

Trustees report and
financial statements
for the year ended 31 March 2009

CAFOD

Report of the Trustees and Financial Statements

for the year ended 31st March 2009

Report of the Trustees and Financial Statements

for the year ended 31st March 2009

Administrative details	page 1
Report of the Trustees	pages 2 to 19
Auditors' report	pages 20
Statement of financial activities	page 21
Balance sheet	page 22
Cash flow statement	page 23
Accounting policies	pages 24 and 25
Notes to the financial statements	pages 26 to 36

Principal and registered address

Romero Close, Stockwell Road, London, SW9 9TY

Patron

His Eminence, Cardinal Cormac Murphy-O'Connor

Foundation Trustees

Right Reverend John Rawsthorne
Right Reverend Kieran Conry
Dr Mary Hallaway OBE (to 26th September 2008)
Mary Ney (from 26th September 2008)
Nicholas Warren

Trustees

Charles Reeve-Tucker FCA (Honorary Treasurer)

Robert Archer
Jenny Cosgrave
Clare Gardner
Dominic Jermey OBE (from 12th December 2008)
Mark McGreevy
Mary McHugh
Fr James O'Keefe
Fr Timothy Radcliffe OP
Victoria Santer
Fr Frank Turner SJ

Corporate Leadership

The Director of CAFOD
Director of Advocacy & Communications Division
Head of Advocacy Department
Director of Communities & Supporters Division
Director of Finance & Services Division
Director of International Division
Director of Organisational Development & Personnel Division
Head of Directorate (Planning, Governance & Accountability)

Chris Bain
Alison Fenney (to 14/10/08)
Neil Thorns (from 05/09/08)
Tom O'Connor
James Steel
Geoff O'Donoghue
Barbara Wilson
Noreen Lockhart

Principal professional advisers

Auditors: Buzzacott LLP, 12 New Fetter Lane, London EC4A 1AG

Solicitors: Linklaters, One Silk Street, London EC2Y 8HQ

Bankers: Royal Bank of Scotland, 28 Cavendish Square, London W12M 0DB

Bankers: Co-operative Bank, 1 Balloon Street, Manchester M60 4EP

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 29th September 1982 and deeds of variation dated 28th September 1984, 11th October 2000, 21st February 2009 and 12th 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 for the needs and problems of developing countries.

Board of Trustees

During the year CAFOD completed a governance review and updated the way the governing body is constituted to better reflect the way in which CAFOD's work is governed by its Trustees.

CAFOD is governed by four Foundations Trustees and a wider group of Trustees, who together 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, Human Resources Committee and 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.

Decision making

The Board of Trustees is the custodians of CAFOD's vision, mission and values; they approve strategy, structure, annual 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 come under a new statutory reporting duty this year – 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 CAFOD's Mission, and have highlighted below examples of CAFOD's activities (see PB symbol) to illustrate how CAFOD's 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; and
- 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.

Trustees' responsibilities in respect of the Financial Statements

Charity law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity at the year end, and of its incoming resources and resources expended during that year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

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

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are responsible for ensuring the maintenance and integrity of any audited information published on the charity's website or by other electronic means.

Objectives and activities

Mission

CAFOD's mission is to promote human development and social justice in witness to Christian faith and Gospel values. To fulfil this mission CAFOD raises funds from within the Catholic community and beyond so that it can:

- work alongside people in need to reduce poverty and bring about sustainable change through development and humanitarian programmes;
- increase understanding of the causes of poverty and injustice and encourage the Catholic community to embrace values, attitudes and lifestyles that are rooted in the Gospels; and
- challenge governments and international bodies to adopt policies that promote social justice and end poverty. This is done both directly and by rallying the Catholic community.

Activities

CAFOD builds long-term partnerships with local organisations in more than 40 countries across Africa, Asia, and Latin America, supporting their work to build a better world for people living in poverty. CAFOD maximises its impact on international poverty by focusing on areas of work where, together with partners, it has particular expertise (see strategy below).

In emergency situations CAFOD provides immediate humanitarian relief but also supports long-term rehabilitation programmes to enable people to rebuild their lives and engages in disaster risk reduction to mitigate impact. In much of its international emergency work, CAFOD acts as part of the global Caritas network, a federation of 162 Catholic relief and development organisations. CAFOD is a member of the Disasters Emergency Committee (DEC) in the UK.

