300,524	132,452	65,000	197,452
Sudan	2,207,892	190,176	2,398,068	1,818,327	170,261	1,988,589
The Netherlands	-	70,000	70,000	-	-	-
Uganda	2,022,448	345,502	2,367,950	1,968,015	242,293	2,210,309
MFS partners	-	1,151,039	1,151,039	-	-	-
Projects general	513,631	-	513,631	294,218	-	294,218
Support costs	717,351	-	717,351	682,267	-	682,267
	<b>9,463,828</b>	<b>3,383,671</b>	<b>12,847,499</b>	<b>8,139,860</b>	<b>2,317,390</b>	<b>10,457,250</b>

\* If War Child has a contract with a local partner, these expenses are accounted for under the column 'Contracts with local partners'. In addition, War Child works with many partners within its own projects (communities, young people etc), which are accounted for under the column 'Own Projects'.



## 3.1.2 Costs preparation &amp; coordination (in euro)

	2011	2010
Methodology development	48,590	124,264
Recruitment, training and preparation field staf	55,347	52,122
Security	47,817	16,770
Management Information System	-	15,261
Global Advocay	64,572	19,205
Other costs	8,885	-
Support costs	650,230	547,273
	<b>875,441</b>	<b>774,895</b>

## 3.1.3 Costs communication &amp; awareness raising (in euro)

	2011	2010
General-interest education	887,186	528,976
Printed news letter	78,942	47,913
Field visits	7,200	10,291
Management Information System	3,395	9,198
Other costs communication & awareness raising	62,477	183,686
Support costs	847,397	642,132
	<b>1,886,597</b>	<b>1,422,197</b>

For a further explanation of the figures see 5.2

## 3.2 Expenditure fundraising

## 3.2.1 Costs own fundraising (in euro)

	2011	2010			
Recruitment private donors	1,291,618	737,566			
Management Information System	41,782	57,595			
Other fundraising costs	105,035	77,768			
Support costs	604,085	481,600			
	<b>2,042,520</b>	<b>1,354,529</b>			
	2011	2010	2009	2008	2007
Costs own fundraising	2,042,520	1,354,529	1,442,104	1,201,698	935,139
Income own fundraising	11,250,797	9,490,760	10,005,220	8,877,454	6,859,712
% costs own fundraising	<b>18.2%</b>	<b>14.3%</b>	<b>14.4%</b>	<b>13.5%</b>	<b>13.6%</b>

The Central Bureau of Fundraising (CBF) sets a standard of maximum 25% of the income generated by own fundraising, which can be spent on own fundraising.

War Child's internal policy is and has always been to cap this expense ratio significantly lower, at approximately 15%. In 2011 we have decided to accept a somewhat higher ratio, so as to capture opportunities for fundraising (and communication) that arose during the year.

## 3.2.2 Costs obtaining grants (in euro)

	2011	2010		
Direct costs	17,361	75,165		
Support costs	197,167	175,127		
	<b>214,528</b>	<b>250,292</b>		
	2011	2010	2009	2008
Costs obtaining grants	214,528	250,292	201,310	160,145
Income grants	4,333,750	3,306,086	2,429,667	3,088,577
% costs obtaining grants	<b>5.0%</b>	<b>7.6%</b>	<b>8.3%</b>	<b>5.2%</b>

## 3.3 Management &amp; administration

## 3.3.1 Costs management &amp; administration (in euro)

	2011	2010		
Direct costs	-	-		
Support costs	1,178,805	1,120,085		
	<u>1,178,805</u>	<u>1,120,085</u>		
	2011	2010	2009	2008
Costs management & administration	1,178,805	1,120,085	913,588	742,587
Total costs	19,045,391	15,379,244	14,246,077	12,526,572
% Costs management & administration	<u>6.2%</u>	<u>7.3%</u>	<u>6.4%</u>	<u>5.9%</u>

Following its low cost policy, War Child has the intention to keep the percentage for Management & Administration below 7%.

The on-charge of people and departments which fall under management & administration are: executive director (100%), facilities department (100%) and ICT department (100%), Management Team (20%), donors management (100%) and other employees of the department operations, in accordance with the time spent. This on-charge is in line with the guideline from VFI.

