

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION
Combined financial statements for the year ended 31 March 2008



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Combined financial statements for the year ended 31 March 2008

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Secretary and registered office

Melvin Coleman, The Human Rights Action Centre, 17-25 New Inn Yard, London EC2A 3EA

Bankers	Co-operative Bank plc, 9 Prescott Street, London, E1 8BE
External auditors	BDO Stoy Hayward LLP, East Street, Epsom, KT17 1HS
Internal auditors	Sayer Vincent, 8 Angel Gate, City Road, London, EC1V 2SJ
Valuers	Strettons, 41 Artillery Lane, London, E1 7LD
Solicitors	Bates, Wells & Braithwaite, Cheapside House, 138 Cheapside, London, EC2V 6BB

AIUK Section - a company limited by guarantee

Company reg. number 1735872
Date of incorporation 30 June 1983

Board members

Tom Hedley	chair
Christine Usher	vice chair
Glyn Isherwood	treasurer
Gillian Cleverley	
Barbara Lodge	
Alex Siddall	
Colum McAndrew	
Duncan Booth	
Pepper Harrow	
Emma Strang-France	
Anastasia Chew	appointed 4 May 2007
David Callow	elected 9 May 2007
Peter J Murray	elected 9 May 2007
Sharmila Kar	co-opted 3 Nov 2007
Ciarnan Helferty	elected 9 May 2008
Andrea Haug	retired 4 May 2007
Linda Wilkinson	retired 4 May 2007
Mike Parkinson	retired 9 May 2008

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Report of the Board on the pro forma combined financial statements

Structure, governance and management

Introduction

The Board has pleasure in presenting this report on the affairs of all the organisations within the Amnesty International UK 'family' together with the pro forma combined audited financial statements for the year ended 31 March 2008. Details about the three entities involved and their legal status are shown on the previous two pages. These combined financial statements do not represent the statutory financial statements of any of the individual organisations; separate financial statements are prepared for each.

A High Court decision in the early 1980s ruled that some of the campaigning activities of Amnesty International UK could not be charitable under English law, which has resulted in the complex structure of the UK Section. However, most supporters of Amnesty International in the UK reasonably but wrongly believe that AIUK itself is a charity and have no understanding of the different organisations involved. The Board has therefore decided to recognise this confusion by publishing the combined results of the UK Section organisations to help understanding of the overall picture.

The financial statements of Amnesty International (UK Section) Charitable Trust have been prepared on the basis of the 2005 Statement of Recommended Practice – Accounting and Reporting for Charities (SORP) issued by the Charity Commission for England & Wales. The financial statements of Amnesty International UK Section and Amnesty Freestyle Limited have been prepared in accordance with applicable Accounting Standards in the UK for limited liability companies. The Board has decided to adopt the framework of the SORP for reporting these combined financial statements as they believe this format is the most appropriate for the 'family's' activities and allows greater comparability with other voluntary sector organisations.

Overview of our structure in relation to the worldwide Amnesty International movement

Amnesty International is an unincorporated worldwide movement which has as its objective the securing throughout the world of the observance of the Universal Declaration of Human Rights.

The movement consists of independent sections throughout the world and an International Secretariat in London consisting two companies – Amnesty International Limited and Amnesty International Charity Limited.

The UK Section of Amnesty International is part of the worldwide Amnesty International movement. The name and logo are registered in the name of Amnesty International Limited and the UK Section has a licence to use the name and logo in the United Kingdom.

The UK Section of Amnesty consists of two main legal entities:

Amnesty International UK Section (AIUK): a membership organisation whose policy and priorities are set, within the context of decisions of the International Council of Amnesty International, by the members at the Annual General Meeting. AIUK pursues the objective of the movement in the United Kingdom by campaigning for observance, and opposing violations, of human rights. In August 2006 AIUK acquired Amnesty Freestyle Limited, a trading company.

Amnesty International (UK Section) Charitable Trust: the Trust meets its charitable objectives by funding Amnesty International Charity Limited to conduct its worldwide research into the observance and abuses of human rights. It also part funds projects undertaken by AIUK.

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Governance

Amnesty International United Kingdom Section (AIUK) is a membership based Company Limited by Guarantee, managed by a Board of 15 individual members, 12 of whom are elected by the whole membership. It has permission from the Registrar of Companies to omit 'Limited' from its title. Its Board is elected by universal franchise of its members. The Board appoints the Trustees of the Charitable Trust and the Directors of Amnesty Freestyle Limited, a trading company acquired by AIUK in August 2006. Individual voting membership of AIUK stood at 174,600 at March 2008.

Amnesty International (UK Section) Charitable Trust is a Company Limited by Guarantee and is controlled by its Trustees (who are the Directors and Members). The Trustees are appointed by the Board of Amnesty International United Kingdom Section (AIUK); some of the Trustees are normally serving members of the Board of AIUK. Trustees are appointed for a three year term, and under the Articles of Association can serve for a maximum of two consecutive terms. They are then eligible for re-appointment after a gap of one year. The Trustees meet at least four times each year.

Trustees are appointed by the Board of AIUK and are generally very familiar with human rights and the work of Amnesty International. Induction training is provided for new Trustees, and the Trustees regularly receive training and presentations from experts on their roles and responsibilities.

The Trustees have delegated oversight of the business and financial affairs of the Trust to a Finance Sub-Committee, which comprises some Trustees, Board and ordinary members of AIUK, and which also acts as the Finance Sub-Committee of AIUK.

The Trustees' policy is to pursue some of its charitable objects by grant funding Amnesty International (United Kingdom) Section. Day to day operations are carried out by staff of AIUK and an appropriate portion of their salary costs is borne by the Charity.

The Charity pays an appropriate charge for the use of premises, computer systems and other physical assets owned by AIUK.

As the Trust raises money in Scotland, has the use of AIUK's Edinburgh office and part funds some AIUK activities which take place in Scotland, the Trustees were pleased to register the Trust as a charity registered in Scotland with the Office of the Scottish Charity Regulator (OSCR).

Further details of the respective responsibilities of the Board and the Trustees can be found in the individual published accounts.

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Statement on risk and reserves

1 Overview

The Board is aware of the need to assess the risks faced by the organisation and respond in such a way as to manage those risks appropriately. In particular, we carried out a comprehensive risk identification, assessment and management analysis. A register of risks has been compiled, risks scored for likelihood and impact, and risk management strategies and timescales established. Individual senior managers are nominated to take responsibility for each significant risk area. This register has been updated during the year and reflects the major risks affecting the charity.

The organisation concerns itself with human rights in an ever-changing environment and the Board is very much aware that the risks facing the organisation are not constant. Consequently, the monitoring of risk will continue to be a high priority for the Board.

A comprehensive annual review of the Risk Register overseen by the Finance Sub-Committee was undertaken in October 2007.

2 Major risks and uncertainties

The Board consider the following to be major risks and uncertainties facing the organisation:

i) Regulatory compliance

The ability of the Trust to raise money is greatly enhanced by its charitable status. This relates to the charity's ability to raise money in a tax efficient manner through gift aid, as an exempt beneficiary in relation to legacies, and from trusts and foundations who normally require grantees to have charitable status. Strategies to manage this risk include:

- formal and informal dialogue with the Charity Commission
- formal procedures for the review of grant applications
- use of specialist tax advisors
- review of fundraising programmes and materials
- training programmes for fundraising staff
- a programme of internal audit assessment.

ii) Legal claim relating to website or publications content

The Board is aware that there is a considerable and continual flow of communication via our website and written publications. Strategies to manage this risk include:

- formal management structures, internal controls and training to mitigate the threat of legal action in relation to the content of our communications
- content of all major website changes and new publications monitored by senior managers
- legal advice in relation to web and publication content is taken where necessary
- ongoing discussions with insurers in relation to the extent risk can be mitigated by insurance policies.

