



Report of the Trustees and Financial Statements

For the year ended 31 March 2013

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Organisational details

Principal and registered address

Romero House
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Patron

His Eminence, Cardinal Cormac Murphy-O'Connor

Foundation Trustees

Right Reverend John Arnold (Chair)
Right Reverend Kieran Conry
Catherine Newman QC
Mary Ney

Trustees

Charles Reeve-Tucker FCA (Honorary Treasurer)

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Leslie Ferrar (from 23.9.12)
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Noreen Lockhart – Corporate Planning and Governance
Tom O'Connor - Communities and Supporters
Geoff O'Donoghue - International Programme
James Steel - Finance and Services
Neil Thorns - Advocacy Programme

Principal professional advisers

Auditors: Crowe Clark Whitehill LLP, Salisbury Square, London

Solicitors: Linklaters, Silk Street, London

Bankers: Royal Bank of Scotland, Cavendish Square, London

Letter from the Chair

Shortly after his election, Pope Francis spoke movingly of the world's poorest people. '... it breaks my heart to say it,' he said, but 'finding a homeless person who has died of cold, is not news... the many children who don't have food, that's not news. This is grave. We can't rest easy while things are this way.' The Catholic community in England and Wales and our partners across the world do not rest easy, and thanks to their generosity and dedication, we've been able to expand our work significantly this year. In part this is because of record Lent Fast Day donations, matched by the government through the UK Aid Match Scheme, for which we are extremely grateful.

I was delighted to see CAFOD's long years of campaigning come to fruition this year, when the UK government became the first G8 nation to commit to spending 0.7 per cent of national income on international development aid. We believe that saving and improving lives through aid is a crucial part of effective development as well as a moral duty, and our supporters across England and Wales have campaigned with great persistence and hope. We are also a founding member of the 'Enough Food for Everyone, IF' campaign on food and hunger, which launched this year ahead of the UK taking over the G8 presidency.

I witnessed CAFOD's excellent work at home this year, especially in schools where I saw young people beginning to engage with issues of poverty and injustice, and it reminded me that understanding the problem is such a crucial part of the solution.

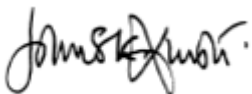
I was also delighted that we could welcome Caritas Social Action Network (CSAN) into our Romero House headquarters. Together, as agencies of the Bishops' Conference, we are strengthened in our common endeavour to work for the poorest and most marginalised people, with CSAN's focus on domestic poverty and CAFOD's on international poverty.

One of the greatest privileges I have of being CAFOD's chair of trustees is seeing for myself the work that CAFOD funds. Last November I travelled with our Caritas partners to Nyaung Lein Goan village in Burma to see their cyclone shelters. Located on the furthest island in the delta near the Bay of Bengal, it was inundated when the Nargis floods came in 2008 and 150 of its 170 houses were washed away, along with most of the livestock. Sadly, 41 of the 700 villagers died. Many more would have perished but they managed to take refuge in the upper floor of the nearby monastery.

As we sailed there, all I could see were river banks just a couple of feet out of the water, a few houses on the shore raised on stilts, and paddy fields. After two hours we turned into a tidal inlet, barely wide enough for two boats to pass, and sailed for a couple of miles to the centre of the island, where the whole village greeted us with large bouquets of flowers.

The villagers took us through a mock evacuation exercise. When the warning bell sounded, everyone was at their task, bringing elderly people and children first to the monastery. In thirty minutes the whole place was accounted for and everyone gathered together. Given that this had already been done in earnest, it was a very moving occasion.

The people of Nyaung Lein Goan – like thousands of people living in poverty – are not looking for hand-outs. They take responsibility for their own lives, and rightly take immense pride in what they've achieved with CAFOD's help. This, for me, is a hallmark of CAFOD's work. Thank you so much for all you have done to support them, and many thousands of other people, over this last year.



Rt. Rev. John Arnold
Auxiliary Bishop in Westminster, Chair of the Trustees

Objectives and activities

Our vision is a world transformed to reflect the Kingdom of God: a world where –

- the rights and dignity of every person are respected
- all have access to basic needs in life
- women and men share equally in shaping their societies and our world
- the gifts of creation are nurtured and shared by all for the common good
- the structures that shape people's lives are just and enable peace.

Our mission

CAFOD is the official aid agency of the Catholic Church in England and Wales and part of the global Caritas family. Together with our partners and the global Caritas family, we:

- work with poor and disadvantaged communities in the global South to overcome poverty and bring about sustainable development and well-being
- protect lives and relieve suffering during emergencies; reduce the risks to vulnerable communities as a result of conflict and natural disasters
- raise awareness and understanding of the causes of poverty and injustice to inspire a commitment to lasting change
- challenge those with power to adopt policies and behaviour that promote social justice and end poverty.

To fulfil this fourfold mission we raise funds and mobilise action from the Catholic community and beyond.

Our values

- Compassion
- Hope
- Dignity
- Sustainability
- Partnership
- Solidarity
- Stewardship

Activities

In fulfilling our mission, we work in more than 40 countries worldwide. The majority of our work is done in partnership – with local communities in the global South, with sister agencies across the world and with the Catholic community in England and Wales. Together with our partners, we strive to reduce the impact of poverty, to address and challenge its root causes, and to empower people to bring about change for themselves.

Progressing our priority areas in 2012/13

Our strategic framework, 'Just One World', provides a focus for our work up to the end of this decade. It sets out four aims:

Aim 1: Increasing power and influence, so that women and men in the poorest and most disadvantage communities are able to influence the systems, decisions and resources affecting them, living under governments, institutions and global structures that are just and accountable.

Aim 2: Promoting sustainable development, so that women and men in the poorest and most disadvantaged communities have access to the essential services and resources they need to live sustainably, with dignity.

Aim 3: Achieving peace, security and recovery, so that women and men in the poorest and most disadvantaged communities live in a safe and secure environment and are able to minimise, survive and recover from crises.

Aim 4: Building our partnerships in the Catholic community, so that Catholics in England and Wales are inspired to challenge global poverty through prayer, action and giving, so transforming their own lives.

Our mission impels us to work with the poorest and most disadvantaged communities in Africa, Asia and Latin America and the Middle East. The following pages provide an update on the progress we have made, with the support of our partners on the ground, towards these aims during 2012/13.

Achievements and performance

Aim 1: Increasing power and influence of women and men in the poorest and most disadvantaged communities

What we set out to achieve this year

We need to tackle the causes of poverty and exclusion, as well as the symptoms. Some of our priorities included:

- challenging the policies that prevent millions of people from getting enough food
- making private sector companies more accountable for their actions
- making sure poor communities get a say in developing the successor to the Millennium Development Goals
- getting more CAFOD supporters to lobby their MPs to take action on policies which affect the world's poorest people

Some of our achievements

Campaigning on food

One in eight hardworking people go to bed hungry every night, even though there is enough food in the world to feed everyone. As a founder member of the 'IF' campaign, CAFOD has been at the forefront of the biggest charity coalition of its kind since Make Poverty History. The campaign has called on Prime Minister David Cameron to use the UK's G8 presidency in 2013 to take action on four areas that contribute to the hunger crisis: land, tax, transparency and aid.

'Publish what you pay'

After more than 10 years of campaigning, the European Parliament approved the new EU Accounting and Transparency Directives, requiring oil, gas and mining companies to publish their books, including the payments they make to governments and officials in poor countries. For the first time communities will have meaningful, detailed information about the money their governments receive from extractives companies and will be better equipped than ever before to ensure that the benefits of the resources beneath their feet are fairly shared. It follows the tireless work of the international Publish What You Pay coalition in which CAFOD, our campaigners and our partners in countries such as Timor, Cambodia and Zambia have played an important role.

Post 2015

The Millennium Development Goals (MDGs) expire in just two years' time. CAFOD is determined that whatever framework follows has eradicating extreme poverty at its heart and, crucially, is born out of the perspectives, opinions, and wants of people living in poverty.

As co-chair of the Beyond 2015 coalition – which has grown to over 600 participating organisations in 100 countries – CAFOD continues to help shape what happens next. We have been working hard to influence the UN systems, specifically the 'High Level Panel' established by UN Secretary General Ban Ki-moon to work on what should succeed the MDGs and co-chaired by Prime Minister David Cameron. To support this work, CAFOD commissioned 'COMPASS', a piece of participatory research with four CAFOD partners in Bolivia, the Philippines, Zimbabwe and Uganda. This research means that the people who know the most about living in poverty will have a chance to tell decision-makers what they think about the current MDGs and where they think change is possible. Our partners have involved farmers, city dwellers, children, indigenous communities and people with disabilities. These are just some of the groups who will help to identify the research questions, gather information, carry out analysis and formulate key messages for policy makers. We hope to see findings this summer.

Persuading MPs

We now have 955 supporters who have signed up to write to, email or visit their MPs on CAFOD's behalf, covering 69 per cent of all constituencies. The successes the 'MP Correspondents' contributed to this year include EU transparency laws and the milestone achievement in the March 2013 budget when the Chancellor committed 0.7% of gross national income to international aid.

CAFOD campaigners met the Shadow International Development Secretary Ivan Lewis to discuss the budget and the Prime Minister's suggestion to divert money earmarked for international aid to defence. Ivan Lewis said:

'It was a great opportunity to meet with local people campaigning against the global injustice of poverty and hunger. If we are to be a One Nation, One World it is important to encourage local citizens to share their passion and ideas on such an important issue. I look forward to meeting with CAFOD volunteers and local activists again in the near future.'

Working with partners to influence change

After five years, this year sees the conclusion of the first phase of Action for Better Governance, a programme in which CAFOD, together with Trócaire, our sister agency in Ireland, has been supporting the Church in Africa to engage with governments, hold them to account, and equip ordinary people with the confidence and skills to bring about change for the poorest people. We have worked closely with 30 partners (including National Justice and Peace Commissions, local dioceses and religious orders) in nine countries: Burundi, Democratic Republic of Congo, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia and Zimbabwe.