CAFOD works to change unjust policies and systems that trap people living in poverty by lobbying governments and institutions and this is an essential part of what CAFOD does in the UK and internationally. Increasingly in its lobbying and advocacy work, CAFOD operates in collaboration with CIDSE (the European/North American network of Catholic development agencies), Caritas and other UK development agencies.

Strategy

Over the current strategic period – from 2005 to 2010 – CAFOD is concentrating on four areas of change:

- **Increasing the impact of international programmes** both through country strategies and focused programme themes in 40 priority countries, concentrating on: economic justice, sustainable livelihoods, conflict resolution and peace building, and HIV work.
- **Building communities for change** in collaboration with supporters, volunteers and other allies. CAFOD is working to educate and mobilise the Catholic community to build a strong movement for change to create a more just and peaceful world.
- **Strengthening learning and communication** by improving communication, promoting knowledge sharing and learning with user-friendly systems and technology.
- **Maximising global advantage** through its alliances and networks, at home and internationally. CAFOD is seeking to create closer global links between people in the North and South and to increase its capacity for global campaigning, enabling partners' voices to be heard. CAFOD is also collaborating with the international Catholic networks in the areas of development, advocacy and humanitarian response as well as working with communities and agencies of other Christian denominations and other faiths.

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.

Achievements and performance

Review of the year

In this past year, CAFOD has continued to work within its 2010 framework and the four areas of change set out in the strategy above, as well as embarking on new areas which have emerged in the last year:

1 Increasing the impact of international programmes

1.1 Responding to emergencies and resourcing long-term rehabilitation programmes

Zimbabwe

In 2008 through an Emergency Appeal for Zimbabwe and with the generous contribution of its supporters in England and Wales, CAFOD raised £2,387,285 which was channelled through a Caritas International (CI) appeal to respond to the food crisis.

CAFOD led the implementation of the emergency food security programme together with Caritas Zimbabwe. The programme was planned for 10 months but CAFOD's partners could not operate for approximately four months, during the pre and post-election turmoil as a result of a ban imposed on NGO operation by the government. In the post-election period CAFOD staff worked alongside Caritas Zimbabwe to coordinate a response in aid of the victims of violence, while continuing to lead the Emergency Food Response.

Through the Emergency Food Response it was possible to provide:



- four months food rations to over 100,000 members of communities across the country;
- over 15,000 households with seeds and fertilizer;
- two water points which were re-established in the remote and drought-prone Diocese of Gokwe.

In January 2009 the Caritas network launched another appeal for Zimbabwe. Caritas Zimbabwe has seconded two members of staff to CAFOD's emergency team and together they are leading the implementation of the programme. This phase involves a larger scale intervention and includes:



- supplementary feeding in schools, health clinics and other institutions;
- provision of vegetable seeds and training in nutrition gardens;
- rehabilitation of water points;
- construction of latrines;
- distribution of water tablets and hygiene promotion to respond to the cholera epidemic that hit Zimbabwe at the end of last year;
- provision of basic and essential drugs to health centres and incentives for health staff;
- the provision of two months' worth of food commodities, which is in the process of being distributed to reach a planned total of 100,827 individuals.

In 2008/09, CAFOD spent £3.5 million in grants to the Zimbabwe programme.

Burma/Myanmar

On 3 May 2008, the devastating Cyclone Nargis hit the Irrawaddy Delta region of Burma/Myanmar including the country's largest city, Yangon, causing a huge tidal surge to sweep inland. It caused catastrophic destruction with at least 146,000 fatalities and thousands more still missing. 2.4 million people were directly affected, with 1.4 million people losing their homes. In the aftermath of such a severe cyclone, the immediate needs were shelter, food and access to water and sanitation systems in order to minimise the spread of waterborne diseases. There was also an urgent need for medical help.

CAFOD worked closely with the international Caritas network in their response and although, at first, initial limited access to the affected area made it difficult for international aid agencies to operate, local Catholic Church partners of Caritas International and civil society groups began delivering aid to the people of Burma/Myanmar, responding to the urgent needs of survivors and affected communities. Volunteers and church medical staff provided medical relief and counselling for people in the worst-affected areas and worked to ensure protection of children in camps and communities.