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iii) Political attack

This could include an attack driven by a particular political motive or media agenda. The Board considers that an attack on any part of the global Amnesty movement could have major implications for the ability of the organisation to maintain existing supporters, recruit new supporters or raise funds from other external sources.

It is recognised that this is a risk that is not easy to control and may arise as a reaction to a decision taken by another Amnesty Section or the worldwide movement.

Although the Board would have to react rapidly to any political attack, our strategy for dealing with this is based on long term foundations:

- build and strengthen Amnesty as a democratic movement, that also engages effectively with the general public in the UK
- be open and transparent: we have recently appointed a full time transparency and accountability manager to develop this in all of our work
- be independent of, but develop constructive relationships with a broad range of political parties
- develop relationships with and earn the respect of the media.

iv) Supporter retention

Regular membership subscriptions and donations from individual supporters currently make up around 71 per cent of the organisation's total voluntary income. The Board is aware of the need to continually recruit new supporters to replace those who cease to make donations.

Strategies to manage the effects of this risk are:

- a policy of continual investment in new member and supporter recruitment to replace those who lapse
- a high emphasis on generating income from as broad a range of sustainable sources as possible
- a very cautious approach to budgeting income.

3 Systems and procedures to manage other risks

Our risk register is very detailed. A summary of the main strategies to deal with other risks include:

- formal procedures governing the delegation of specific authority to the Director and to the Finance Sub-Committee
- consideration of all financial issues by the Finance Sub-Committee and subsequent feedback to the Board
- input into Board meetings from members of the organisation's senior management team who consider day-to-day risk at their regular meetings
- segregation of duties among members of staff as far as possible
- formal limits to staff members' ability to authorise expenditure
- the establishment of an internal audit programme.

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4 Reserves policy

The Board take a risk based approach to reserves, therefore our policy is to hold a level of unrestricted free reserves (ie ignoring tangible fixed assets to the extent that they are not funded by debt) sufficient to meet the quantification of the risks on the risk register.

As at 31 March 2008 the free reserves (net current assets) stood at £5.5 million. Included in the above surplus of reserves is legacy income of £1.3 million which had not been received at the year end.

The target free reserves are calculated on the basis of the financial impact and probability of the significant risks identified in the risk assessment, and amount to £3.1 million.

Inherently there is a degree of judgement involved in identifying risks faced by the organisation and in establishing the appropriate level of reserves that the organisation should maintain to mitigate against those risks.

Surplus of reserves above requirement

The surplus of free reserves above target at 31 March 2008 stood at £2.4 million.

AIUK held surplus reserves of £0.9 million and the Board has approved a deficit budget, including increases in fundraising investment for 2008/09 that will to bring the reserves down to the required level by the end of the year.

The Trustees held surplus reserves of £1.5m and on the advice of its Finance Sub-Committee have decided to maintain this level of free reserves for the current year in the light of the challenge of recruiting the required number of new supporters and the general economic climate.

Objectives and activities

1 Key objectives

The vision and mission of the UK section are those of the international movement. Amnesty International's vision is for every person to enjoy all of the human rights enshrined in the Universal Declaration of Human Rights and other international human rights standards. Its mission is to conduct research and take action to prevent and end grave abuses of all human rights: civil, political, social, cultural and economic.

AIUK tries to meet its objectives by identifying and working towards external change in support of the objectives developed within the framework of the Integrated Strategic Plan (ISP) of the worldwide Amnesty movement. These objectives include:

- campaigning to prevent or end human rights abuses by creating a sentiment in favour of human rights and encouraging supporters to take action
- enabling an increasing number and range of people to stand up for justice effectively
- protecting individuals at risk
- protecting individual victims of human rights abuse
- promoting general awareness of human rights
- setting and shaping the media and political agenda
- achieving financial growth and demonstrating continuous improvement in our operations.

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The Trust tries to meet its objectives by endeavouring to maximise the long term funds available for grant making activities. Donations from individual supporters have traditionally been between 60 to 70 per cent of the Trust's income so maintaining effective recruitment methods is crucial in support of this objective.

Traditional "direct dialogue" recruitment has become less cost effective, so during 2007/08 the Trustees decided to test new forms of engagement with the public with a view to eventually encouraging financial support.

2 Key activities

Amnesty activists	2007/8	2006/7
* Provisional figure	numbers	numbers
** Under review		
Local groups/estimated members	280/8043	283/7161
Student groups	100	100
Youth groups	550	527 *
Trade union affiliates	225	255
Regional representatives	16	15
Trainers	63	57
Constituency lobbyists	244	202
Group media officers	127	105
Country coordinators	65	63
Speakers (schools)	191	167
Urgent Action	14931	16420
Junior Urgent Action	98	**
TeachRights	2882	694
Lesbian, gay, bisexual & transgender	2566	1493
Women's action	5858	3056
Children's human rights	7280	3828
Journalists	3293	1605
Health professionals	3150	1455
Crisis response	6303	6009

The key activities undertaken by AIUK in support of the agreed global objectives are outlined in more detail in the next section.

AIUK currently employs the equivalent of 147 full time salaried staff (see note 10) based in offices in London, Belfast, Cardiff and Edinburgh. This is a relatively small part of the UK movement, as many activities are undertaken by unpaid volunteers.

In relation to those who volunteered at the Human Rights Action Centre in London:

- there was an average of 54 different volunteers each week
- they contributed a total of 780 hours each week
- this is the equivalent of 22 full time staff.

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Our main activities happen because of the number of volunteer and activist supporters who make a considerable contribution around the UK in many different ways towards Amnesty's global objectives – (see above table).

In the Trust, the Trustees understand the key importance of the Amnesty International 'brand' in securing the Trust's income, almost entirely from contributions from individual supporters, whose donations are solicited on the basis of the impact they will have on Amnesty International's worldwide promotion of human rights.

The Trustees therefore allocate the significant majority of the Trust's resources available for charitable purposes to Amnesty's international research. The Trustees were also able to utilise the wider objects of the Trust formally approved by the Charity Commission in 2005, to grant aid charitable activity carried out by AIUK. Small grants are also given to a number of organisations whose work is well known to the Trustees and which will complement the work of the Trust in areas outside the Trust's capabilities.

3 Achievements and performance

Stop Violence Against Women

A milestone was achieved in March 2007 when Amnesty welcomed the UK government's signing of the European Convention on Action against Trafficking in Human Beings. Since then the focus of our work on trafficking in the past 12 months has been to urge the UK government to ratify the convention following the welcome announcement of their intention to do so some time in 2008.

We have continued to highlight the issues around trafficking with the public and media in the UK, with the help of our supporters and through Amnesty reports on trafficking in Wales and Scotland and actions in Northern Ireland. We have worked to expand the debate to cover the wider aspects of trafficking, beyond sexual slavery.

In August 2007, we took the campaign to the World Scout Jamboree in Essex. We highlighted the campaign for justice for women in Guatemala, and scouts from around the world made almost 2,000 Guatemalan worry dolls to show their support; some of the dolls were sent with appeal letters to the Guatemalan authorities.

In the spring of 2008 came the launch of a report, *No recourse – No safety*, produced in partnership with Southall Black Sisters, about the UK's failure to protect women living under immigration controls. Because of their immigration status, such women are denied access to publicly funded services. This leaves a vulnerable group of women, most of them legally in the UK, trapped in violent situations without access to refuges.

Given the extensive UK media interest in sexual bullying in schools, Amnesty International conducted a poll on youth attitudes to violence against women. The poll gained good media coverage and is being used again with students. Universities and schools are encouraged to re-do versions of the poll in their own establishments and to publicise and discuss the findings and the issues it throws up.

Looking forward our main objectives are to:

- encourage the UK government's ratification and implementation of the European Convention on Action against Trafficking in Human Beings
- ensure improved protection, support and services for women victims of violence who are subject to immigration controls, and challenge attitudes within UK society that accept, tolerate and justify violence against women.