Our work has included: training groups to engage in national and local budgeting processes; monitoring public expenditure; and helping to tackle conflict over land ownership and natural resources. Two examples follow of the kind of change which has taken place.

Amuria, northern Uganda

Peace has finally come to Amuria district, where for many years children couldn't walk to school without fear of being attacked by a rival clan. Two clans in the district had been involved in a dispute over land, and like many cases in this part of northern Uganda, it had been running for over 30 years, and caused many deaths.

These conflicts have their roots in northern Uganda's 20-year-long civil war, when thousands of people fled their ancestral land for the safety of camps. When relative peace returned they went back to their land, only to find new settlers had moved in and old land boundaries had been lost.

Faced with the build-up of cases in the formal court system, the Justice and Peace Commission (JPC) in Soroti, with the support of the Action for Better Governance programme, decided to use 'Alternative Dispute Resolution' (ADR) to resolve the case. JPC Soroti trained 33 facilitators to handle ADR cases and the local Catholic radio station ran a publicity campaign. Initially people were reluctant to use ADR, but once they heard about the successful resolution of the case in Amuria, many more pending court cases were brought forward.

In northern **Bolivia**, a lack of disabled access in public buildings means it's very difficult for disabled people to shop, attend university or even go to the bank. Juana Karina Chávez Gómez, and other members of the Cobija Association of Producers with Disabilities, decided to do something about it, and turned to CAFOD partner UNITAS for help.

UNITAS ran workshops on human rights for the Association and 30 other groups. It helped Juana and her colleagues realise they had strong legal grounds on which to take action. With the help of UNITAS they lobbied their local city council, and within a few months access ramps had been built in various parts of the city. But there was more to be done, says Juana:

In 2012 we proposed new, more effective legislation regarding protection of people with disabilities. We lobbied municipal authorities, and after several conversations, they accepted our proposal and issued [a] new municipal ordinance... we were able to secure 350,000 bs. (approx. £32,500) in the 2012 municipal budget. Moreover, a special plan for the city was approved, as a consequence of which more work to improve access was carried out (ramps, entrances, safety signs, stair rails and elimination of barriers). Approximately 600 people with disabilities benefited from these changes.

Aim 2 Promoting sustainable development to enable access to essential services and resources for the poorest and most disadvantaged

What we set out to achieve this year

Some of our aims included helping more families to make a decent living, with enough food to eat and clean water and sanitation nearby, and for people living with HIV to have a better quality of life.

Because of our enormously successful 2011 Lent Fast Day (which raised over £9 million) and the government's UK Aid Match scheme (which brought the total to over £18 million) we were able to expand our work with partners on water and sanitation, and have projects focusing on the needs of women and girls in particular, across dozens of countries, including South Sudan, Kenya, Mozambique, DRC, Zimbabwe, Cambodia, Peru, Brazil and Afghanistan.

Some of our achievements

Water

Every day, thousands of children die from diarrhoea because of dirty drinking water, and thousands of women and girls travel long distances to fetch water, risking injury and missing out on school, work and community life.

In **Guatemala** increased funding meant we could agree a fivefold expansion in our water and sanitation projects, so that at least 5,000 people will benefit, compared to 1,000 under our original plans.

In spring 2012 CAFOD partner Caritas Guatemala began work on a water project in the remote and isolated Quiché region, where some people have never had clean drinking water or toilets in or even near their villages.

By the end of the project:

- 2,385 indigenous families will have toilets in their village for the first time, and clean water from a tap installed in every house.
- 24 people – including at least five women – will have been trained as plumbers so they can operate and repair the water system.

In **Sri Lanka**, we have been able to double the size of our project to provide clean water in conflict-affected regions. In early 2013 our partner Caritas Sri Lanka began work digging wells, building filtering and pipeline systems and providing rainwater harvesting tanks.

By the end of the project:

- more than 10,000 people, in communities whose water infrastructure has been badly damaged or destroyed, will have benefitted
- 993 women members of self-help groups with have been trained to manage their own water resources
- 194 women will have decision-making responsibility on water management committees.

In **Zimbabwe**, almost half of the people of Binga District don't have clean drinking water. It has one of highest rates of diarrhoea in children under five, and two cholera outbreaks in 2004 and 2008 killed 73 people.

CAFOD has been working with Caritas Hwange in Binga district since 2002 on projects that include water and sanitation, HIV and AIDS, and food. Last year Caritas Hwange, with the support of CAFOD, brought clean water to almost 2,000 families by:

- building the 21km Binga – Manjolo pipeline and water storage tanks
- installing two solar powered piped water schemes and reservoirs
- drilling eight new and repairing ten existing boreholes
- training village health workers and setting up community and school health and hygiene clubs
- training 20 Water Point Committees and 15 Village Pump Minders (60 per cent of whom are women).

In summer 2012 Caritas Hwange, with the support of CAFOD under the UK Aid Match initiative, began new work on clean drinking water, including:

- installing two new solar powered piped water schemes and water tanks
- drilling three boreholes and installing water pumps
- building a 148,200m³ capacity dam

The project will benefit more than 7,000 people and ensure that 3,000 cattle have access to water.

In a part of Binga District known as 'Clean Water area', village water comes from a spring at the bottom of the mountain, but almost all of the community – 200 families – live at the top. *'We were in difficult times,'* says Muleya Belitha. *'We had to go down the mountain and climb back up carrying 20 litres of water and a baby on our backs – sometimes several times a day.'*

Thanks to the project supported by CAFOD, water is now piped up the hill using solar panels, which are easy to maintain and don't need batteries. As this project has been so successful, we are planning to replicate it elsewhere with the help of the Lent Match Funds.

Caritas Hwange Coordinator Supa Dube said, *'These women have been climbing that hill for 50 years and having water at the top means a lot. Thank you CAFOD for being with us these last 11 years'*.

Making a better living

Last year CAFOD supported 54 partners on 46 'livelihoods' projects and programmes in 18 countries:

In **Niger**, in response to the severe food crisis, CAFOD partners provided food to the most vulnerable households.

- 14,300 people also received seeds to be able to grow and harvest enough food for their families
- 3,190 households received animal fodder.

In parts of **Bolivia** affected by climate change, a small project has demonstrated the effectiveness of organic farming techniques so that they might be replicated more widely within the community.

- most farmers taking part have experienced an increase in yields, averaging 118 per cent.

In **Ethiopia**, CAFOD partners have been targeting women-headed households after identifying that they were harvesting less, earning less and owning less than their male-headed counterparts.

As a result:

- of the 6,289 families involved in the project, more than 75 per cent were better off through growing fruit and vegetables, keeping cattle and hens and selling goods in the market
- CAFOD's Sustainable Livelihoods Project has benefited 450,000 men and women over the last 3 years.

Tackling HIV

HIV threatens to reverse the progress that has been made over the years in thousands of poor and disadvantaged communities across the world. One of our priorities this year was to improve the quality of life of women, men and children in marginalised communities who are affected by HIV.

In **Ethiopia**,

- our HIV Response Programme benefited 6,254 people living with HIV and orphaned and vulnerable children
- initiatives designed to improve local communities' attitudes towards people living with HIV – such as the traditional Ethiopian coffee ceremony – reached 4,810 people
- as a result, people living with HIV reported that they were less likely to be excluded from family and religious activities
- following training from partners, 672 members of *Iddirs* (traditional community funeral associations) wrote formal wills to make guardian arrangements for their children and safeguard their property rights
- 1,253 people living with HIV and orphaned children received help with making a living, including vocational training and seed money for small businesses.

Working for equality: women and girls

Inequality is one of the root causes of poverty, and one of the most damaging inequalities is that between women and men. Globally, women are less likely to be involved in decision-making, to own land or property or to have access to education and employment than men. Increased special funding from the UK Aid Match scheme has meant we've been able to put more focus on our work with women and girls this year.

In **Guatemala**, thanks to the UK Aid Match scheme, our partner Social Pastoral–Caritas Verapaz has just begun work with indigenous communities in Verapaz on the issue of human rights and violence against women, including workshops and training so that women and girls understand their rights and are more confident in demanding them.

By the end of the project:

- at least 200 women and girls will have participated in activities designed to increase their opportunity for decision-making
- at least 500 men and 650 women will have a better understanding of the importance of women's participation in decision-making and recognise women's value and abilities.

Aim 3 Achieving peace, security and recovery from crises for the poorest and most disadvantaged

What we set out to achieve this year

This year some of our priorities for our humanitarian work were: to respond immediately to an emergency; to improve our partners' ability to respond to emergencies; and to strengthen our relationship with DFID and the European Community Humanitarian Office (ECHO).

Some of our achievements

Response to major emergencies

CAFOD's work – and the lives of thousands of people living in poverty – has been affected this year by conflict (including DRC, Syria, South Sudan), natural disasters including flooding (Mozambique, Malawi, and Nigeria) and a cholera outbreak (Sierra Leone).

CAFOD has met these demands in a range of ways, including sending staff who are specialist in emergency response to Turkey, Mozambique, DRC and South Sudan. We have also contributed to numerous Caritas emergency appeals including Malawi, Bangladesh and Nigeria. As well as directly implementing part of the humanitarian response in camps in Maban in South Sudan, CAFOD has committed to deeper engagement with our partner Norwegian Church Aid in the Darfur programme which has been running now for almost 10 years and is one of the biggest humanitarian responses in the region supporting approximately 500,000 refugees.

Syria: we continue to be deeply concerned, with 1.3 million refugees in neighbouring countries, and an estimated 5.5 million needing help within Syria. Our partners face extremely difficult situations, with access to many areas restricted, and very real security risks.