## 3.4 Summary: Specification and on-charge expenses to destination (in euro)

Destination	Objective			Income Fundraising			Management & Administration			
	Communication & Awareness raising	Preparation & Coordination	Project activities	Own Fundraising	Third party activities	Grants		Total 2011	Budget 2011	Total 2010
<b>Expenses</b>										
<b>Direct costs</b>										
Grants and contributions	-	225,211	12,130,148	-	-	17,361	-	<b>12,372,720</b>	12,615,540	10,077,767
Payments	-	-	-	-	-	-	-	-	-	-
Purchases and acquisitions	-	-	-	1,438,437	-	-	-	<b>1,438,437</b>	960,000	872,929
Outsources activities	-	-	-	-	-	-	-	-	-	-
Publicity and communication	1,039,200	-	-	-	-	-	-	<b>1,039,200</b>	947,176	780,064
<b>Support costs</b>										
Staff costs	719,293	551,932	608,906	512,763	-	167,360	1,000,600	<b>3,560,854</b>	3,527,649	3,046,549
Housing costs	55,004	42,206	46,563	39,211	-	12,798	76,515	<b>272,297</b>	272,622	261,973
Office and general costs	44,579	34,207	37,738	31,779	-	10,372	62,014	<b>220,691</b>	376,050	262,419
Depreciation and interest	28,521	21,885	24,144	20,330	-	6,637	39,676	<b>141,192</b>	57,550	77,543
<b>Total expenses</b>	<b>1,886,597.00</b>	<b>875,441</b>	<b>12,847,499</b>	<b>2,042,520</b>	<b>-</b>	<b>214,528.0</b>	<b>1,178,805</b>	<b>19,045,391</b>	<b>18,756,588</b>	<b>15,379,244</b>
Budget 2011	1,740,428	975,051	13,057,515	1,460,915	-	302,461	1,220,219	<b>18,756,588</b>		
<b>% w/r/t total expenses per group</b>	<b>9.9%</b>	<b>4.6%</b>	<b>67.5%</b>	<b>10.7%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>6.2%</b>	<b>100%</b>		
<b>% w/r/t total expenses per destination</b>			<b>82.0%</b>			<b>11.9%</b>	<b>6.2%</b>	<b>100%</b>		
<b>% on-charge support costs</b>	<b>20.2%</b>	<b>15.5%</b>	<b>17.1%</b>	<b>14.4%</b>	<b>0.0%</b>	<b>4.7%</b>	<b>28.1%</b>	<b>100%</b>		

As mentioned in the 'Notes to the balance sheet and statement of income and expenses' the on-charge of support costs takes place based on the fixed distribution key per member of staff. It has been percentually determined how much time each staff member has spent per main activity (see total percentages per destination). Other expenses are direct costs and these have also been attributed to the main activity as such.

## 3.5.1 % Total expenditure on behalf of the objective / Total income (in euro)

	GROSS				NET			
	2011	2010	2009	2008	2011	2010	2009	2008
Expenditure on behalf of the objective	15,609,537	12,654,338	11,689,105	10,422,140	15,609,537	12,654,338	11,689,105	10,422,140
Total income	18,545,590	14,854,751	14,334,357	13,770,460	19,045,391	15,379,245	14,246,077	12,526,570
<b>% expenditure o.b.o. the objective</b>	<b>84.2%</b>	<b>85.2%</b>	<b>81.5%</b>	<b>75.7%</b>	<b>82.0%</b>	<b>82.3%</b>	<b>82.1%</b>	<b>83.2%</b>

War Child shows both a gross and net percentage.

The gross percentage mentioned above shows the percentage without taking into account that the 'total income' received in a financial year does not necessarily have an effect on the 'expenditure on behalf of the objective' in the same financial year. For that reason, War Child also shows a net percentage, that corrects the total income with the results of the financial year. War Child's aim is not to have a percentage as high as possible within a financial year, but to have the most optimal percentage over time.