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Control Arms

The broad aim of the arms control programme is to stop the transfer of arms, police and security equipment to human rights abusers through the development and implementation of a robust new international Arms Trade Treaty (ATT). We also seek to ensure that the UK's national export control system is effective.

In March 2007 the UK government produced a comprehensive report for the UN Secretary General's consultation, largely mirroring our core demands for the feasibility, scope and content of an ATT.

Amnesty International published a report on the sale of helicopters containing UK and EU components from India to Myanmar, highlighting loopholes in re-export controls and end-use assurances. Following lobbying from EU governments, India has dropped plans to export the helicopter to Myanmar – a major success.

Amnesty International was also responsible for a lead article in the *Observer*, highlighting the role of UK companies brokering machine guns to Iraq. The case is now being investigated by the authorities on the basis of evidence submitted by Amnesty International. A report on the arms trade in Northern Ireland was launched in the autumn before an audience of cross party MLAs and journalists. It achieved excellent print and radio coverage and its recommendations are being taken forward by local MPs.

Looking forward our main objectives are to:

- work towards delivering an effective ATT and persuade governments to ratify it over the coming years
- close loopholes in UK export controls during the current review of the Export Control Act which has been extended until the Autumn of 2008.

Terrorism, Security and Human Rights

This campaign aims to stop human rights violations in the 'war on terror' and to ensure that the treaties and covenants that form the international human rights framework are respected and protected. With the UK government acting as the USA's primary European ally, the UK Section has a pivotal role in Amnesty's work on this.

In August, the director met with the new Home Secretary, Jacqui Smith, to articulate our concerns including calling for an end to torture and enhanced interrogation techniques. In February 2007 Amnesty helped to establish the All-Party Parliamentary Group on Guantánamo Bay and during the year we have seen increased interest and commitment from the UK Parliament and US Congress to achieving its closure. For years we battled against the UK government's refusal to act on behalf of the UK residents held at Guantánamo Bay and our persistence was eventually rewarded. In August 2007 the government announced that it would call on the US government to release and return all the residents (with one exception).

Amnesty constituency lobbyists have been briefed to meet their MPs to discuss the new UK anti-terrorism legislation, in particular the length of pre-charge detention. We continue to monitor the use of control orders, return of people to countries of risk, Special Immigration Appeals Commission hearings and deficiencies in the system.

In October 2007 we launched the Unsubscribe campaign, to give people an opportunity to express their views on human rights abuses in the 'war on terror'. The project aims to unite people against such abuses – mainly through social networking websites including Flickr, MySpace, Bebo and Facebook. Members of the public, alongside members of Amnesty, can sign up to 'unsubscribe' from human rights abuse and from terrorism on the hub www.unsubscribe-me.org. The site also gives information and

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updates on the campaign, and runs a different campaign action each month. Two months after its launch, more than 180,000 people had visited the site.

Looking forward our main objectives are to:

- continue our work on Guantánamo Bay to ensure its closure
- lobby the UK government to make clear its position on the US policies of rendition and secret detention.

Human Rights for China

The founders of the Olympic Charter envisioned the Olympics Games as centred firmly on the preservation of human dignity and respect for ethical principles. The Beijing Olympics in 2008 has provided an opportunity to focus on key areas of human rights in China.

Our China campaign focuses on four core areas:

- the death penalty – in particular the number of offences carrying the death penalty
- fair trials and the prevention of torture – including ‘re-education through labour’
- human rights defenders
- censorship.

We were disappointed with the outcomes of the UK government’s human rights dialogue with the Chinese authorities at the end of January 2008, where it was clear that the priority was the ongoing ‘strategic partnership’, which we take to mean trade interests.

The few positive developments related to the death penalty and media freedom are far outweighed by violations of human rights around the country, in particular the growing crackdown on activists and internet dissidents. In response to this, we aim to increase pressure on the Chinese authorities to live up to the promises they made on human rights when they bid for the Games. We also want to ensure that the Chinese authorities do not crack down on peaceful protesters and other dissidents during the Games.

An Olympic Games characterised by serious human rights violations would be an affront to the core principles of the Olympic Charter.

Looking forward our main objectives are to continue to work on our four core areas, with the campaign continuing beyond the Games into 2009.

The death penalty

AIUK Director Kate Allen met officials from the Chinese Embassy and discussed the death penalty in advance of World Day against the Death Penalty on 10 October 2007.

During the year AIUK worked with other campaigning organisations to re-start the All-Party Parliamentary Group (APPG) for the Abolition of the Death Penalty. It has met twice and has 95 MPs.

We also welcomed the release of Kenny Richey, a UK citizen convicted of arson and murder in the state of Ohio and sentenced to death in 1987. He has always vehemently protested his innocence and in 2007 his conviction was overturned. Amnesty’s Scotland office helped welcome him back to his native Edinburgh.

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Particular focus for our death penalty work in the coming year will include:

- campaigning against the execution of children. In 2007 three countries carried out executions for crimes committed by people below 18 years of age. 3 in Iran, 1 in Saudi Arabia and 1 in Yemen.
- asking the Chinese government to be transparent about its execution record with credible sources suggesting that between 7,500 – 8,000 people were executed in China in 2006
- calling on the Iranian authorities to immediately abolish the grotesque punishment of stoning, which is specifically designed to increase the suffering of its victims.

We hope to achieve this by urging the UK government to be proactive in its lobbying, working with the APPG, and by contributing to the United Nations Secretary General's report on implementation of the moratorium on executions agreed by the United Nations General Assembly in December 2007.

Refugees

The focus of Amnesty International's refugee programme is to raise public awareness of the plight of asylum seekers and to change government policy and practice in the treatment of asylum seekers and refugees. We aim to hold the Home Office to account using our research, advocacy and campaigning to change policy and practice for asylum seekers at all stages of the process. To this end we produced reports on the asylum system and provide country information on asylum cases, as appropriate, in cases referred by lawyers.

Our long-term objective is that every asylum seeker should have access to a fair and satisfactory asylum procedure with each claim considered fully on its individual merits. All asylum applicants should have a meaningful right of appeal against a negative decision and should have access to expert legal advice and to welfare benefits throughout the process, or permission to work.

During the year the priority for the campaign was to stop destitution among refused asylum seekers. The 'Still Human Still Here' Coalition now has more than 20 members, including faith groups, Citizens Advice and the Refugee Council. Hundreds of people participated in a mass 'sleep-out' around the UK during Refugee Week to demand an end to destitution for refused asylum seekers. We have recently completed a documentary DVD on refused destitute asylum seekers, which had a Parliamentary launch in December 2007.

Darfur

In April 2007 3,500 people gathered outside Downing Street on the fourth anniversary of the start of the conflict in Darfur, in western Sudan. We demonstrated to call on the international community to do more to protect the people of Darfur by stepping up the pressure on the government of Sudan to accept deployment of an effective peacekeeping force. A delegation delivered a letter to the Prime Minister urging the UK government to step up its lobbying. This was the third Global Day for Darfur that Amnesty had led, and in many ways it was the most successful: certainly in terms of numbers attending, media coverage and awareness raised through support from celebrities such as George Clooney, Mick Jagger and Elton John. We also organised statements of support from all the declared candidates for the Labour leadership and deputy leadership and all responded - apart from Gordon Brown.

Individuals at risk of human rights abuse

Securing justice and protection for individuals forms the foundation of Amnesty International's work. Our activists and staff work on behalf of victims and survivors of human rights abuse and those who defend their rights. As we campaign to improve their personal circumstances we also tackle the wider conditions that put them and many others at risk.

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In 2007 AIUK took action on over 500 cases of individuals, families, communities or organisations experiencing human rights abuses. This represents action directly for several thousand individuals around the world, from Azerbaijan to Zimbabwe – and indirectly for many more whose security and rights are linked in some way to the cases we took up. These abuses range from torture, arbitrary detention and sexual violence, to denial of access to water and shelter. The results of our work can be dramatic: averting an execution, as in the case of Kenneth Foster in the USA, or apparently simple, such as winning access to health care for two detainees in Yemen.