- CAFOD raised over £1 million to support our work in Syria through the Disasters Emergency Committee appeal and supporter donations
- partners in Jordan, Lebanon, Turkey and Syria are providing food, blankets and clothes to the most vulnerable.

Mozambique: in late January 2013, flooding in the south destroyed crops and more than 150,000 people were forced out of their homes in Chokwe and Guija districts. In February and March 2013, a second round of heavy rains led to massive flooding along the Zambezi valley in central Mozambique, making an additional 50,000 people homeless.

CAFOD sent a small team to assess and respond to the crisis, and launched an appeal with our partners Caritas Mocambicana and Caritas Xai-Xai. We are working with Caritas agencies in four dioceses to help an estimated 24,000 people.

South Sudan: fighting in Blue Nile State, Sudan forced more than 100,000 people to flee across the border into South Sudan. Fourteen-year-old Houmada spent two months walking to Yusuf

Batil camp in Maban county, surviving on leaves and tree bark. He said, *'We ran away because our houses were burning. Many people died. I was so frightened I wasn't able to run.'*

Houmada and his family have few possessions in the camp: a tent, a bench, a couple of pots and two plastic chairs. Until recently, they had no choice but to live on handouts of food and other basic supplies.

CAFOD has been working with the Catholic Development Office, Kosti Pastoral Region, to support 10,000 refugees, helping people to set up home gardens, small businesses and offering professional training.

Today, Houmada and his family have a small vegetable garden. CAFOD's Joseph Chacko said: *'No-one knows when refugees like Houmada will be able to go home. They could be here for months, if not years. But they are very far from being helpless victims. By giving them the means to support themselves, we are aiming to ensure that they can live with dignity and flourish for as long as they are here.'*

Democratic Republic of Congo (DRC): fighting in North Kivu in November/December 2012 caused more than 140,000 people to flee their homes, adding to the estimated 841,000 who were already displaced in the province. More than a quarter of people displaced by the fighting went into makeshift camps with limited assistance.

- CAFOD made grants of £169,000 to partners Caritas Goma, Don Bosco, APROFIME and Caritas Rwanda for food and essential household items like buckets and blankets.
- CAFOD managed to obtain a further £584,631 from DFID to fund emergency food and household items for more than 5,000 households in Masisi.

Strengthening our relationships with government and other major funders

Our aim has been to have a closer and stronger relationship with both DFID and the European Commission's Humanitarian Office (ECHO), and to win more funding from them for our humanitarian programmes.

In the last year we submitted successful funding applications to DFID (£584,630) for our work in Eastern DRC. We also submitted successful applications to ECHO for our work in Mozambique (£517,214) helping flood-affected communities and for our work in Nigeria (£508,474) providing flood recovery support in conjunction with our partner Catholic Relief Services.

This year we continued to play a significant role in the international humanitarian community. CAFOD director Chris Bain was the keynote speaker at a side event at the UN Economic and Social Council (ECOSOC) Humanitarian Segment at UN headquarters in New York in July 2012, which discussed the challenges of providing aid while promoting greater respect for humanitarian principles by all sides. CAFOD was also invited to speak at the EU's Committee on Humanitarian Aid and Food Aid and the Prague Humanitarian Congress.

Aim 4 Building our partnerships in the Catholic community in England and Wales

What we set out to achieve this year

We continue to receive hugely generous and loyal support from within the Catholic community and beyond, even as more people themselves experience poverty and economic uncertainty. We want to ensure that CAFOD's work will be at the heart of the Catholic community in England and Wales for many years to come, so we have been making our work more supporter-focused, listening systematically to what they have to say and making ourselves accountable to them for the work we do on their behalf.

This year, some of our aims were:

- to engage with schools and the wider school community
- to further develop our network of young messengers and leaders
- to nurture our relationship with existing supporters, as well as finding new ones

Some of our achievements

Engaging with schools

After months of resource development, testing with teachers, working alongside advisers, promotion and 'test' training with more than 350 teachers in four dioceses, CAFOD's 'Universal Church Units' were published this year as part of the new RE Scheme for Catholic primary schools in England and Wales, Come and See. Catholic children aged 5 to 11 will now be able to learn about global justice through stories, interactive online games and classroom activities.

- 635 schools are now registered on our website to access 'Universal Church Units'
- a minimum of 127,000 children will learn about global justice through the eyes of CAFOD in their core curriculum.

Developing young influencers

A central part of our mission with the Catholic community is to inspire the next generation to take up our work. Young people themselves are often the best advocates with their peers, so supporting these young leaders is an important part of our work.

- 576 young people have taken a leadership role with us this year – from organising fundraising events at school or college, to speaking about CAFOD and global poverty at youth conferences.
- 17,300 people took action in response to these young leader initiatives
- 30 young leaders took part in a residential conference, including a day in Parliament, meeting MPs on the Hungry for Change campaign

Reaching new people

We have a small communications team who work hard to get stories about global poverty in the media, both to make more people aware of the situation faced by millions of people, and to win more support for CAFOD's work. At the end of 2012 we collaborated on a special edition of The Tablet to mark our 50th anniversary year, guest-edited by ITV newsreader, Julie Etchingham, which provided a chance to highlight the key issues of food and hunger. Julie commented:

'If you're Catholic, it's likely CAFOD has been a constant presence in your life, as it has in mine. Their countless acts of charity in our name now span half a century. They have allowed us to be there for those suffering through terrible disasters and emergencies and have gone on to become a powerful and compassionate campaigning machine. All of this – on our behalf.'

Other media highlights from this year include:

- CAFOD was the only charity quoted in a Daily Mail front page story on changes to the tax regime on charity giving
- CAFOD's celebrity ambassador, David Harewood, was lead subject of the Daily Mirror's coverage of the launch of the IF campaign in January 2013 – with photographs and quotes from his visit to Kenya with CAFOD; this was followed by a longer article for The Guardian on the same subject, and an interview on breakfast television with an audience of almost one million viewers
- extensive coverage of supporter John McBride's part in the Olympic Torch relay (reported below)

Barefoot for Kenya

In July 2012 CAFOD supporter and Olympic torchbearer John McBride ran his mile barefoot, in solidarity with the young people he'd met four years earlier at the St John's Sports Society in Nairobi, Kenya. CAFOD supports the Society in the Korogocho slum of Nairobi, where young people play football and other sports as a haven from the tough life on the streets. After the

Olympics, John decided not to sell his Torch but instead took it to the young people at St John's Sports Society. Fr John Weebotsa who runs the Society, said:

'His visit was the talk of Korogocho for days, and it was truly wonderful to see all the children running behind him in the street today full of happiness and pride that the Olympics had come alive in their town. Life is hard for young people in Korogocho. Most of them dream of representing Kenya at the Olympics. The torch John has given to us stands in pride of place in the Society; inspiring the dreams of our young people, and making them believe that their dreams can be realised.'

Focus on Food

Alongside the 'Enough food for everyone, IF', in November 2012 we launched our 'Hungry for Change' campaign calling for support for small-scale farmers and checks on the power of global food companies. Over 10,000 CAFOD supporters in schools and parishes across England and Wales are now involved, including 19-year-old Carys Gallagher who went without food for a day to highlight the plight of the 870 million people who regularly go without food.

'I rarely miss meals and on the odd occasion I skip breakfast or forget my lunch, it puts me in a bad mood until I've eaten,' said Carys. 'It was only for a day and I knew I had a full cupboard waiting for me the next day. Not everyone can be so sure that they can have another meal.'

Lent Fast Day

Food was the focus of CAFOD's Lent appeal this year and inspired people at soup lunches, services, sponsored walks and school assemblies to give, act and pray for a world free from hunger. Pupils in St Alban's Primary School in Cambridge came up with the ingenious idea of decorating wheelie bins to raise awareness of food waste and the Hungry for Change campaign. Each class had a different word and picture and they decorated their bins linked to their word. The themes were: dignity, rights, vulnerable, family, solidarity, stewardship and rights for workers. One class brought in clothes to express dignity; another class decorated the top of their bin with flower pots and trowels symbolising stewardship.

The bins went on display during Holy Week for the public to see as they passed.

We raised £2.1m from the 2013 Lent appeal.

Thank you

The stalwart commitment of individuals, parishes, schools and religious communities to give, learn, pray and take action is the bedrock of all CAFOD's work and much of this activity is sustained by our network of dedicated volunteers. Once again, we are grateful for the generosity of the Catholic community: this year our supporter income, excluding special emergency appeals, grew by 4.2 per cent, and contributing to that was a record amount received in legacies, at £7.4m.

CAFOD's priorities for 2013/14

Our strategy, **Just One World**, with its four Aims (see pages 4 and 5 above) continues to guide all our work in a context of prolonged global economic uncertainty. Our priorities to achieve these aims remain: a focus on the poorest and most disadvantaged; equality for women and girls; working with the Church. Rooted in a strong faith identity, CAFOD's work in partnership underpins all we do in our international programmes and in collaboration with the Caritas International network and CIDSE, the Catholic network of development agencies. Building relationships with supporters in England & Wales is crucial to ensure the sustainability of our work.

Aligned to
> **Aim 1**

1. Increased impact in our **advocacy programme** as a result of strong, effective partnerships with our strategic alliances, both in the UK and internationally with wider Catholic world/sister agencies

- 1.1 The Campaign, 'Enough Food for Everyone, If', with 200+ agencies, results in:
 - 1.1.1 the policy objectives on finance, tax, transparency and land
 - 1.1.2 mass public engagement on the structural issues of food and hunger (special focus on 8 June)
 - 1.1.3 new supporters and re-engages existing supporters

- 1.2 CAFOD's lead role in the post 2015/ Millennium Development Goals debate to promote issues prioritised by people living in poverty, will result in:
 - 1.2.1 a joined-up lobby position with the wider Catholic world (Holy See, Caritas Internationalis, Bishops' Conferences, CIDSE network of sister development agencies)
 - 1.2.2 the Compass report, commissioned by CAFOD, provides sound analysis and is an effective tool in lobbying for change and influencing the UN High Level Panel

Aligned to
> **Aim 2**

2. A significant expansion of **water and gender related** work as the DFID Match fund programmes are implemented

Through CAFOD's programmes, in total

- 2.1 221,000 women and men have access to potable water.
- 2.2 98,000 women and men have access to improved sanitation.
- 2.3 179,000 women and men have access to knowledge and means for improved hygiene.