## 3.6 Specification of the support costs (in euro)

	2011	2010
<b>Salaries and social security charger</b>		
Gross wages	2,273,444	2,173,178
Social security charger	395,159	346,513
Provisions holiday allowance	187,018	174,620
	<b>2,855,621</b>	<b>2,694,311</b>
<b>Other staff costs</b>		
Pension premiums	175,153	145,686
Educational costs	19,117	35,619
Health and safety executive	7,448	3,656
Canteen costs	3,408	917
Absence insurance	19,099	22,327
Recruitment and selection office staff	21,386	14,767
Travel costs living/work	51,529	42,939
Temporary staff	378,247	69,995
Other staff costs	29,846	16,332
	<b>705,233</b>	<b>352,238</b>
<b>Board/Management Team costs</b>		
Management Team costs	1,893	785
Board costs	-	-
Field visits management team	16,207	4,067
	<b>18,100</b>	<b>4,852</b>
<b>Housing costs</b>		
Rent	212,507	206,818
Gas, water and electricity	33,678	30,386
Other housing costs	26,112	24,769
	<b>272,297</b>	<b>261,973</b>
<b>Office costs</b>		
Office supplies	24,143	26,421
Communication costs	19,333	20,344
Postage	40,541	43,400
Other office costs	49,967	34,109
	<b>133,984</b>	<b>124,274</b>
<b>Other general costs</b>		
Administration costs	23,541	24,931
Consultancy costs	38,658	37,146
Costs money transfers	64,649	58,666
Subsequent proceeds/costs	(37,188)	(8,696)
Depreciation costs	10,682	17,085
User costs Management information system	78,468	75,003
Other general costs	30,989	6,701
	<b>209,799</b>	<b>210,836</b>
	<b>4,195,034</b>	<b>3,648,484</b>

## 4. Other information

### 4.1 Employees

The number of fulltime equivalents (FTE) at Amsterdam head office in 2011 amounted to 56,81. In 2010 there were 52,4 fulltime equivalents. In the field the number of fulltime equivalents amounted to 307, including 31 expats (2010: total 264; 41 expats).

#### Reward Board

No remuneration was offered to board members and no loans, advances or guarantees were given.

#### Reward director

<b>Name</b>	M. Vogt
<b>Function</b>	Executive Director

#### Employee

Duration	Indefinite
hours	40
part-time percentage	100%
Period	01/01/11 - 31/12/11

#### Reward (EUR)

Annual income	
Gross salary	79,200
Holiday allowance	6,336
13e/14e month	-
variable annual income	-

<b>TOTAL SALARY</b>	<b>85,536</b>
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Social security charger (employer part)	7,792
Taxable compensation/add	-
Pension (employer part)	8,063
Remaining rewards	-
Benefits end of service	-

**101,391**

The fees for the remuneration of the director is set well below the guideline of the Dutch Fundraising Institutions Association for management salaries. War Child ensures that all employees, with an labour contract with War Child, have a salary below the salary of the Director.

## 4.2 Gifts in kind

In 2011, the gifts in kind amounted to - approximately - € 2,470,000 (In 2010 this was approximately € 1,787,000). This primarily concerns product and service support for head office and support for communication activities in the Netherlands (without taking media exposure into account). In accordance with the notes to the balance sheet (1.7), War Child values gifts in kind against no-par value in the Netherlands (see notes to the Balance sheet and Statement of income and expenses).

## 4.3 War Child International

War Child Holland is part of an international network together with War Child Canada and War Child United Kingdom (UK). The network's goal is to improve the quality and efficiency of War Child's work. To that end, the three organisations collaborated in projects in several field locations, but remain legally, financially, and administratively independent foundations. For this reason, War Child Holland does not raise funds for an international secretariat, but remains an independent foundation self-implementing programmes with its own funds. No major financial transactions took place between War Child Holland, Canada, and UK in 2011.

In 2011, further progress was made on collaboration between War Child Holland and War Child UK in order to increase impact of projects in the field. The directors and boards from both organisations met to discuss increased collaboration. Guidelines for collaboration at the programme level, including principles in programming, were developed and endorsed by War Child Canada, UK, and Holland. The guidelines provide the framework for collaboration in field locations, and on programme development, fundraising, and communication.

## 5. Analysis of differences of annual accounts 2011 versus budget 2011

There are two key items where the difference between budget and realization is significant:

(1) During 2011 War Child has decided to expense an extra effort in fundraising and communication (see also 3.2.1.), in total € 770,000;

(2) War Child did not succeed to attract a budgetted share in activities of third parties (i.e. institutional fundraising), which was partly compensated by an extra grant from the Dutch Postcode Lottery; on balance War Child missed € 430,000 income from these activities.