We try to achieve our objectives in a variety of ways:

- sending appeal letters, faxes, emails and postcards. Amnesty supporters sent appeals on 556 urgent actions in 2007 as well as appeals related to long-term casework.
- individuals lobbying their MPs and MEPs, seeking their help to raise concerns through the UK government and European Parliament
- media work ranging from local news stories to press releases about individuals at risk around the world, to longer-term collaboration with certain newspapers and magazines
- long-term casework with a portfolio of about 70 long-term cases.

Despite our best efforts, we do not always achieve our goals. For example, our efforts to end the use of the death penalty against child offenders in Iran (those under 18 at the time of their alleged crime). During 2007 we campaigned on behalf of Delara Darabi, Behnam Zare, Makwan Moloudzadeh, Ali Mahin Torabi, Reza Alinejad and Sina Paymard with mixed success. Sina Paymard was released, but despite our efforts, the Iranian authorities executed at least six child offenders this year including Makwan Moloudzadeh, who was 13 years old at the time of his alleged crime. At least 75 young people remain on death row.

Corporate and social responsibility

The campaign aims to hold companies to account for violations of human rights across the world and to push in the longer-term for a system of global governance to regulate the global economy, ensuring businesses' human rights responsibilities are enforced in law.

During the year we played a key role in the Corporate Responsibility Coalition, both in building on the success of the Companies Act and in devising strategies to meet the weaknesses of that Act.

Most recently, we have developed our expertise on private military and security companies, and plan to contribute to the development of international strategy on this area of work in 2008.

In May 2007 Amnesty International and Global Witness released their latest survey of diamond retailers in the UK, which revealed that many leading UK retailers still lack effective policies to help British consumers avoid conflict diamonds. Groups took part in actions around the country to raise awareness of this issue, to coincide with the release of the film *Blood Diamond*. The diamond industry improved its position in a number of areas around the time the film was launched, and the awareness of local retailers was higher than in previous years – proving the effectiveness of campaign.

Looking forward our plans include to:

- build our understanding of the role of business in promoting and protecting human rights
- develop our campaign on the extractive sector (mining, oil & gas) as this sector has been responsible for some of the worst corporate abuses of human rights. In particular, work to ensure that the security personnel that extractive companies employ do not breach the human rights of the communities they operate in. We will do this through our engagement work with companies and through developing legislative work on private military and security companies.

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Mobilisation and reaching out

Our target is to have one million people engaged with Amnesty International in the UK by 2011. Our definition of engagement covers people with whom we have a relationship and contact – they do not necessarily have to be Amnesty members, but people taking action in support of Amnesty or in our campaigns. By this definition, we currently have 340,000 people engaged. The target of one million is therefore ambitious but, we believe, achievable.

In 2007 we put some clear plans in place to reach it. The cornerstone of building good relationships with and between supporters is the central supporter database. We are in the finishing stages of a major project to introduce a new supporter database to AIUK which will include all supporters and enable us to understand the relationships between different types of support. Most importantly, it will enable us to provide a better level of service to supporters. This is a hugely complex project and has undergone some delays over the last year. We aim to complete a major stage – transfer of data on all our members and donors from the current marketing database – by August 2008. The next stage will be to transfer and integrate all our activist data. The new MASCOT database will be fully integrated with our website, enabling supporters to update their details online, donate, join and take action efficiently, through automatic updating of their records.

We mobilise and reach out in many ways:

The Unsubscribe campaign – we launched the campaign in October 2007, and within two months, over 180,000 had visited the site. This highlights the growing importance of social networking sites in reaching out to current and potential supporters.

Protect the Human week - this year the focus for our campaigning was on terrorism, security and human rights, through the launch of the Unsubscribe campaign.

Festivals - we had a significant presence at several festivals this year, notably the Edinburgh Festival, Pride, the Big Chill, Bestival, the Belfast Festival and Womad.

Secret Policeman's Ball - we are now planning a Ball to take place in October 2008, once again at the Royal Albert Hall and to be televised by Channel 4.

Human Rights Action Centre - during the year about 9,000 people came to events and meetings at the centre. The centre also provides a space for the wider human rights community in the UK.

Web and new media - we now recruit more supporters online than any other single method of recruitment. Our monthly e-mail supporter newsletter now has over 81,000 subscribers, of whom 6 to 12 per cent take action each month.

Trade unions - members of our Trade Union Network attended over 30 trade union conferences between March and September 2007. The dominant theme was the Stop Violence Against Women campaign and the TUC's role as an important partner in the wider End Violence Against Women coalition. We have undertaken a review of our trade union network. The good news is that our national relationships are strong and our cooperation is intensifying. The review uncovered areas where we could improve. We urgently need to develop an activism programme for our several hundred affiliated local union branches, and a route into our activism for individuals interested in our trade union work.

Campaigning in the nations and regions

While the Human Rights Action Centre is in London, we also have staffed offices in Belfast, Cardiff and Edinburgh. We do this to ensure that the Amnesty campaigns are co-ordinated and represented in these areas.

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Human rights education

The organisation provides support, materials and inspiration to young activists, both as individuals and as members of AI's youth and student groups. In addition, we develop resources and training for teachers to support the development and incorporation of excellent human rights education practice into classrooms across the UK.

Our most significant achievement in 2007 has been the development, with the British Institute of Human Rights (BIHR), of a new resource on human rights for Key Stage 3. This will be promoted to all English secondary schools. The resource, funded by the Ministry of Justice, was written jointly by Amnesty and BIHR staff and a number of teachers, and was piloted in classrooms during the autumn and early spring terms. It will go to print this year. Discussions have already begun on a version in Welsh to fit the curriculum there, and for a corresponding resource for Key Stage 4 in Northern Ireland (where a resource for Key Stage 3 already exists).

For Protect the Human week 2007 we produced a new DVD resource, *Human Rights in Focus*. A pack with teacher notes and lesson plans was developed to accompany the DVD. The resource has had a good response from schools – 3,500 took it up and orders have also come in from abroad – and we had to do a reprint. Much informal positive feedback has been received from teachers.

Looking forward, the development of the Key Stage 3 resource will be central to the development of a continuing professional development course for teachers in England. This will also cover more general issues, such as the benefits of human rights education and how to bring a human rights ethos into schools. It will be piloted in two local authority areas in 2008 and rolled out to other areas in 2009. We are developing a similar course for Wales and Northern Ireland, to be piloted in 2008, and exploring options for developing a course for Scotland, to be piloted in 2009 after the finalisation of the curriculum for excellence.

Working with young people

The Student Action Network continues to thrive, with 100 student groups as at December 2007. The annual freshers' fairs campaign resulted in nine new university groups. This is fewer than last year, and the number recruited in 2006 was lower than that for 2005.

It is getting harder to establish new groups each year, as the number of campuses we have not yet visited dwindles. Therefore the extent and purpose of the freshers' fair campaign will be reviewed for 2008.

The network of youth groups remained strong. Youth members continue to make vital contributions to Amnesty events with record numbers attending the 2007 AGM and an increased presence at the four national activism conferences held in September and October 2007.

Our goal is to increase the number of youth groups through the launch of a Human Rights in Focus DVD and a new fundraising push.

We have lost youth groups in a number of Roman Catholic schools, which disaffiliated directly as a result of the change of policy on sexual and reproductive rights. About 18 per cent (just over 100) of our youth groups are in Catholic schools across the UK. By the end of 2007, we had lost 18 of them as a result of this policy change and more may follow in 2008.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Report of the Board on the pro forma combined financial statements

Policy

The policy and government affairs team works to shape and influence the human rights political agenda of the UK. The team is responsible for the policy, advocacy, and information work of the UK section that makes for effective campaigning. The team adds value to the work of Amnesty International by relating international issues to the UK political scene and by contributing towards the UK dimension of their research and campaigns. The team provides support and advice and promotes best practice in all its areas across AIUK.