Aligned to
> **Aim 3**

3. Stronger partnerships with strategic alliances (including within Caritas Internationalis network) which enhance CAFOD's and our partners' ability to make a response to **emergencies** which is timely, high quality, appropriate, coordinated and effective.

- 3.1 Memorandum of Understanding developed with Caritas Australia, Catholic Relief Services (US), and Trócaire (Ireland) by mid 2013 with agreed meeting schedule and joint work plan
- 3.2 Developed new funding relationships with Caritas agencies (Asian, Scandinavian)
- 3.3 CAFOD recognised in shaping evolution on humanitarian architecture in UK and global forums and networks

Aligned to
> **Aim 4**

4. Building long term relationships in the Catholic community with a focus on deepening engagement with current supporters and increasing engagement with the **next generations** of supporters

- 4.1 More advocates in the Catholic community for CAFOD's work inspiring new supporters, for example,
 - 350 young leaders will reach 50,000 young people
 - 180,000 children in Catholic primary schools will learn about global justice and CAFOD's work
- 4.2 We shall deepen our relationships with parishes, for example,
 - 1 in 3 parishes will increase their engagement with CAFOD's work
 - The number of highly engaged parishes will increase to 25% from a baseline of 17%
- 4.3 Income from supporters will continue to grow, for example,
 - the number of individual regular donors will increase from 38,900 to 39,850

In support of
> **Aims 1- 4**

S. Long-term financial security which results in a coordinated, effective and diversified supporter and institutional income portfolio

- S.1 A corporate funding framework with a 3-yr rolling core and investment funding allocation
- S.2 £33m raised in income from supporters
- S.3 £21m raised from Caritas and institutional donors

- S.4 a revised institutional programme funding strategy results in:
 - S.4.1 an enhanced relationship with DFID which positions CAFOD well for future funding

Financial Review

Income and expenditure

This year, CAFOD raised £48.8m – with over two thirds received from CAFOD supporters who donated a total of £33.6m. This hugely generous support in tough financial times from the Catholic community of England and Wales was supplemented by a further £3.7m received from Caritas and other Catholic agencies and £11.1m received as grants from governments and other institutional donors.

	08/09	09/10	10/11	11/12	12/13
Income	£m	£m	£m	£m	£m
<i>General donations and legacies</i>	25.2	25.7	29.2	30.1	31.4
<i>Emergency appeal donations</i>	6.6	7.0	8.3	9.2	2.2
Donations from supporters	31.8	32.7	37.5	39.3	33.6
Grants from Caritas and other Catholic agencies	2.8	4.2	3.2	7.5	3.7
Grants from Governments and other institutional donors	9.9	11.6	14.9	13.8	11.1
Trading and interest earned	3.2	0.6	0.3	0.4	0.4
Total incoming resources	47.7	49.1	55.9	61.0	48.8

The total income received in 2012/13 was down on the record level of income raised in the previous year, largely because there were no new high profile emergency appeals launched during the financial year. The current appeal for Syria, which is turning into a large scale response, gained momentum after the end of the financial year.

At a time when there are reports from many charities of reducing donations due to the squeeze on household incomes, it is encouraging and important for the funding of CAFOD's core charitable programmes that the general donations and legacies given by supporters increased again – reaching a record level of £31.4m. Part of this was due to an exceptional response to the 50th anniversary Lent 2012 fast day appeal where the UK government matched supporter giving pound for pound.

Income from other Caritas agencies, much of which is for CAFOD's humanitarian programmes, was lower than the previous year because of the absence of major new appeals in the financial year.

The other main funding source for CAFOD – grants from governments and other institutional donors – accounted for 23% of total income. CAFOD succeeded in securing over 20 new grants in 2012/13, although the number of grants and average value were down resulting in reduced income in the year from this source.

During 2012/13 CAFOD spent over £51m – more than the amount raised in the year because it continued to spend appeal funds raised in the prior years.

	09/10	10/11	11/12	12/13
Spending	£m	£m	£m	£m
Cost of generating funds and governance	6.3	6.3	6.1	6.3
<i>Charitable activities</i>				
International development programme	18.3	22.4	25.1	26.2
Disaster relief programme	19	12.1	18.1	12.3
Development education programme	2.9	2.8	2.8	2.8
Advocacy and Campaigning programme	3.2	3.2	3.2	3.5
Total resources expended	49.7	46.8	55.3	51.1

Just over 12% of total spend related to the costs of generating funds and governance, leaving 88% to be spent on CAFOD's charitable activities.

Expenditure of £38.5m (75% of total expenditure) was spent on international development and disaster relief programmes and £6.3m (just over 12% of total expenditure) on development education, advocacy and campaigning programmes, seeking to address the root causes of poverty.

Although CAFOD's income has held up remarkably well since the beginning of the credit crunch, it remains aware of the growing economic pressures on individuals and public finances and the potential for this to reduce the level of income next year and so it continues to work hard to secure the resources needed for our charitable programmes.

A summary of income and expenditure is shown on page 23 in the format required by the Charity Commission's Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" and these financial statements comply with this SORP and also CAFOD's trust deed and all applicable laws.

Financial position and reserves policy

The trustees review CAFOD's reserves policy each year, ensuring a balance between spending on the immediate needs of charitable programmes and setting aside a reserve to protect CAFOD by providing time to adjust to any sudden large scale operational challenges in our overseas work or changing financial circumstances in the amount of funds available.. The level of CAFOD's reserves and details of the other individual funds CAFOD holds are provided in notes 11 and 12 to the financial statements. These funds and reserves are invested in accordance with our investment policy.

At 31 March 2013, CAFOD held total funds and reserves of £31.3m, down by £2.3m on the prior year. This reduction was mainly a result of a fall in restricted funds as money raised in previous years was spent, including on the continuing responses and rehabilitation programmes in the wake of the East Africa drought in 2008, the Haiti earthquake in 2010 and the Pakistan floods in 2010.

	At 31/03/2012	At 31/03/2013
	£m	£m
Designated funds		
Stabilisation fund (held in cash)	3.5	3.5
Stabilisation fund (held in fixed assets)	5.5	5.5
Fixed asset fund	6.0	6.0
Programme fund	4.3	9.8
	19.3	24.8
Free reserves		
General reserves	4.9	1.2
Restricted funds		
General and development funds	0.9	0.4
Emergency appeal funds	6.3	3.2
Caritas and other Catholic agencies	2.4	1.3
Government and institutional grants	(0.6)	0.0
	9.0	4.9
Permanent endowment	0.4	0.4
Total funds and reserves	33.6	31.3

The designated funds represent unrestricted monies that the trustees have set aside for specific purposes; the stabilisation fund (£9m held to limit any potential disruption associated with financial risks CAFOD faces from its operation), the fixed asset fund (held to finance the head office, computer and other equipment and international office vehicles that enable CAFOD to

operate efficiently) and the programme fund (temporarily held against specific multi-year spending commitments).

The designated programme fund increased to £9.8m largely as a result of the exceptional Lent 2012 response, where the trustees have allocated funds for a broad programme of additional activities.

When the construction of Romero House, CAFOD's new head office, was completed at a cost of just under £11m, around half was funded from selling the previous head office and the remainder from using cash already held in the stabilisation fund. The trustees have agreed to hold some of this stabilisation fund in property on the understanding that if CAFOD ever needs to utilise these funds then it will take out a loan mortgaged on the new offices to release the necessary cash. CAFOD's bankers have signified their willingness in principle to provide such a loan.

The free reserves represent unrestricted funds over and above those set aside for designated purposes and the trustees will allocate these free reserves to programmes and partners over the coming period.

Investment policy

The objective of CAFOD's investment policy is to maintain high liquidity whilst ensuring maximum security by avoiding risk to capital, meeting ethical standards and achieving the best possible return within these limiting parameters.

To meet this objective, investments are made in sterling deposits with financial institutions that hold a high security rating, ordinarily spreading the total invested across fixed terms from overnight to 12 months and limiting the amount invested with any individual financial institution. In response to the increased risks caused by the credit crunch, CAFOD has only made deposits with UK domiciled banks and cash is deposited for shorter periods than in the past to enable us to react more quickly to issues with particular banks.

As well as Sterling deposits, CAFOD maintains balances in Sterling, US Dollars and Euros for transactional purposes to cover ongoing expenditure. These "transactional" balances are held on instant access either in accounts with the Royal Bank of Scotland or in a shared investment fund managed by the Royal Bank of Scotland, depending on the daily interest rates available.

We have a permanent endowment fund of some £430,000, the capital element of which is held in perpetuity and from which the income is applied to CAFOD's work. To maintain the capital value of this fund, meet its ethical standards and achieve the best possible return, this fund is invested in an ethical UK common investment fund.

CAFOD's investment policy is reviewed by the Finances Committee, acting as an investment sub-committee, and approved by the trustees annually. The Finances Committee, reporting to the trustees, monitor investment performance and compliance with investment policy quarterly and the trustees have confirmed the Finance Committee's opinion that the objectives of CAFOD's investment policy were met during the year.

Structure, governance and management

Registration and constitution

CAFOD, the Catholic Agency for Overseas Development, is a registered charity (number 285776) under the Charities Act 1993 and is governed by a trust deed dated 29 September 1982 and deeds of variation dated 28 September 1984, 11 October 2000, 21 February 2009 and 12 March 2009.