Other items were within the normal range of budget variations; however, these added up to a significant positive amount of € 640,000, thereby limiting the variation on the bottom line to € 560,000.



## ***Independent auditor's report***

To: the Board of Trustees of Stichting War Child

We have audited the accompanying financial statements 2010 of Stichting War Child, Amsterdam, which comprise the balance sheet as at 31 December 2011, the statement of income and expenses for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

### ***Director's responsibility***

The director is responsible for the preparation and fair presentation of these financial statements in accordance with the Guideline for annual reporting 650 "Charity organisations" of the Dutch Accounting Standards Board. Furthermore, the director is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Stichting War Child as at 31 December 2011, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 “Charity organisations” of the Dutch Accounting Standards Board.

Amsterdam, 1 May 2012  
PricewaterhouseCoopers Accountants N.V.

Original signed by H.A. Wink RA MBA

## 6. Budget 2012 (in euro)

Income	Budget 2012	Actual 2011
<b>Income own fundraising</b>		
Donations, gifts and grants	11,671,000	10,596,088
Legacies	200,000	543,040
Gifts in kind	<u>95,000</u>	<u>111,670</u>
	<b>11,966,000</b>	<b>11,250,798</b>
<b>Share in activities of third parties</b>		
Dutch Postcode Lottery	1,400,000	1,400,000
Unicef	274,029	221,608
European Union / ECHO / Euroaid	631,789	788,854
Embassy	296,542	320,081
Other	<u>2,402,671</u>	<u>147,578</u>
	<b>5,005,031</b>	<b>2,878,121</b>
<b>Government grants and others</b>		
PSO	89,062	213,476
Royal Netherlands Embassy (Sudan)	-	509,398
Dutch Ministry of Foreign Affairs	<u>4,927,568</u>	<u>3,610,876</u>
	<b>5,016,630</b>	<b>4,333,750</b>
<b>Other income</b>		
Other financial income and expenses	-	82,922
	<u>                    </u>	<u>                    </u>
<b>Sum of income</b>	<b><u><u>21,987,661</u></u></b>	<b><u><u>18,545,591</u></u></b>

## Expenses

<b>Expenditure on behalf of the objective</b>			
Project activities	15,089,623		12,847,499
Preparation & coordination	1,131,476		875,441
Communication & awareness raising	<u>1,830,316</u>		<u>1,886,598</u>
<b>Subtotal expenses on behalf of the objective</b>	<b>18,051,415</b>		<b>15,609,538</b>
<b>Expenditures fundraising</b>			
Costs own fundraising	1,733,591		2,042,520
Costs obtaining government grants	<u>288,884</u>		<u>214,528</u>
<b>Subtotal expenses fundraising</b>	<b>2,022,475</b>		<b>2,257,048</b>
<b>Management &amp; administration</b>			
Costs management & administration	<u>1,358,475</u>		<u>1,178,805</u>
<b>Subtotal management &amp; administration</b>	<b>1,358,475</b>		<b>1,178,805</b>
		<hr/>	<hr/>
<b>Sum of expenses</b>	<b><u>21,432,365</u></b>		<b><u>19,045,391</u></b>
<b>Surplus / (Deficit)</b>	<b>555,296</b>		<b>(499,800)</b>

<b>RESERVES AND FUNDS</b>	<b>2012 *</b>	<b>2011</b>
Continuity reserve (6 months minimum)	5,050,000	4,650,000
General reserve	-	-
Earmarked funds	-	-
Earmarked reserve	813,938	526,505
<b>Subtotal Reserves and Funds</b>	<b>5,863,938</b>	<b>5,176,505</b>

  

<b>RATIOS</b>	<b>2012 *</b>	<b>2011</b>
% Costs own fundraising	14.5%	18.2%
% Costs obtaining government grants	5.8%	5.6%
% Costs management & administration	6.3%	6.2%
% Total expenditure on behalf of the objective / Total income (Gross)	82.1%	88.1%
% Total expenditure on behalf of the objective / Total income (Nett)	84.2%	82.0%

\* The budget 2012 was prepared based on the forecast of August 2011.