Within the first month, local partners had provided emergency assistance to 82,000 people effected by the disaster. The total assisted by the end of October was 250,000, a considerable achievement in the face of not only a disaster of such magnitude but also a difficult working environment.

The response has now entered a recovery phase. Church partners are now supporting those in the affected areas, particularly the poorest, to recover fully from the devastation and to be able to better cope with disaster in the future.



Plans for this period include replacing boats and nets for 800 fishermen, assisting 1,300 poor families to own new higher quality homes, many with latrines, providing reliable access to drinking water, rebuilding schools, training teachers and providing continued trauma counseling. Partners' work in this phase will benefit 14,000 people directly and up to 45,000 indirectly.

In 2008/09, CAFOD spent a total of £371,000 on grants to its Burma programme.

Gaza

The conflict that affected Gaza at the end of 2008 compounded an already deteriorating humanitarian situation. CAFOD responded immediately by giving support to three partners providing humanitarian relief, Caritas Jerusalem, Catholic Relief Services and Islamic Relief Worldwide.



During the violence at the end of 2008 and its aftermath, CAFOD partners provided over 7,500 food parcels, 96,000 bottles of water, 1,000 blankets, 2,000 hygiene kits and cash support to 200 families. Caritas Jerusalem and Islamic Relief donated 200,000 Euros of medical supplies and two intensive care unit ambulances to the hospitals; Caritas Jerusalem opened its clinic and medical points (set up with CAFOD funding in 2007) to tend to those with chronic illnesses and provide dressing care to the wounded. The staff from Islamic Relief's psychosocial project (CAFOD funded) provided trauma counselling.

Gaza is still in a chronic emergency condition and the situation for the population continues to worsen and the impact of the violence and blockade is having a detrimental impact on the mental health of the people, especially the children who make up 56% of the population. CAFOD is supporting Islamic Relief to set up a permanent psychosocial centre to support traumatised children from the violence of the previous and ongoing conflicts. CAFOD is also supporting its US sister agency, Catholic Relief Services, to engage young people through community rehabilitation and debriefing sessions.

In 2008/09, in addition to direct programme support for the Middle East, CAFOD spent £487,000 on grants to partners – of which £400,000 was in emergency response.

1.2 Disaster Risk Reduction (DRR)

In accordance with priorities set out in last year's report, CAFOD has taken significant steps forward to integrate further its humanitarian response together with reducing the risk of disaster by helping partners to scale up in order to respond and adapt to the impact of climate change and support vulnerable communities.

A Memorandum of Understanding has been established between CAFOD and University College London. UCL has a specialised unit on climate change mapping and disaster risk management. The Memorandum of Understanding sets out an intention to explore joint projects and pieces of research which will help integrate Southern experience in impact mitigation and disaster risk management into Northern scientific modelling and vice versa.

In addition to dedicated emergency appeal funds, **the sum of £390,000 for disaster risk reduction** has been allocated to fund projects in the Philippines, Bangladesh, Nicaragua and Kenya. The following are given as examples of this area of work.

Bangladesh

CAFOD has been supporting DRR work in Bangladesh for a number of years through four partner organisations; this work covers the construction of cyclone shelters; the construction of wind and flood resistant houses; flood resistant sanitation facilities; the creation of community wind barriers and disaster preparedness activities to enable communities to scale up for the onslaught of flooding and natural disasters.

In response to Cyclone SIDR which hit Bangladesh in November 2007, CAFOD received £524,713 in appeal funds and £534,728 from the Disasters Emergency Committee. Examples of CAFOD's response follow below.



Cyclone shelters: repair of previous shelters that were damaged and the construction of new shelters.

Low-cost housing: 1,134 low-cost houses were built. The houses consist of six reinforced concrete pillars, a tin roof with wooden support structure to withstand a wind-speed of 130 to 140 km per hour. They include raised sanitation foundations to prevent damage during the flood season.

Community wind barriers: 50,000 tree saplings have been planted along embankments to create community wind barriers in Sharonkhola union, Khulna district.

Community training in disaster risk management: the training includes i) understanding early warning signals; ii) evacuation of children and elderly people to cyclone shelters; iii) methods for storing dry foods, such as rice and wheat; iv) organising evacuations and administering vital first aid.