CAFOD is the official overseas development agency of the Catholic Church in England and Wales. It has its origins in the action of Catholic women's organisations that held the first 'Family Fast Day' in 1960. Subsequently, in 1962, CAFOD was formally established by the Bishops of England and Wales to address the concern of the Catholic community about the needs and problems of developing countries.

Trust Deed

The objectives set out within the Trust Deed are standard charitable objectives to allow CAFOD to undertake the full range of charitable activities. These objectives are: the relief of poverty throughout the world, the advancement of education throughout the world, the advancement of the Christian Religion throughout the world, the relief and prevention of sickness, disease and physical or mental disability throughout the world, and such other charitable purposes anywhere in the world as are for the benefit of the United Kingdom community.

Board of Trustees

CAFOD is governed by four foundation trustees and a wider group of trustees, who form CAFOD's board of trustees (and who together are referred to as 'the trustees' below).

Foundation trustees are appointed by the existing foundation trustees with their appointment ratified by the standing committee of the Bishops' Conference of England and Wales. The foundation trustees hold a limited number of reserved powers, including the appointment of other trustees and the power to amend CAFOD's trust deed. All other powers, including the establishment of specialist committees (including a finances committee, a human resources committee and an international programmes committee) and general responsibility for the running of CAFOD are vested with the full board of trustees.

The board of trustees meets formally four times a year, together with the corporate leadership team. One of these quarterly meetings takes place over a residential weekend, to allow time for a deeper understanding of CAFOD's programme of work. Trustees have an induction programme and some chair specialist committees and involve themselves with the work of different sections, international regional teams and diocesan offices to ensure that collectively they have the overview necessary for the proper governance of CAFOD.

The whole trustee body brings a wide range of skills and experience from a variety of backgrounds including finance, government and the charity sector, as well as from the Catholic community. In the last year we are delighted to have recruited three new trustees.

Decision making

The board of trustees is the custodian of CAFOD's vision, mission and values; they approve strategy, structure, corporate plans and budgets and ensure the organisation is effective and accountable. The trustees appoint the director of CAFOD and have delegated to the director and management of CAFOD the responsibility for the approval of grants to partners. Grants are made within agreed strategies and programmes of work on the basis of proposals that are subject to formal appraisal, approval, monitoring and evaluation.

Risk management

As an annual process, the trustees formally identify the major risks to which the charity is exposed, assess the likelihood of these risks crystallising and the probable level of impact. To ensure that the controls on which they rely upon are effective, the trustees have mandated the CAFOD finances committee to oversee a risk-based internal audit function. Following on from this process, the trustees believe that they have established systems to mitigate all significant risks.

Public Benefit Reporting

The trustees have taken account of the statutory reporting duty introduced in 2009 to illustrate how in practice the activities of CAFOD meet the legal public benefit requirement. In this respect, the trustees have noted and paid due regard to all the Charity Commission's statutory guidance that is relevant to our mission, and have highlighted in this report examples of CAFOD's activities which illustrate how our work fulfils its mission and the significant benefits it brings to:

- individuals and communities in poverty overseas, irrespective of their race, religion or creed
- teachers, youth workers, students and pupils involved in teaching and learning about global poverty and injustice and its causes
- the Catholic community in England and Wales in expressing its faith in action in response to global poverty and injustice issues.

The trustees give their time voluntarily and receive no private benefits from CAFOD.

Accountability and Safeguarding

An important achievement this year has been the re-establishment of the Child Protection Focal Point Network, which met for the first time in September 2012 in the UK. The Network has representatives from all five of CAFOD's regional programmes, Human Resources and the Humanitarian Department, and will meet again in the Democratic Republic of Congo later this year. As a result, CAFOD has at least 10 staff members fully equipped with both theoretical and practical tools on child protection, who are able to cascade their learning more effectively to their teams and partners. Twelve training courses have been run by the Network since its inception (in Mozambique, Zambia, Kenya, Sudan and the UK) with further sessions planned for DRC, Sudan and Cambodia. Following training for all Zambia Caritas partners in October, several partners have developed Child Protection policies and are in the process of rolling them out. Furthermore, three CAFOD partners in Peru have developed Child Protection Policies with our support.

In the past year, we have made a more effective use of our complaints handling system; teams have engaged in meaningful cross-organisational discussions on the issue, and more importantly, have agreed action plans to make concrete positive changes to their practices.

The International Programmes Department played a key role in the recent HAP (Humanitarian Accountability Partnership) 2010 Standard recertification process, which was granted to CAFOD with agreed action points encouraging us to continue to improve our accountability in practice.

We held an inter-agency workshop on accountability in Kenya with staff supporting accountability in partners from Kenya, Uganda and Tanzania. Strategic partners in Zimbabwe came together to review each other's accountability practice and assess their progress against standards of accountability in their organisations.

In Brazil, Nicaragua, Bolivia and Colombia, partners have also embraced accountability issues, and have made progress on baseline monitoring. Thanks to the successful implementation of a pilot complaints handling system in 2011, SNPS/Caritas Colombia are now developing an institutional complaints handling procedure for all their work.

Our South Asia team has worked with partners in Bangladesh, Afghanistan and Pakistan to organise a three-day accountability forum in Dhaka. This should allow partners the opportunity to share good practices and challenges, and outline effective ways forward that are appropriate for the specific accountability issues.

Trustees' responsibilities in respect of the financial statements

The Trustees are responsible for preparing the Report of the Trustees and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for that period. In preparing these accounts, the Trustees are required to:

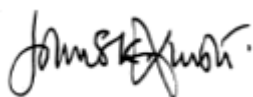
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

CAFOD's trustees are grateful to the dedicated services of its staff and many volunteers. Without their generous commitment, it would be impossible for CAFOD to carry out its programme of work and achieve its goals.

Approved by the trustees on 4 July 2013 and signed on their behalf by:



**The Right Reverend John Arnold – Chair of the Trustees
4 July 2013**

Independent auditor's report to the Trustees of CAFOD

We have audited the financial statements of CAFOD for the year ended 31 March 2013, which comprise the group statement of financial activities, the group balance sheet, the group cash flow statement, the principal accounting policies and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of Trustees' responsibilities in respect of the financial statements, set out in the report of the trustees, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and charitable parent's affairs as at 31 March 2013 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Statutory Auditor
London

4 July 2013

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities for the year ended 31 March 2013

(incorporating an income and expenditure account)

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Incoming resources from generated funds					
Voluntary income					
Donations from supporters – general	1c	27,893	3,514	31,407	30,100
Donations from supporters – emergency appeals	1c	161	2,011	2,172	9,189
Government and institutional income	1a	7,421	3,692	11,113	13,802
Caritas and other Catholic agencies	1b	36	3,621	3,657	7,546
Activities for generating income:					
Trading and other income		85	-	85	112
Investment income:					
Interest earned		352	17	369	286
Total incoming resources		35,948	12,855	48,803	61,035
Cost of generating funds					
Fundraising trading costs	2	62	-	62	74
Costs of generating voluntary income	2	5,715	154	5,869	5,641
Charitable activities					
International development	2	16,733	9,437	26,170	25,117
Disaster relief	2	5,158	7,156	12,314	18,060
Development education	2	2,748	52	2,800	2,766
Advocacy and campaigning	2	3,424	107	3,531	3,218
Governance costs	2	344	-	344	377
Total resources expended		34,184	16,906	51,090	55,253
Net (outgoing)/incoming resources	4	1,764	(4,051)	(2,287)	5,782
Unrealised investment gains/(losses)		-	48	48	(5)
Net movement in funds		1,764	(4,003)	(2,239)	5,777
Funds at the start of the year		24,198	9,356	33,554	27,777
Funds at the end of the year		25,962	5,353	31,315	33,554

CAFOD did not change any of its principal activities during the above financial years and there were no gains and losses other than those included above. Restricted funds above include permanent endowment funds with a current value of £430,000; see note 12. All of the charity's activities were derived from continuing operations.

Consolidated Balance Sheet as at 31 March 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	7a	11,504	11,475
Investments – endowment fund	7b	430	382
Investments – sterling deposits	7b	3,540	3,540
		15,474	15,397
Current assets			
Stock		27	36
Debtors and prepayments	8	2,724	2,453
Short term cash deposits	9	17,576	17,960
Bank and cash in hand	9	4,348	7,941
		24,675	28,390
Creditors			
Amounts falling due within one year	10	(8,834)	(10,233)
Net current assets		15,841	18,157
Net assets		31,315	33,554

REPRESENTED BY:

Unrestricted funds

Designated stabilisation fund (in cash)	11	3,540	3,540
Designated stabilisation fund (in fixed assets)	11	5,460	5,460
Designated fixed asset fund	11	6,044	6,015
Designated programme fund	11	9,766	4,301
General reserves	11	1,152	4,882

Restricted funds

General donation funds	12	419	845
Emergency appeal funds	12	3,195	6,285
Caritas and other Catholic agencies	12	1,290	2,437
Government and institutional grants	12	19	(593)

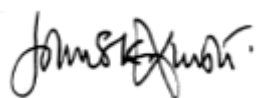
Permanent endowment

	12	430	382
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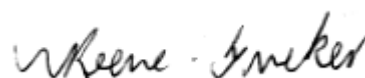
Total funds and reserves

		31,315	33,554
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The financial statements were approved and authorised for issue by the trustees on 4 July 2013 and signed on their behalf by:



The Right Reverend John Arnold
Chair of the Trustees



Charles Reeve-Tucker FCA
Honorary Treasurer

Consolidated cash flow statement for the year ended 31st March 2013



	Notes	2013 £000	2012 £000
Cash (outflow)/inflow from operating activities	A	(4,041)	7,898
Returns on investments			
Interest received and investment income		369	258
Capital expenditure and financial investment	B	(305)	(202)
		<u>(3,977)</u>	<u>7,954</u>
Management of liquid resources			
Decrease/(Increase) in short term deposits	C	384	(9,500)
Decrease in cash at bank and in hand	C	<u>(3,593)</u>	<u>(1,546)</u>

Notes to the consolidated cash flow statement for the year ended 31 March 2013

A. Reconciliation of net incoming resources to net cash inflow from operating activities

	2013 £000	2012 £000
Net (outgoing)/incoming resources per Statement of Financial Activities	(2,287)	5,782
Depreciation charge	281	249
Net (gain) loss on disposal of tangible fixed assets	(5)	5
Interest receivable and investment income	(369)	(286)
(Increase)/decrease in stock	9	(1)
(Increase)/decrease in debtors	(271)	168
(Decrease)/increase in creditors	(1,399)	1,981
	<u>(4,041)</u>	<u>7,898</u>

B. Cash flows: capital expenditure and financial investment

Payments to acquire tangible fixed assets	(324)	(212)
Receipts from sales of tangible fixed assets	19	10
	<u>(305)</u>	<u>(202)</u>

C. Analysis of changes in bank and cash in hand

At 1 April 2012	7,941
Decrease in bank and cash in hand in the year	<u>(3,593)</u>
At 31 March 2013	<u>4,348</u>

Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value and in accordance with the requirements of the Charities Act 2011. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in the preparation of these financial statements.