## 7. Long-term budget 2012 - 2015 (in € 1,000,000)

	Budget 2012	Strategy 2012	Strategy 2013	Strategy 2014	Strategy 2015
<b>Income</b>					
<b>Income own fundraising</b>					
Donations, gifts and grants	11.67	15.42	18.47	22.13	23.67
Legacies	0.20	0.63	0.78	0.98	1.33
Gifts in kind	0.10	-	-	-	-
	<b>11.97</b>	<b>16.05</b>	<b>19.25</b>	<b>23.10</b>	<b>25.00</b>
<b>Share in activities of third parties</b>					
Dutch Postcode Lottery	1.40	1.15	1.28	1.40	1.60
Unicef	0.27	0.86	1.03	1.24	1.36
European Union	0.63	0.55	0.66	0.79	0.91
Embassy	0.30	-	-	-	-
Other	2.40	0.25	1.17	1.68	1.59
	<b>5.01</b>	<b>2.81</b>	<b>4.14</b>	<b>5.11</b>	<b>5.46</b>
<b>Government grants and others</b>					
PSO	0.09	-	-	-	-
Dutch Ministry of Foreign Affairs	4.93	3.94	4.13	4.34	4.54
	<b>5.02</b>	<b>3.94</b>	<b>4.13</b>	<b>4.34</b>	<b>4.54</b>
<b>Other income</b>					
Gifts in kind	-	-	-	-	-
Other financial income and expenses	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sum of income</b>	<b>21.99</b>	<b>22.80</b>	<b>27.53</b>	<b>32.55</b>	<b>35.00</b>

## Expenses

<b>Expenditure on behalf of the objective</b>					
Project activities	15.09	15.63	19.44	23.01	26.35
Preparation & coordination	1.13	1.04	1.14	1.18	1.23
Communication & awareness raising	1.83	1.47	1.53	1.59	1.66
<b>Subtotal expenses on behalf of the objective</b>	<b>18.05</b>	<b>18.14</b>	<b>22.10</b>	<b>25.78</b>	<b>29.23</b>
<b>Expenditures fundraising</b>					
Costs own fundraising	1.73	2.40	2.89	3.49	3.80
Costs obtaining government grants and third parties	0.29	0.37	0.41	0.43	0.46
<b>Subtotal expenses fundraising</b>	<b>2.02</b>	<b>2.77</b>	<b>3.30</b>	<b>3.93</b>	<b>4.26</b>
<b>Management &amp; administration</b>					
Costs management & administration	1.36	1.03	1.11	1.14	1.17
<b>Subtotal management &amp; administration</b>	<b>1.36</b>	<b>1.03</b>	<b>1.11</b>	<b>1.14</b>	<b>1.17</b>
<b>Sum of expenses</b>	<b>21.43</b>	<b>21.94</b>	<b>26.51</b>	<b>30.84</b>	<b>34.67</b>
<b>Surplus / (Deficit)</b>	<b>0.56</b>	<b>0.86</b>	<b>1.02</b>	<b>1.71</b>	<b>0.33</b>
<b>RESERVES AND FUNDS</b>					
Continuity reserve (6 months minimum)	5.05	6.00	7.0	8.3	8.8
General reserve	-	-	-	-	-
Earmarked funds	-	-	-	-	-
Earmarked reserve	0.81	0.73	0.7	1.2	1.0
<b>Subtotal Reserves and Funds</b>	<b>5.86</b>	<b>6.73</b>	<b>7.70</b>	<b>9.45</b>	<b>9.75</b>

	RATIOS				
% Costs own fundraising	14.5%	14.9%	15.0%	15.1%	15.2%
% Costs obtaining government grants and third parties	2.9%	5.5%	5.0%	4.6%	4.6%
% Costs management & administration	6.3%	4.7%	4.2%	3.7%	3.4%
% Total expenditure on behalf of the objective / Total income (Gross)	82.1%	79.6%	80.3%	79.2%	83.5%
% Total expenditure on behalf of the objective / Total income (Nett)	84.2%	82.7%	83.4%	83.6%	84.3%

#### Notes to the multiple year budget

In 2009 War Child developed its 2015 strategy. As made visible with the new budget 2012, the total income does not very differ from the strategy, but the sources of funding do. Given the current environment and development a review of the strategy will take place in 2012.