Media

On 4 July 2007, the day of the Amnesty International UK Media Awards awards, kidnapped BBC correspondent Alan Johnston, winner of the Radio award, was released from captivity in Gaza. Alan's father had already planned to attend the Media Awards ceremony and he was able to accept his son's award. Pictures were beamed to viewers of BBC News 24 and to international channels such as CNN and Al Jazeera, who arranged to take the BBC's feed.

Scenes of public protests in Myanmar, which began in September 2007 were widely reported by the media here in the UK. Much of this coverage reported Amnesty's concerns. Towards the end of the month activists and staff from the UK Section took part in a demonstration outside the Myanmar embassy, from which Kate Allen was interviewed by Sky TV and the BBC. During October 2007, Myanmar accounted for almost 20 per cent of all the UK Section's media coverage, across all the major UK media.

Other coverage surrounded the launch of the Unsubscribe campaign and talked of Amnesty harnessing the Facebook generation, and this has been a year in which new media has played an increasingly important part in our work.

Activism

The total number of our individual activists continues to grow steadily. This growth is still due almost entirely to the recently improved web-based *My Amnesty/Get Involved* joining gateway, which allows supporters to express interest in joining or starting a group or affiliating their trade union.

During 2007, we decided to move towards a wholly e-comms based system for the Urgent Action network and the change is now well under way. This will enable us to better support activism on urgent cases, providing a network newsletter, more creative actions, and events for network members.

The Crisis Response network, which consists of 6,300 individuals and all groups, took action several times on Darfur and Myanmar. We continue to build our capacity to attract large numbers to demonstrations in London, while simultaneously organising rallies in Scotland, Belfast and Cardiff. Amnesty activists led several similar events in many English cities and towns.

The number of high-level activists in other key roles – school speakers, trainers, country coordinators – continues to grow modestly and the representative committees – Regional Representatives Forum, Coordinators' Steering Committee, Training Working Group & Student Action Network Committee – continue to play a vital role in sustaining local group activism. The successful creation of our integrated database, linked to our fast-evolving website, is key to delivering new, modern tools for all high-level activists and improving our response to enquiries and requests for materials.

A new local groups strategy is being developed that is firmly focused on improving quality rather than quantity, following a conclusion drawn from the groups review. This will enable us to build on our undoubted strengths and the great contribution that local groups already make. The consultants conducting the local groups review concluded that we have one of the strongest – if not *the* strongest – local groups network of all UK campaigning organisations.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION
Report of the Board on the pro forma combined financial statements

Recruiting and retaining Amnesty supporters

Amnesty International draws its political and financial strength from the fact that it is a membership organisation. This defines the way it works and gives it legitimacy, creativity and a truly human perspective.

In AIUK, the target for 2007/8 was to recruit 15,137 new supporters and to maintain our supporter retention rate at 89 per cent.

The number actually recruited was above target at 17,081. However our current retention rate is currently below previous forecasts at 88.6 per cent.

The overall membership dropped to 174,600 (down 2,100).

In 2008/09 AIUK plan to recruit 17,863 supporters and increase their current retention rate for committed giving members from 92 to 93 per cent.

In Trust, the target for 2007/8 was to recruit 15,535 new supporters and to maintain our supporter retention rate at 73 per cent.

The number actually recruited was below target at 10,093. However our current retention rate is currently above previous forecasts at 75.7 per cent.

The overall number of supporters dropped to 52,150 (down 5,150).

In 2008/09 the Trust plan to recruit 24,741 supporters and increase their current retention rate to 76 per cent.

The major way in which the Trust has recruited new supporters in recent years has been by direct dialogue with people on the street. This form of recruitment has gradually become less effective and the Trustees took the decision during the year to scale back this activity while new techniques were being tested. The success of various tests was mixed so the Trustees decided to delay some planned investment. This has had an effect on our recruitment numbers. For 2008/09 we are now planning a considerable investment in supporter recruitment based on successful market testing.

We need more supporters for two reasons: to develop human rights activists and to provide secure income streams into the future. This recruitment activity continues to generate future income as well as adding to the pool of those able to take action on human rights abuses. For this reason the Board has decided to allocate these recruitment costs between Costs of Generating Voluntary Income and Expenditure on Charitable Activities on a 60/40 ratio.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION
Report of the Board on the pro forma combined financial statements

Financial review

Review of the year

The financial statements are formatted to comply voluntarily with the 2005 Charity SORP as this is considered the most appropriate format for the organisation's activities.

Over the year our income increased by £1.3 million to £23.5 million.

The main reason for the growth in income was due to a significant increase in legacy income. Legacy income was £3.2 million, up £1.2 million from last year. By its nature legacy income remains unpredictable, so we will continue to be cautious in budgeting this.

Income from members and supporters increased by 5 per cent to £16.8 million. Income from activities dropped £850,000. This was almost wholly due to the organisation not holding a *Secret Policeman's Ball* during the current financial year.

The cost of generating voluntary income dropped by £800,000 to £4.7 million; a reflection of delays in planned expenditure on recruitment. This was also reflected in the reduction in expenditure on activist recruitment. We now plan these expenditures in the following year with demanding targets for attracting new supporters. Support care costs also dropped, again due to a reduction in supporter recruitment.

Expenditure on activities was down; mostly due to not holding a *Ball* this year.

We are pleased to report that we were able to increase expenditure on human rights campaigning by 11 per cent to £7.4 million. Additional legacy income received during the year allowed us to increase and research into human rights violations by 24 per cent to £6.1 million.

Restatement of prior year figures

A provision made last year by Amnesty International UK Section (AIUK) in respect of an intercompany debt with its subsidiary, Amnesty Freestyle Limited was not eliminated as part of the process of combining the financial information. In the current year this adjustment has been performed and as a result the opening position has been adjusted to reflect this.

Corporate relations

One of Amnesty International's key values is its total independence; this applies to the sources of its funding as well as to the subjects of its campaigns. For some time the international movement has been considering Amnesty's relationships with the corporate sector and concerns over how such relationships might be viewed in the context of protecting Amnesty's reputation in its campaigning work in the field of business and human rights.

In November 2007 the International Executive Committee finalised its policy on this subject which is binding on all Amnesty sections and structures. Following this the Board of the UK Section agreed procedures for use within AIUK to implement this policy and to measure, approve and monitor relationships with the corporate sector. In the interest of transparency and accountability, the international policy is published on AIUK's website and the AIUK guidelines are available to members upon request.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION
Report of the Board on the pro forma combined financial statements

Merger between AIUK and the Trust

Last year's report spoke of the decision of AIUK to change its objects to mirror those of the Trust and to seek registration as a charity. The Trustees had agreed in principle to merge the two organisations thereafter. The Trustees have been kept abreast of the protracted discussions between AIUK and the Charity Commission, which are not yet concluded. In light of this, and the possibility of further delay, the Trustees have decided to continue on their plan without anticipating any merger with AIUK, but will continue to monitor the progress made by AIUK to achieve charitable status. If and when that is successful, the Trustees will take all necessary formal steps to implement the merger as soon as possible.

Investment policy

The organisation's investment policy requires the maximisation of income returns subject to the following considerations:

- minimisation of risk shall be of the utmost importance. No speculative investments shall be made.
- invested funds shall be kept liquid to allow them to be called upon as necessary
- no investment shall be made if the organisation is aware that the investment vehicle may present a compromise (or a perception of one by its supporters) to the organisation's commitment to human rights.

In practice, the organisation's adheres to this policy by a day-to-day strategy of placing its available funds with its bankers on short and medium term deposit; this ensures a reliable income stream and enables ready access to the funds should they be required to support essential human rights work.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Thank You

The success of Amnesty International crucially depends on the combined efforts of all its supporters – activists, members, office volunteers, donors and paid staff. To them the Board and Trustees express their heartfelt gratitude for their past support and looks forward to working in partnership with them all for even greater results in the future.