Having reviewed the financial position and future plans for the charity, the trustees have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the charity and of its subsidiary undertaking, the CAFOD Trading Company Limited (see note 13). The results of the subsidiary are consolidated on a line by line basis. The charity has taken advantage of the exemptions available under FRS 8 not to disclose transactions with subsidiary undertakings.

(c) Income

All income is treated as unrestricted income and is available for expenditure approved by the Board unless the donor has specified the purpose or region in which the donation is to be spent, in which case it is treated as restricted income. Restricted income includes all monies received as a result of emergency appeals. All categories of income are credited to the Statement of Financial Activities in the year in which they are receivable. In respect of income from governments and other institutional donors this is when CAFOD can demonstrate entitlement to the income and has met the necessary conditions for its disbursement. Where only administrative requirements exist and other entitlement conditions are all satisfied, CAFOD will accrue the income. Any income restricted for expenditure in future years is deferred. Legacies are included in the Statement of Financial Activities when CAFOD is advised by the personal representative(s) of an estate that payment will be made or property transferred and the amount involved can be quantified. Income in kind – food aid, agricultural inputs or other goods or services for which CAFOD accepts responsibility for distribution, is included in 'Incoming resources from charitable activities' at its market value when it is received within partner programmes, and as resources expended under 'Charitable activities' at the same value and time.

(d) Resources expended

During the year the basis of categorising strategic management and directorate expenditure was changed in order to classify more accurately the amount of time that CAFOD senior management spends on strategic, governance, corporate and operating activities. As a result, a change has been made in the accounts to reclassify expenditure totalling £259,000 from Governance costs to Support costs. As Support costs are fully allocated to the different types of charitable activities and costs of generating funds disclosed in the Statement of Financial Activities, this means that comparatives for 2012 have been restated for all expenditure lines. Total resources expended remains unchanged.

Expenditure is included in the Statement of Financial Activities when incurred and includes any attributable input VAT which cannot be recovered. Resources expended can be subcategorised as follows:

Grants to partners:

Grants are charged to the Statement of Financial Activities when they have been approved and where a binding commitment has been made to the partner organisation. Grants represent funds made available to partner programmes and comprise either cash funds transferred to the partners or in kind provision of goods and services procured on their behalf. Programme grants that have been approved but not yet disbursed at the balance sheet date are carried forward as programme creditors in the balance sheet.

Accounting policies

(d) Resources expended (continued)

Activity and support costs:

Activity costs include the costs of the trading company and the costs of all teams in CAFOD other than Finance, Facilities, IT and Organisational Development and People functions, which are classified as support costs. Support costs are allocated to expenditure activity headings on the basis of the contribution the respective teams make to each activity.

The expenditure activity headings are:

Costs of generating funds – Fundraising trading costs, the costs incurred in trading activities;

Costs of generating funds – Costs of generating voluntary income, the costs incurred in attracting voluntary income;

Charitable activities – international development, work with poor and disadvantaged communities in the global South to overcome poverty and bring about sustainable development and well-being;

Charitable activities – disaster relief, work to protect lives and relieve suffering during emergencies and reduce the risks to vulnerable communities as a result of conflict and natural disasters;

Charitable activities – development education, work to raise understanding of the causes of poverty and injustice to inspire a commitment to lasting change;

Charitable activities – advocacy and campaigning, challenging those with power to adopt policies and behaviour that promote social justice and end poverty;

Governance costs - Includes the costs of internal and external audit, Board expenses and an apportionment of the salary costs of the senior executive team relating to time spent by them on the governance of CAFOD's activities.

(e) Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange on that date and any differences on exchange written off to the income and expenditure account.

(f) Pensions

CAFOD operates three contributory money purchase pension schemes. Scheme funds are independent of CAFOD's finances and are administered by separate trustees for one scheme and by CAFOD trustees for two schemes. CAFOD's contributions are charged in the Statement of Financial Activities in the year in which they are made. One of the schemes that CAFOD is a member of is the Pensions Trust's Growth Plan. The Growth Plan is a money purchase pension scheme which also has some historical guarantees. This is a multi-employer pension scheme for which it is not possible to identify separately the assets and liabilities of participating employers and, as such, CAFOD's financial statements include pension costs payable in respect of this plan on a defined contribution basis. Further disclosures in relation to the Growth Plan are given in note 15.

(g) Fixed assets

Tangible assets costing £1,500 or more are capitalised. Depreciation on assets is charged from the date of first usage and provided on the straight line method at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold land and buildings (subject to annual impairment review)	1-2% on cost
Computers, office furniture & equipment and motor vehicles	25% on cost

Accounting policies (continued)

(h) Investments

Investments are included on the balance sheet at their market value at the end of the financial year. Realised and unrealised gains and losses are credited, or debited, to the Statement of Financial Activities in the year in which they arise.

(i) Stock

The cost of publications and promotional and educational material is written off in the year in which it is incurred. Stock held by the trading company for sale is shown at the lower of cost and net realisable value.

(j) Fund accounting

Designated funds comprise funds set aside out of unrestricted funds for specific future purposes.

General reserves represent those monies that are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to conditions imposed by donors.

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

1. Incoming resources

	2013	2012
	£000	£000
1(a) Contributions from Caritas and other Catholic agencies were from:		
Caritas Australia	798	1,697
Caritas Austria	207	189
Caritas Belgium	285	741
Caritas Denmark	51	24
Caritas Germany	-	133
Caritas Italy	-	270
Caritas Japan	29	48
Caritas Korea	33	156
Caritas Luxembourg	177	190
Caritas New Zealand	-	68
Caritas Spain	108	617
Caritas Switzerland	59	280
Catholic Relief Services (refund)	(7)	480
Cordaid	340	240
Development & Peace	694	902
Manos Unidas	-	86
Scottish Catholic International Aid Fund	460	637
Séours Catholique	242	441
Trócaire	91	281
Others	90	66
Caritas and other Catholic agencies	3,657	7,546

(1) Incoming resources (continued)

1(b) Government and institutional grants were from:

	2013	2012
	£000	£000
Governmental :		
UK Government - DFID Programme partnership agreement	4,178	4,176
UK Government - DFID UK Aid Matched Funding (first tranche)	3,063	-
UK Government - DFID Governance and Transparency Fund	1,100	1,000
UK Government - DFID Other	643	3,614
UK Government - Other	50	-
UK Government - DFID in kind	-	520
European Union	833	2,055
Government of Japan	78	-
Government of Guernsey	-	40
Government of Isle of Man	30	204
United Nations agencies	105	574
United Nations agencies (in kind)	251	749
Non-governmental:		
Comic Relief	224	579
HAP International/People in Aid/ The Sphere Project	272	-
HIVOS	84	-
Norwegian Church Aid	92	179
Others	110	112
Government and institutional programme grants	11,113	13,802

1(c) Donations from supporters can be analysed:

	Unrestricted funds	Restricted funds	Total 2013	Total 2012
	£000	£000	£000	£000
General donations	20,596	3,430	24,026	23,918
Legacies	7,297	84	7,381	6,182
Emergency appeals - direct	161	636	797	5,673
Emergency appeals – via DEC	-	1,375	1,375	3,516
Total donations from supporters	28,054	5,525	33,579	39,289

2. Total resources expended

	Grants £000	Activity costs £000	Support costs £000	Total 2013 £000	Total 2012 £000
Cost of generating funds					
Fundraising trading costs		62	-	62	74
Cost of generating voluntary income	-	5,025	844	5,869	5,641
Charitable activities					
International development	18,568	6,080	1,522	26,170	25,117
Disaster relief	8,560	3,025	729	12,314	18,060
Development education	101	2,228	471	2,800	2,766
Advocacy and campaigning	252	2,720	559	3,531	3,218
Governance costs					
	-	315	29	344	377
Total resources expended	27,481	19,455	4,154	51,090	55,253

Amounts included as grants include both cash payments made to partners and in-kind goods and services procured by CAFOD on their behalf. Support costs are allocated on the basis of the full time equivalent number of staff contributing towards each activity and are made up as follows:

	2013 £000	2012 £000
Information technology	1,384	1,215
Human resources & organisational development	1,217	1,123
Financial management	1,047	915
Premises and facilities	506	590
	4,154	3,843

Governance costs are made up as follows:

	2013 £000	2012 £000
Board training and meeting costs	7	10
Audit fees (programme and statutory)	62	57
Legal services	47	56
Internal audit	48	47
Strategic management and directorate	151	149
Allocated support costs	29	58
	344	377

The basis of categorising strategic management and directorate expenditure has changed in 2013 from the previous year and the comparatives for 2012 have been restated accordingly.