Evidence from previous CAFOD support showed that the early warning system and cyclone shelter provision worked well and saved thousands of lives during Cyclone SIDR.

Central America

Central America is a region highly vulnerable to natural hazards, including earthquakes, volcanic eruptions, hurricanes and floods. Poverty and environmental degradation have increased the impact of these phenomena, resulting in several major disasters in the region over the last decade. CAFOD is working with partners in a Disaster Risk Reduction programme which aims to strengthen the capacity of communities to prepare for and cope with natural hazards in four countries - Nicaragua, El Salvador, Honduras and Guatemala.



In Nicaragua, CAFOD and the John XXIII Social Action Institute have supported the creation of 74 local emergency response brigades during the last year. The brigades are responsible for analysing the risks to their communities and organising preventive actions to try to reduce their vulnerability. 415 voluntary community members have been trained in life saving, rescue techniques, first aid and fire fighting. When an emergency strikes, the communities now know how to evacuate to safety and treat injured people effectively and promptly.

Also in Nicaragua, CAFOD is working with Caritas Jinotega to address Disaster Risk Reduction from a different angle. Focusing more on protecting agriculture during times of drought, the organisation has provided small-scale farmers with drip irrigation systems (pipes with small holes along them to dispense water evenly to crops), covering a total of 50 acres. Drip irrigation decreases production costs, saves water and helps to prevent soil erosion, making the land more productive as well as reducing the risk of mudslides during the rainy season.

1.3 Strengthening partnerships

Alongside its support in emergency situations, CAFOD continued its long-term development work which is carried out in partnership with local grass-root communities in Africa, Asia and Latin America. Below are examples from the four main focus areas of CAFOD'S development work: livelihoods (including income generation, healthcare, water and food security); HIV and AIDs; peace building and reconciliation; and economic justice (lobbying government and private sector for change to unjust systems).

1.3.1 Strengthening partnership to improve livelihoods

Zimbabwe

In the last year, CAFOD has worked through five implementing partners across eight districts of Zimbabwe in a combined programme to improve livelihoods. This programme covers a range of activities: food security, water and sanitation, and healthcare including HIV and AIDS. Over the year the programme reached 21,000 households (approximately 105,000 people). It is impossible to describe the impact on that number of people and so just one example is given below.



Patience is 32 years old, her husband is unemployed and she is living with HIV and AIDS. They have eight children. Before coming into contact with the livelihoods programme, Patience was ill continually for over four years. Access to food was a major problem. Her household was identified as one of the most vulnerable and selected to participate in the programme. She received two she-goats, agricultural seeds, fertilisers and garden tools. She took part in farming training and has been an active member of the healthcare group. Her household also recently received a latrine (one of 1,091 latrines constructed by Caritas Bulawayo).

What has changed?

The number of goats has increased to seven. The proceeds from the sale of two goats were used to purchase food and basic items. Each goat provides approximately 375mls of milk daily. The garden's seeds have resulted in a supply of fresh vegetables. Patience has access to clean and protected water, and none of her family has suffered from water borne related diseases.

East Timor

East Timor is the poorest country in the region and people live in extreme poverty. In November 2007 CAFOD placed a post in East Timor to 'accompany' six partners and provide technical support to them in livelihoods work which includes marketing, advocacy (land and food sovereignty), income generation (including rotating savings schemes), and farmers' cooperatives. **A total of £200,000 was made in grants to partners in 2008/09.** Over the last year the following was achieved:



- A rice milling centre which had been closed for nearly two years was re-opened. As a result local farmers can now mill their rice and corn at the centre and sell it – gaining a better price.
- Local NGOs (and farmer cooperatives) have been linked with buyers for local products.
- Farmer to farmer exchanges, leading to farmers sharing challenges and opportunities for improved marketing and group organising.
- Financial and food security advocacy training for partners.

Colombia

Colombia's 40 year internal conflict has produced one of the worst humanitarian crises in the world, with more than three million people forced from their homes. They live in host communities who are themselves poor and vulnerable. Many live in extreme poverty and have little access to training to help them develop a livelihood.