These financial statements are now approved by the Board and authorised for issue on

12th July 2008


Tom Hedley

Chair

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Report of the independent auditors of Amnesty International United Kingdom Section

To the Board of Amnesty International United Kingdom Section

We have audited the accompanying proforma combined financial statements of the entities listed in Note 2 (together "the Organisation") (the "financial statements") for the year ended 31 March 2008 which comprise the Combined Statement of Financial Activity, the Combined Balance Sheet, the Combined Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the basis of accounting set out on page 23 and the accounting policies set out therein.

Respective responsibilities of the Board and auditors

The Board is responsible for preparing the annual report and the proforma financial statements in accordance with the basis of accounting and the accounting policies set out on pages 23 to 24.

In preparing those financial statements, the Board are required to:

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

The individual Boards of the entities making up the Organisation are responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with the basis of accounting and whether the information given in the Board's report is consistent with those financial statements.

We read the Board's report and consider the implications for our report if we become of any apparent misstatements within it.

Our report has been prepared in accordance with the terms of our engagement letter and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of our engagement letter or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Organisation'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

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Report of the independent auditors of Amnesty International United Kingdom Section

irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The proforma financial statements have been properly prepared in accordance with the basis of accounting set out in note 2; and
- the information given in the Board's report is consistent with the financial statements.



BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors
Epsom, Surrey

Date 22 July 2008

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Combined statement of financial activities for the year ended 31 March 2008

	Note	Un- restricted Funds £	Restricted Funds £	Endow- -ment Fund £	Total 2008 £	Total restated 2007 £
Incoming resources from generated funds						
Voluntary income						
Subscriptions and donations from members and supporters	3	16,752,413			16,752,413	15,969,991
Legacies		3,173,359			3,173,359	2,006,226
Grants	3		253,022		253,022	99,700
Total voluntary income		19,925,772	253,022		20,178,794	18,075,917
Activities for generating funds	4	2,755,944			2,755,944	3,610,060
Income from pursuit of objectives	5	164,930			164,930	216,954
Investment and other income	6	363,950			363,950	240,564
Total incoming resources		23,210,596	253,022		23,463,618	22,143,495
Expenditure						
Cost of generating voluntary income	3	4,665,611			4,665,611	5,480,449
Activities for generating funds	4	1,867,680			1,867,680	2,154,423
Total cost of generating funds		6,533,291			6,533,291	7,634,872
Expenditure in pursuit of objectives						
Human rights campaigning	7	7,260,909	104,610		7,365,519	6,622,192
Research:human rights violations	7	6,147,614			6,147,614	4,946,303
Investment in activist recruitment	7	1,353,792			1,353,792	2,067,510
Total expenditure in pursuit of objectives		14,762,315	104,610		14,866,925	13,636,005
Governance costs	8	91,865			91,865	509,356
Total resources expended		21,387,471	104,610		21,492,081	21,780,233
Net surplus for the year before revaluation		1,823,125	148,412		1,971,537	363,262
Unrealised gain/(loss) on revaluation of investment asset	15			16,894	16,894	(6,728)
Net Movement on funds		1,823,125	148,412	16,894	1,988,431	356,534
Total funds brought forward	15/16	12,657,265	37,000	144,618	12,838,883	12,482,349
Total funds carried forward	15/16	14,480,390	185,412	161,512	14,827,314	12,838,883

All amounts relate to continuing activities. There are no recognised gains or losses other than the surplus for the year. The notes on pages 23 to 39 form part of these financial statements.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Combined balance sheet at 31 March 2008

	Note	2008 £	2008 £	restated 2007 £	restated 2007 £
Fixed assets					
Tangible fixed assets	12	11,787,367		12,259,174	
Investments	12	<u>161,512</u>		<u>144,618</u>	
			11,948,879		12,403,792
Current assets					
Debtors	13	2,099,207		977,799	
Cash at bank and in hand		<u>6,764,909</u>		<u>5,902,715</u>	
		8,864,116		6,880,514	
Creditors: amounts falling due within one year	14	<u>(2,045,919)</u>		<u>(2,384,957)</u>	
Net current assets			6,818,197		4,495,557
Creditors: amounts falling due after more than one year	14		(3,939,762)		(4,060,466)
Total assets less current liabilities			<u>14,827,314</u>		<u>12,838,883</u>
Reserves					
Restricted					
Endowment	15	161,512		144,618	
Grants	15	<u>185,412</u>		<u>37,000</u>	
			346,924		181,618
Unrestricted					
Undesignated	16	13,311,451		12,288,326	
Designated	16	<u>1,168,939</u>		<u>368,939</u>	
			14,480,390		12,657,265
Total reserves			<u>14,827,314</u>		<u>12,838,883</u>

These financial statements are now approved by the Board and authorised for issue on

12th July 2008

Date



Glyn Isherwood, Treasurer

The notes on pages 23 to 39 form part of these financial statements.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION
Combined cash flow statement for the year ended 31 March 2008

	Note	2008 £	2008 £	2007 £	2007 £
Net cash inflow from operating activities	17		857,163		1,654,936
Returns on investment and servicing of finance					
Interest received	6	363,950		240,564	
Interest paid	9	<u>(245,710)</u>		<u>(253,842)</u>	
Net cash inflow/(outflow) from return on investments and servicing of finance			118,240		(13,278)
Taxation					
Corporation tax paid	11		nil		nil
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets	12	<u>(121,395)</u>		<u>(415,531)</u>	
Net cash outflow from capital expenditure and financial investment			(121,395)		(415,531)
Financing					
Decrease in long term debt			(120,705)		(112,646)
Increase in cash			<u><u>733,303</u></u>		<u><u>1,113,481</u></u>

The notes on pages 23 to 39 form part of these financial statements

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

- grant expenditure in furtherance of the charity's objects is recognised as expenditure when confirmation of an award is made to the receiving organisation
- governance costs include those incurred in governance of its assets and are primarily associated with constitutional and statutory requirements
- rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease duration.

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives as follows:

Freehold buildings	2 per cent per annum
Leasehold buildings	2 per cent per annum
Plant and machinery	5 per cent per annum
Computer infrastructure	20 per cent per annum
Computer equipment	33 per cent per annum
Office equipment	15 per cent per annum
Leasehold improvements	10 to 20 per cent per annum
Freehold land	not depreciated

Investments

Investments are included at market value at the year-end. Gains and losses on revaluation of investments are included in the statement of financial activities.

Pensions

Amnesty International UK Section operates a defined contribution pension scheme. Contributions are charged to the income and expenditure account in the year in which they become payable.

Indemnity insurance

Amnesty International (UK Section) Charitable Trust has arranged Directors and Officers Liability Insurance at an annual premium of £1,832 (2007 – £1,823)

Funds

Funds are distinguished between restricted, designated and unrestricted funds. Income, expenditure, assets and liabilities for each classification of funds are accounted for separately. Further details are shown in the statement of financial activities for the year to 31 March 2008.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

3 Generation of voluntary income

	Unrestricted 2008 £	Restricted 2008 £	Total 2008 £	Total 2007 £
Voluntary income				
Subscriptions and donations from supporters and members	16,752,413		16,752,413	15,969,991
Legacies	3,173,359		3,173,359	2,006,226
Grants received (see 3.1 overleaf)		253,022	253,022	99,700
	19,925,772	253,022	20,178,794	18,075,917
Costs of generating voluntary income				
Investment in supporter recruitment	2,030,688		2,030,688	2,635,293
Supporter care	985,386		985,386	1,333,317
General fundraising	1,571,589		1,571,589	1,511,839
Legacies	77,948		77,948	
	4,665,611		4,665,611	5,480,449
Net voluntary income generated	15,260,161	253,022	15,513,183	12,595,468

The investment in recruiting new supporters not only results in future income streams but also increases the number of human rights activists campaigning on behalf of Amnesty International, giving a direct boost to our campaigning effectiveness.