3. Grants payable in the furtherance of the charity's objectives

Grants are funds made available to partner programmes, mainly comprising the transfer of cash funding but also including the provision of in kind goods and services procured by CAFOD on behalf of partners.

Analysis by region	2013 no. of grants	2013 £000	2012 no. of grants	2012 £000
Africa	283	16,130	291	21,545
Latin America and Caribbean	140	6,119	137	4,763
Asia and Middle East	129	4,342	137	5,493
Global, policy and education	69	890	79	1,006
Total grants	621	27,481	644	32,807

A list of grants is available from: Director of Finance and Services, CAFOD, Romero House, 55 Westminster Bridge Road, London, SE1 7JB.

Analysis by sector	2013 no. of grants	2013 £000	2012 no. of grants	2012 £000
Conflict Resolution	31	1,010	43	1,124
Economic Advocacy	65	1,504	55	1,133
Education	47	655	60	655
Disaster relief	98	8,560	123	14,806
Health	24	1,213	15	484
HIV/AIDS	68	2,085	73	2,449
Human Rights	155	4,180	144	3,764
Sustainable Livelihoods	133	8,274	131	8,392
Total grants	621	27,481	644	32,807

3. Grants payable in the furtherance of the charity's objectives (continued)

	2013	2013	2012
Africa	no. of grants	£000	£000
Burundi	4	86	111
Chad	1	20	-
Democratic Republic of Congo	28	1,623	874
Eritrea	3	1,699	294
Ethiopia	37	1,607	2,129
Kenya	29	1,061	4,096
Liberia	4	375	164
Malawi	5	218	122
Mali	1	20	-
Mauritania	1	60	-
Mozambique	20	869	528
Niger	8	629	458
Nigeria	7	181	123
Rwanda	12	234	238
Sierra Leone	11	289	186
Somalia	3	602	442
South Sudan	13	1,275	3,584
Sudan	11	2,082	2,346
Swaziland	2	116	45
Tanzania	3	185	449
Uganda	10	340	336
Zambia	16	784	1,052
Zimbabwe	39	1,349	3,538
Multi-Country	15	426	430
Africa grants	283	16,130	21,545

	2013	2013	2012
Latin America and Caribbean	no. of grants	£000	£000
Bolivia	14	440	301
Brazil	27	1,314	946
Colombia	11	457	358
El Salvador	5	171	204
Guatemala	11	449	322
Haiti	17	1,969	1,456
Honduras	6	139	133
Mexico	4	97	106
Nicaragua	8	334	189
Paraguay	4	83	64
Peru	13	371	369
Multi-country	20	295	315
Latin America and Caribbean	140	6,119	4,763

3. Grants payable in the furtherance of the charity's objectives (continued)

Asia and Middle East	2013 no. of grants	2013 £000	2012 £000
Afghanistan	9	686	244
Bangladesh	16	395	459
Burma	13	208	339
Cambodia	11	296	315
East Timor	8	132	223
Indonesia	7	115	333
Israel	3	64	64
Japan	-	-	86
Lebanon	3	173	153
Pakistan	14	1,165	1,872
Philippines	12	278	278
Sri Lanka	17	472	872
Syria	2	60	-
Thailand	1	25	41
Turkey	1	15	-
West Bank and Gaza	5	167	119
Multi-country	7	91	95
Asia and Middle East	129	4,342	5,493

4. Net incoming resources for the year

Net incoming resources are stated after charging/(crediting) the following:

	2013 £000	2012 £000
Depreciation of tangible fixed assets	281	249
Auditors remuneration: audit - CAFOD	31	27
Auditors remuneration: non audit – CAFOD	9	5
Auditors remuneration: audit – CAFOD Trading	2	2
(Profit)/loss on sale of tangible fixed assets	(5)	6
Operating leases: land and buildings	272	272

5. Employees and Trustees

The average full time equivalent (FTE) number of employees employed during the year and their cost can be broken down as follows:

	Cost 2013 £000	FTE 2013 No.	Cost 2012 £000	FTE 2012 No.
Generating funds	3,510	90	3,462	85
International development	4,337	163	3,650	148
Disaster relief	2,236	78	2,162	64
Development education	1,934	50	1,906	50
Advocacy and campaigning	2,332	60	2,153	55
Governance	214	3	210	3
	14,563	444	13,543	405

Total employee costs by expense category were:

	2013 £000	2012 £000
Salaries	12,571	11,657
Employer's social security costs	1,084	1,051
Employer's pension contributions	908	835
	14,563	13,543

Included in the above staff costs are costs relating to redundancy and compensation for loss of office of £96,524 (2012: £81,652)

In addition to these employees, CAFOD relied on the services of almost 2,000 parish-based volunteers and some 200 volunteers engaged in work outside their parishes. CAFOD also recruited and employed an average of 8 international humanitarian programme staff (2012: 11) at a cost of £313,307 (2012: £386,377) who were seconded to partners' relief operations and hosted a further 2 people employed by AB Colombia costing £68,000 and 2 people employed by Joint Standards Initiative costing £58,705. The costs of all these staff are included in grants payable analysed in note 3 above.

The trustees do not receive any remuneration for their services. CAFOD paid the cost of travel for eight trustees (2012: nine trustees) to attend quarterly board meetings and for the accommodation of all trustees at the annual residential board meeting, and also paid the costs for five trustees to visit CAFOD programmes during the year (2012: two). Together, this cost a total of £13,264 (2012: £13,527).

In the year, the Director of CAFOD received remuneration of £90,464 (2012: £87,567) plus an employer's contribution towards a money purchase pension scheme of £9,046 (2012: £8,757). The Director also incurred expenses of £14,209 (2012: £7,944) largely on travel to international programmes and meetings in the UK, Europe and North America.

The number of other employees whose emoluments (excluding employer's pension contributions) amounted to over £60,000 in the year was as follows:

	2013 £000	2012 £000
£60,000-£70,000	3	5
£70,001-£80,000	2	-

Notes to the Consolidated financial statements 31st March 2013

Pension contributions of £40,861 (2012: £38,380) were made for the five higher paid employees. Employer's pension contributions include £32,307 (2012: £35,930) paid to pension schemes, the trustees of which are the same as the Foundation trustees of CAFOD.

6. Taxation

CAFOD is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities. All of its income falls within the various exemptions available to registered charities.

7. Fixed assets

a) Tangible fixed assets

	Leasehold land and buildings	Office equipment	Motor vehicles	Total
	£000	£000	£000	£000
<u>Cost</u>				
At 1 April 2012	11,388	611	658	12,657
Additions	145	68	111	324
Disposals	-	-	(65)	(65)
At 31 March 2013	11,533	679	704	12,916
<u>Depreciation</u>				
At 1 April 2012	278	497	407	1,182
Charge for the year	108	64	109	281
On disposals	-	-	(51)	(51)
At 31 March 2013	386	561	465	1,412
<u>Written down values</u>				
At 31 March 2013	11,147	118	239	11,504
At 1 April 2012	11,110	114	251	11,475

As at 31 March 2013, CAFOD had no capital commitments (2012: nil). Leasehold land and buildings includes Romero House (net book value at 31 March 2013: £10.8m) which is used as CAFOD's head office and The Stableyard (net book value at 31 March 2013: £0.4m) which is leased to another charity for a two year period after which it is planned to market the property for sale.

b) Investments

	2013 £000	2012 £000
Sterling deposits	3,540	3,540
Permanent endowment fund	430	382
	3,970	3,922

The permanent endowment fund is invested in CCLA Charities Ethical Investment Fund Income Units at a historic cost as at 31st March 2013 of £449,024 (2012: £449,024). The movement on investments during the year was:

	2013 £000
Market value brought forward	382
Unrealised gain	48
Market value carried forward	430

CAFOD also owns the entire £3 share capital of The CAFOD Trading Company Limited (Company Registration No. 989846), details of which are included in note 13 below.

8. Debtors and prepayments

	Group 2013 £000	Group 2012 £000
Interest receivable	73	88
Taxation recoverable	681	1,428
Accrued income	1,490	688
Prepayments	119	47
Other debtors	361	202
Debtors and prepayments	2,724	2,453

Included in accrued income above is amount of £62,000 relating to legacies. At the balance sheet date, CAFOD also had entitlement to a number of material legacies from estates for which the administration had yet to be finalised. The future income from these legacies is estimated at £3,685,000.

9. Bank and short term deposits

	Group 2013 £000	Group 2012 £000
Cash at bank and in hand	4,348	7,941
Short term deposits	17,576	17,960
Bank and short term deposits	21,924	25,901

10. Creditors falling due within one year

	Group 2013 £000	Group 2012 £000
Programme creditors	7,643	9,288
Other creditors and accruals	1,088	892
Interest free loans from supporters	103	53
Creditors due within one year	8,834	10,233

Other creditors and accruals include pension contributions of £280,830 (2012: £188). Programme creditors represent grants approved that are yet to be paid to partners. Some grants for partners are approved in principle for two or three years. Second and third year grants represent planned future commitments, but are not recognised as a liability when they are approved, as payment is conditional upon satisfactory progress. As at 31 March 2013 planned future commitments under formal multi-year funding cycle approvals amounted to £7.0m (2012: £7.3m).

11. Unrestricted reserves and funds

	Balance at 1 Apr 12 £000	Incoming resources £000	Transfers £000	Resources expended £000	Balance at 31 Mar 13 £000
Designated funds					
Stabilisation fund (in cash)	3,540	-	-	-	3,540
Stabilisation fund (in fixed assets)	5,460	-	-	-	5,460
Fixed asset fund	6,015	-	29	-	6,044
Programme fund	4,301	-	10,602	(5,137)	9,766
Free reserves					
General reserves	4,882	35,948	(10,631)	(29,047)	1,152
	24,198	35,948	-	(34,184)	25,962

11. Unrestricted reserves and funds (continued)

Designated stabilisation fund: The trustees have established a stabilisation fund to limit the risk of disruption to CAFOD's charitable programme associated with the financial risks the organisation faces. Alongside the potential risks associated with the assets that CAFOD holds and with potential unforeseen costs, the trustees consider the main financial risk to be an unexpected downturn in budgeted general income. To cope with any unexpected downturn in budgeted general income without damaging the long-term programme commitments (detailed in note 10) that CAFOD makes to its partners, CAFOD would need at least two years to adjust these programmes. Based upon a possible shortfall of 15 per cent in the budgeted general income and the need for two years to adjust programmes, the trustees have established the level of the Stabilisation fund at 30 per cent of the budgeted general income for the coming year.

When the construction of Romero House, CAFOD's head office, was completed at a cost of just under £11m around half was funded from selling the previous head office and the remainder from using cash already held as the stabilisation fund. The trustees have agreed to hold some of this stabilisation fund in property on the understanding that if CAFOD ever needs to utilise these funds then it will take out a loan mortgaged on the new offices to release the necessary cash. CAFOD's bankers have signified their willingness in principle to provide such a loan.

Designated fixed assets fund: The fund for fixed assets represents the net book value at the balance sheet date of unrestricted tangible fixed assets, other than those covered by the stabilisation fund, as explained above. This fund is not therefore available for current expenditure, as the assets are used in the day to day operation of the charity.

Designated programme fund: The fund represents available funds which the trustees have designated for expenditure on specific programme activities within the detailed budget for the coming years.

General reserves: General reserves are those "free" unrestricted funds in hand, over and above those set aside for designated purposes. These are held either because more general income has been received than was expected or because budgeted expenditure has not been incurred. The trustees have established a policy to spend any general reserves on CAFOD's programme and partners promptly, taking the opportunity to meet existing needs or invest for the future, whilst ensuring that any further commitments which the expenditure generates are sustainable.

12. Restricted reserves and funds

	Balance at 1 Apr 12 £000	Incoming Resources £000	Unrealised Gain £000	Resources expended £000	Balance at 31 Mar 13 £000
Restricted Funds					
General donations	845	3,430	-	(3,856)	419
Emergency appeal donations	6,285	2,011	-	(5,101)	3,195
Legacies	-	84	-	(84)	-
Caritas / Catholic agencies	2,437	3,621	-	(4,768)	1,290
Government and institutions	(593)	3,692	-	(3,080)	19
Interest	-	17		(17)	-
Permanent endowment					
Sr. Laura Tanti Foundation	382	-	48	-	430
	9,356	12,855	48	(16,906)	5,353

12. Restricted reserves and funds (continued)

The balances on the restricted funds represent those amounts received from donors for specified purposes or regions that had not been expended at the balance sheet date. As at 31 March 2013 the balances held were for the following purposes:

	2013	2012
	£000	£000
Africa Programme	3,542	5,421
Asia and Middle East Programme	457	694
Latin America Programme	538	2,546
General Programme	386	313
Permanent endowment	430	382
Total restricted and permanent endowment funds	5,353	9,356

For programme grants from governments and institutions, the timing of receiving funds and spending on programmes activities varies, with some programmes in surplus (with grants received in advance of being spent) and some in deficit (with funds received after being spent). The balance of funds from governments and institutions at 31 March 2013 is shown net with:

	2013	2012
	£000	£000
Programme grants in surplus	1,021	1,091
Programme grants in deficit		
DRC Programme	(536)	-
Kenya Programme	(134)	(16)
Lebanon Programme	(120)	-
Zimbabwe Programme	(76)	(492)
Other programmes	(136)	(1,176)
Government and institutional grants	19	(593)

The Permanent Endowment relates to the Sister Laura Tanti Foundation for which CAFOD has received cumulative donations of £421,155 (2012: £421,255) held under trust deeds. The trustees of CAFOD hold this amount and its income in trust and will apply the income for the benefit of the poor as stipulated.

13. Analysis of net assets between funds of the charity and trading company

	Unrestricted funds £000	Restricted funds £000	Permanent endowment funds £000	2013 Total charity £000	2013 Trading company £000	2013 Total group £000
Fund balances at 31 March 2013 are represented by:						
Tangible fixed assets	11,504	-	-	11,504	-	11,504
Investments	-	-	430	430	-	430
Net current assets	14,458	4,923	-	19,381	-	19,381
Total net assets	25,962	4,923	430	31,315	-	31,315

CAFOD, the charity, owns the entire £3 share capital of The CAFOD Trading Company Limited (Company Registration No. 989846), the principal activity of which is to carry out commercial activities for the benefit of the charity.

In addition to the above, there was £64,046 (2012: £85,462) owing from the CAFOD Trading Company to the charity as at 31 March 2013.

The turnover of the CAFOD Trading Company for the year was £66,704 (2012: £87,528). All the profits of the company, which would otherwise be liable to corporation tax, are payable under Gift Aid to the charity, CAFOD. The gross payment for the year therefore amounted to £3,806 (2012: £13,256). This payment is considered to be a charitable contribution. The net assets of the company at 31 March 2013 were £3 (2012-£3)

14. Handling funds and accounting services for other agencies

Since the Trade Justice Movement was incorporated in March 2003, CAFOD has provided accounting and payroll support to the Trade Justice Movement, a coalition of organisations, including churches and charities, which are campaigning together for new international trade rules that will ensure that the poor get a fairer deal from trade. The Trade Justice Movement is incorporated as a company limited by guarantee and has its own bank account. This bank account is separate from CAFOD's own bank accounts and has not been consolidated in CAFOD's financial statements. During the year CAFOD handed over responsibility for providing accounting and payroll services to the staff of the Trade Justice Movement and CAFOD employees ceased acting as signatories on the Trade Justice Movement bank account.

CAFOD also provides accounting and company secretarial support to Crosby Support Limited, a company (number 2949213) formed by CAFOD supporters to operate a shop in Waterloo, Liverpool. The shop acts as a focal point for CAFOD supporters in the Liverpool area to meet and participate actively in CAFOD's charitable aims, vision and values locally. Since it began in 1993, Crosby Support Limited has donated £577,314 to CAFOD. Crosby Support Limited has its registered office at CAFOD's head office, Romero House.

15. Pension costs

The charity operates four contributory money purchase pension schemes. Scheme funds are independent of the charity and are administered by CAFOD foundation trustees for two schemes and separate trustees for the other two schemes. For these schemes, CAFOD paid contributions at the basic rate of 10 per cent during the year and members paid contributions at a basic rate of 5 per cent during the year. For members with more than 10 years service, CAFOD paid 12.5 per cent and also matched any additional members' contributions up to a maximum of 17.5 per cent in total.

One of the schemes that CAFOD participates in is the Pensions Trust's Growth Plan, a multi-employer pension plan which is funded and is not contracted out of the state scheme. As at the balance sheet date there were 71 active members of the Growth Plan.. CAFOD intends to continue to offer membership of the Growth Plan to its employees along with the Pension Trust's Flexible Retirement Plan.

Contributions paid into the Growth plan up to and including September 2001 were converted to defined amounts of pension payable from normal retirement date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the growth plan or by the purchase of an annuity.

The trustee of the plan commissions an actuarial valuation every three years to determine the funding position of the plan by comparing the assets with the past service liabilities at the valuation date and the rules of the plan give the trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met.

The triennial actuarial valuation results at 30 September 2011 were finalised during the year ended 31 March 2013. The valuation of the plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Growth plan's assets at the valuation date was £780 million and the plan's technical provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84 per cent.

The valuation resulted in a proposed recovery plan being issued by the Actuary which sets out the steps needed to make up the funding shortfall. Part of this recovery plan requires that participating employers including CAFOD will pay additional contributions over a ten year period to help eliminate the scheme's current deficit. CAFOD's additional contribution in respect of the year ended 31 March 2014 will be £71,102 and contributions for the following nine years will be this sum increased by 3% compound per year. CAFOD's regular pension contributions for the year ended 31 March 2014 for all its pension arrangements are estimated to be £892,000.

Following changes in legislation in September 2005 and November 2011, there is a potential debt on the employer that could be levied by the plan's trustee. The plan's trustee's policy was that the application of the potential debt only applied to employers with pre October 2001 liabilities in the plan. The Pensions Act 2011 has this year extended this definition to include post October 2001 contributions. The debt is only due in the event of the employer ceasing to participate in the plan or the plan winding up.

CAFOD has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the plan based on the latest assessed financial position of the plan as at 30 September 2012. As of this date the estimated share of the employer debt for CAFOD was £2,605,873 (30 September 2011: £2,246,216).

In the opinion of CAFOD's trustees, as CAFOD intends to continue offering membership of the plan and as they are unaware of any intention for the plan to be wound up, the debt is unlikely to crystallise in the foreseeable future and therefore no provision is required to be made in these financial statements.

16. Operating lease commitments

At 31 March 2013, CAFOD and CAFOD Group were committed to making the following payments during the next year in respect of operating leases for land and buildings in England and Wales that expire as follows:

	2013	2012
	£000	£000
Within one year	27	27
In the second to fifth years inclusive	4	4
	31	31

17. Foreign exchange forward contracts not included at fair value

During the year CAFOD entered into foreign exchange forward contracts with the objective of partially hedging currency exposure on future overseas expenditure. The fair value of these contracts is calculated at the balance sheet date by comparison between the rate implicit in the contract and the exchange rate at that date

The contracts are to purchase US Dollars (USD) and sell Sterling (GBP) for a period of up to 6 months in duration, at USD/GBP rates between 1.5006 and 1.6186. At the balance sheet date, a purchase value of USD 9.0 million remained on these contracts representing approximately 40% of forecast USD correlated overseas charitable expenditure for 2013/14 that is not funded back to back in USD. The unrealised profit on these contracts at 31 March 2013 which has not been included in these financial statements was £201,000 (2012: £nil)