In addition, our campaigning influence is strengthened significantly by the resulting increase in supporter numbers - the more we speak for, the more we are heard. It is difficult to quantify the relative benefits accruing to income growth and to campaigning effectiveness from this expenditure; the Board judges that 40 per cent of this expenditure is treated as campaigning and 60 per cent is included above as a cost of generating income.

Included in the costs of generating voluntary income is £893,492 of apportioned support costs. See note 9 – (2007 £1,261,403)

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

3.1 Grants received

The following restricted grants were received during the year:

		£
City Bridge Trust	human rights education work in London	32,000
Eva Reckitt	greetings card campaign	2,000
Awards for Scotland	Slave Britain exhibition	5,965
Enkalon	human rights education work in N. Ireland	500
Anonymous Grant	human rights education work in N. Ireland	5,000
William Cadbury	human rights education work in N. Ireland	8,000
Follet Trust	Vira Chirwa book launch	1,000
Persula	Chelsea flower show	35,000
Gaelic Projects	translation of educational materials into Gaelic	1,350
Jack Petchey	human rights education in England	10,000
Zennström Philanthropies	human rights education	<u>152,207</u>
		<u><u>253,022</u></u>

4 Activities for generating funds

	Income 2008 £	Expenditure 2008 £	Net funds generated 2008 £	Income 2007 £	Expenditure 2007 £	Net funds generated 2007 £
Trading	893,955	716,987	176,968	892,236	601,125	291,111
Community fundraising	616,419	341,314	275,105	635,971	227,263	408,708
Events	73,038	348,340	(275,302)	945,280	919,165	26,115
Appeals	847,966	363,327	484,639	803,050	262,496	540,554
Raffles	324,566	97,712	226,854	333,523	144,374	189,149
	<u><u>2,755,944</u></u>	<u><u>1,867,680</u></u>	<u><u>888,264</u></u>	<u><u>3,610,060</u></u>	<u><u>2,154,423</u></u>	<u><u>1,455,637</u></u>

Included in the costs of activities for generating funds is £329,993 of apportioned support costs.
See note 9 – (2007 £322,016)

Many events are carried out primarily to raise public awareness of Amnesty International UK Section, with income generation often being a by-product. For this reason, it is quite common for events to generate negative net funds.

5 Income in pursuit of objectives

	2008 £	2007 £
Income from human rights publications and campaigning materials	<u>164,930</u>	<u>216,954</u>

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

6 Investment income

	2008 £	2007 £
Interest receivable on bank deposits	<u>363,950</u>	<u>240,564</u>

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

8 Governance costs

	2008	2007
	£	£
Members' annual general meeting and national conference		443,252
International council meeting (biennial meeting of global movement)	32,993	2,838
Other direct governance costs	58,871	56,366
Support costs (see note 9)		6,900
Total governance costs	91,865	509,356

Included within other direct governance costs are audit fees of £34,100. (2007: £33,000)

The decrease in expenditure over 2007 arises largely from two Annual General Meetings taking place in the year ended 31 March 2007, one in early April 2006 and one late in March 2007. In addition, approximately £70,000 of expenditure was incurred in 2007 to administer ballots for elections to the Board. The next AGM was in early April 2008, hence no cost for the year ended 31 March 2008.

9 Support costs

	2008	2007
	£	£
Staff costs (including agency costs)	1,323,238	1,077,971
Staff and volunteer training and welfare	160,958	163,872
Premises costs	893,631	879,004
Irrecoverable VAT	366,101	395,807
Interest payable on mortgage loan	245,710	253,842
Depreciation	593,200	513,589
Other support costs	655,175	851,131
Total support costs	4,238,013	4,135,216

Staff costs covers employees in finance, information technology, human resources and facilities management.

The mortgage loan is secured on the Human Rights Action Centre. The purpose of the loan is to repay amounts due to related entities. The Trustees have resolved to repay these amounts so that current liabilities have been replaced with long-term liabilities, thus providing positive net current assets in future. Further details of the mortgage loan appear in note 14.

Support costs are apportioned across the organisation's activities. Apportionment is based on staff time spent on the organisation's activities.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

Apportionment of support costs	2008 £	2007 £
Cost of generating voluntary income	893,492	1,261,403
Activities for generating funds	329,993	322,016
Human rights campaigning	2,871,817	2,327,024
Investment in activist recruitment	142,711	217,873
Governance	-	6,900
Total support costs apportioned	4,238,013	4,135,216

10 Staff costs

	2008 £	2007 £
Wages and salaries	4,902,390	3,701,146
Social security costs	518,863	420,292
Pension costs	279,541	1,103,454
Total	5,700,794	5,224,892

Amnesty International UK Section operates a defined contribution pension scheme.

The number and cost of full-time equivalent staff engaged on the organisation's various activities was as follows:

	Full-time equivalents	Cost £
Cost of generating voluntary income	30	1,008,200
Activities for generating funds	10	319,135
Human rights campaigning	82	3,295,094
Investment in activist recruitment	20	841,549
Support	5	236,815
Total	147	5,700,794

There were 202 staff employed including part-time and job-share posts. This number also includes those who joined and left during the year. Overall, this is the equivalent of 147 full-time posts.

The number of staff whose total remuneration exceeded £60,000 during the year is analysed as follows

Salary band	2008 £	2007 £
£80,000 - £89,999	1	nil
£70,000 - £79,999	nil	1
£60,000 - £69,999	3	nil

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

11 Taxation

Taxation on profit on ordinary activities	2008	2007
	£	£
Current tax		
UK corporation tax on profit of the period	nil	nil
Double taxation relief	nil	nil
Adjustments in respect of previous years	nil	nil
Charge for group relief	nil	nil
Total current tax	nil	nil
Deferred tax		
Movement in deferred tax provision	nil	nil
Taxation on profit on ordinary activities	nil	nil
Reconciliation	2008	2007
	£	£
Profit on ordinary activities before tax	518,015	819,696
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	155,405	245,909
Effects of:		
Expenses not deductible for tax purposes		1,085
Net non-taxable income	(550,482)	(371,774)
Depreciation on non qualifying expenditure	159,972	30,955
Capital allowances in excess of depreciation	8,420	116,783
Write off of connected party loan		
Utilisation of group tax losses		
Relief for gift aid payment lost		
Other timing difference		
Increase in provisions		
Increase/(decrease) in losses	226,685	(22,958)
Tax rate adjustment		
Adjustments in respect of previous years		
Current tax charge for period	nil	nil
The year end unprovided deferred tax asset comprises	2008	2007
	£	£
Capital allowances	(40,250)	(95,971)
Losses	(788,434)	(509,969)
Provisions and accruals	(13,050)	(13,050)
	(841,734)	(562,726)

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

12 Fixed assets

Tangible Fixed Assets	Freehold land and buildings	Leasehold land and buildings	Plant & machinery	Computer equipment/ infrastructure	Office equip.	L/hold improve	Total
	£	£	£	£	£	£	£
Cost							
at 1 April 2007	5,094,154	4,729,598	1,690,989	2,746,473	879,645	123,016	15,263,875
Additions				73,612	47,783		121,395
Disposals							
at 31 March 2008	5,094,154	4,729,598	1,690,989	2,820,085	927,428	123,016	15,385,270
Depreciation							
at 1 April 2007	68,980	294,294	182,441	1,899,226	448,561	111,200	3,004,702
Charge for year	31,896	92,756	84,327	302,419	76,929	4,874	593,201
On disposals							
at 31 March 2008	100,876	387,050	266,768	2,201,645	525,490	116,074	3,597,903
Net book value							
at 31 March 2008	4,993,278	4,342,548	1,424,221	618,440	401,938	6,942	11,787,367
at 31 March 2007	5,025,174	4,435,304	1,508,548	847,247	431,084	11,816	12,259,174

Freehold land and buildings

The land and building asset is the freehold of the Human Rights Action Centre in New Inn Yard, London.

The cost of the asset shown above includes the purchase price and associated expenses together with capitalised costs incurred in beginning the refurbishment works before the tenant took over the responsibility for the works.

The cost of the land included above is £3,500,000.

Amnesty International (UK Section) Charitable Trust has granted a 35 year lease to Amnesty International United Kingdom Section, a condition of which is that the tenant had to carry out the programme of refurbishments to the building. The capital costs of these refurbishments are shown as leasehold improvements.

Amnesty International United Kingdom Section has granted a licence allowing Amnesty International (UK Section) Charitable Trust to use the building for its own activities.

Computer equipment and infrastructure

Included in additions to computer equipment and infrastructure is £297,932 in respect of a new supporter database.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

Investments	2008 Total £	2007 Total £
Opening cost / market value at 1 April	144,618	151,346
Unrealised profit/(loss) for the year	16,894	(6,728)
Closing cost / market value at 31 March	161,512	144,618
Historical cost at 31 March	134,366	134,366

By a declaration of Trust dated September 1999, the Trust was made the beneficiary of a gift from David T K Wong of US \$350,000 United States Federal Government Zero Coupon Bonds maturing in November 2011 and November 2015. These bonds were valued at £161,512 at the balance sheet date. After maturity of the bonds, the Trustees are obliged to maintain the capital grant in perpetuity and apply the income of the Fund in furtherance of the Trust's charitable objectives.

The Trustees wish to express their gratitude to Mr Wong for this extremely generous donation towards the future of their work.

13 Debtors

	2008 £	2007 £
Tax recoverable on gift aid	210,204	113,100
Accrued legacy income	1,323,932	313,392
Trade debtors	66,370	144,576
Other debtors, prepayments and accrued income	379,215	285,764
Value Added Tax recoverable	119,486	120,969
Total	2,099,207	977,799

All amounts are due within 12 months.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

14 Creditors

Amounts falling due within one year

	2008	2007
	£	£
Bank overdraft	321,281	71,685
Trade creditors	676,926	720,198
Accruals and deferred income	855,082	1,426,862
Payroll taxes and other creditors	192,630	166,212
	2,045,919	2,384,957

Amounts falling due after more than one year

	2008	2007
	£	£
Mortgage loan	3,939,762	4,060,466

As explained in note 9, the Trustees resolved to take out a mortgage with the Co-operative Bank to repay balances due to related entities. This substitution of current debt for long-term debt for ensures a surplus of current assets over current liabilities and in the opinion of the Trustees gives the charity a more predictable and secure financial base. The loan is for an initial term of 10 years, with repayments scheduled over 20 years. The interest rate on the loan is fixed at 6.1875% until November 2010.

The loan is secured on the freehold of the Human Rights Action Centre (see note 12).

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

15 Restricted funds

Endowment fund	Total £
Opening cost / market value at 1 April	144,618
Unrealised profit/(loss) for the year	<u>16,894</u>
Closing cost / market value at 31 March	<u>161,512</u>
<i>Represented by:</i>	
Cash at bank	<u>161,512</u>
	<u>161,512</u>

Restricted grants	Total £
At 1 April 2007	37,000
Income (see note 3.1)	253,022
Expenditure (see note 7)	<u>(104,610)</u>
At 31 March 2008	<u>185,412</u>
<i>Represented by:</i>	
Cash at bank	<u>185,412</u>
	<u>185,412</u>

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

16 Unrestricted funds

Unrestricted funds

	Total Designated funds £	Total Undesignated funds £	Total Unrestricted funds £
At 1 April 2007 as previously stated	368,939	12,038,326	12,407,265
Adjustment in respect of prior year (see below)		250,000	250,000
At 1 April 2007	368,939	12,288,326	12,657,265
Utilised during year	(33,611)	1,856,736	1,823,125
Designated during year	833,611	(833,611)	
At 31 March 2008	1,168,939	13,311,451	14,480,390
Represented by			
Fixed Assets/Investments		11,948,879	11,948,879
Cash at bank	1,168,939	5,249,046	6,417,985
Net liabilities		(3,886,474)	(3,886,474)
	1,168,939	13,311,451	14,480,390

A provision made last year by Amnesty International UK Section (AIUK) in respect of an intercompany debt with its subsidiary, Amnesty Freestyle Limited was not eliminated as part of the process of combining the financial information. In the current year this adjustment has been performed and as a result the opening position has been adjusted to reflect this.

Analysis of designated funds

	Supporter database £	Building maintain £	Crisis response £	Memorial fund	Total Designated funds £
At 1 April 2007	168,939	100,000	100,000		368,939
Designated during year			33,611	800,000	833,611
Utilised during year			(33,611)		(33,611)
At 31 March 2008	168,939	100,000	100,000	800,000	1,168,939
Represented by					
Cash at bank	168,939	100,000	100,000	800,000	1,168,939
	168,939	100,000	100,000	800,000	1,168,939

Designated funds are treated as unrestricted funds in the balance sheet.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

Supporter Database

As Amnesty International UK Section continues to expand, the servicing and development of our membership and supporter base needs a more sophisticated tool than the current database. A new database will allow us to offer a high level of supporter care, thus increasing the numbers of members and supporters who stay with Amnesty over the years. It will also allow us to provide campaigning materials to those members and supporters who are keen to become activists for human rights.

As mentioned in the Report of the Board we are in the closing stages of the implementation of a new supporter database. This is a complex project and there are some ongoing delays which will, inevitably lead to some additional costs. We expect these to be quantified during the next financial year; in the meantime we have held our designated reserve at its existing level.

Building Maintenance

The Human Rights Action Centre represents a very significant investment in Amnesty International UK Section's future and the protection of that investment through proper maintenance is a high priority for the Board.

Crisis Response

From time to time, Amnesty International declares a human rights crisis in a particular country or region. In these circumstances it is vital that national sections have the capacity to respond immediately and the Board of Amnesty International UK Section has designated £100,000 to fund whatever actions are considered appropriate to respond to future crises. The intention of the Board is to replenish this fund each time it is used; the amount utilised in any year will be matched by a transfer from unrestricted, undesignated funds.

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

17 Notes to the cash flow statement

Reconciliation of operating surplus to net cash inflows from operating activities

	2008 £	2007 £
Surplus before taxation	1,971,537	363,262
Depreciation	593,201	524,268
Interest received	(363,950)	(240,564)
Interest paid	245,710	253,842
(Increase)/decrease in debtors	(1,121,408)	265,341
(Decrease)/increase in creditors	(467,927)	488,787
Net cash inflow from operating activities	857,163	1,654,936

Reconciliation of net cash to movement in net funds

	2008 £	2007 £
Increase in cash	733,303	1,230,374
Opening net funds	1,770,564	540,190
Closing net funds	2,503,867	1,770,564

Analysis of net funds

	at 1 April 2007 £	Cash flows £	at 31 March 2008 £
Cash in hand and at bank	5,902,715	862,194	6,764,909
Overdraft	(71,685)	(249,596)	(321,281)
	5,831,030	612,598	6,443,628
Debt due after one year	(4,060,466)	120,705	(3,939,762)
	1,770,564	733,303	2,503,867

AMNESTY INTERNATIONAL UNITED KINGDOM SECTION

Notes forming part of the pro forma combined financial statements for year ended 31 March 2008

18 Commitments under operating leases

Operating leases which expire

	2008 £	2007 £
Within one year	nil	52,958
In two to five years	176,220	58,520
In more than five years	20,000	69,650
	196,220	181,128
Analysed between		
Hire of plant and machinery	24,845	29,203
Other operating leases	171,375	151,925
	196,220	181,128