CAFOD has been working with the Social Department of the Colombian Bishops' Conference, Caritas Colombia and the European Union to support 512 displaced families to rebuild their lives. This year the project has helped groups of families to develop business plans and provided training on skills such as accountancy and marketing. The next step involved buying all the equipment for the businesses such as washing machines for the launderette and a large roasting machine for the coffee cooperative. The project has also helped communities refurbish and build premises and has provided a small amount of capital to help them pay the rent and salaries in the first few difficult months.

By the end of 2008/09 all 25 small cooperatives were up and running, including an internet café, clothes and bag making, a launderette, restaurant, beauty salon, coffee manufacturing, chicken rearing and selling, furniture making, shoe-making, scrap metal, bakery and dairy and fruit production.

Three quarters of the cooperative members are women.



In February 2009 the British Ambassador to Colombia also visited the project and praised CAFOD for its work to reduce poverty and support displaced people in Colombia. He said, *"I'm very proud to be here to see the work of CAFOD and the local Church. CAFOD is an important British agency, and this programme, with the support of the EU, is having a tremendous impact on people who have suffered. Many have come from distant places. They came here with nothing and now they have possibilities, they have a future."*

Martha, who is now a co-owner of a beauty salon, says: *"This project is like a light that has been given to us after having lost everything."*

1.3.2 Strengthening partnerships to ensure a more integrated response to HIV and AIDS

The devastating effects of HIV go beyond its impact on health and economic security. People affected by HIV suffer stigma, discrimination, exclusion, exploitation and even physical violence. Hence, advocacy must be part of programme responses.

CAFOD's partners are primarily concerned with providing care and prevention and have been drawn gradually into advocacy work because of the injustices they encounter. Their concerns include: lack of affordable and accessible treatment (especially in rural areas); stigma; violation of human rights of people with HIV; decreasing food security caused by global price rises; gender inequality; lack of medicines for children with HIV.

Holding Northern governments to promises to tackle HIV, despite the current economic crisis, continues to be a concern for CAFOD. Below is a report on a few highlights from the HIV programme of the last year.



Nigeria

The Primary Health Care (PHC) partners lobbied local and national governments to provide HIV testing and treatment beyond the cities. As a result, the Adikpo Home-Based Care programme now has community-based monthly distribution of anti-retroviral treatment.

Uganda

Hospice Africa, supported by CAFOD, led a strong and successful lobby to make morphine legally available for palliative care.

China

Church partners used their programme experience to gain local government support for continued community-level responses to HIV.

Honduras

Caritas Honduras established a human rights committee of people living with HIV which collects evidence of violations and advocates on behalf of those affected.

Mexico

Caritas México successfully lobbied their bishops to publish a pastoral letter calling for Church initiatives to support people with HIV, oppose stigma, and promote holistic care and prevention responses to HIV.

1.3.3 Strengthening partnership to facilitate peace building and reconciliation

Uganda

CAFOD made a grant of £40,000 to the Diocese of Moroto, North Eastern Uganda, to implement an 'Integrated Peace and Livelihoods Improvement programme in Moroto and Nakapiripirit Districts, Uganda. The region is characterised by a high prevalence of conflict manifested through cattle rustling and fighting over water and pasture. These conflicts have contributed greatly to the people's vulnerability to poverty.

The programme aims to help the Karimojong people and neighbouring ethnic groups, which include the Turkana, Pokot, Toposa and Didinga. Based on conflict analysis carried out by the Diocese and research commissioned by CAFOD, the project involves the integration of peace building initiatives with livelihoods and food security improvement activities, targeting different groups: women, youth, elders and community leaders.

In 2008/09, the first year of the project, remarkable achievements were made including:



- significant reduction of violence due to a series of peace dialogues facilitated by the Diocese of Moroto between conflicting communities;
- community conflict early warning systems were developed;
- the involvement of Kadama and Pian ethnic groups of Nakapiripirit in joint agricultural activities helped reduce levels of conflict between these two groups;
- the Diocese developed better relations with the local government and the Uganda People's Defence Force which has ensured a speedy response to intermittent conflicts as well as forming a basis for ongoing dialogue with the government and security agents in the Karamoja sub-region;
- there was greater collaboration between civil society organisations working for peace in the region spearheaded by the Diocese;
- operational peace and security committees at county, sub-county and parish levels were created and strengthened;
- the number of small arms (guns) recovered from the communities and surrendered to the security agents in the region increased during this period.

Great Lakes Region (Democratic Republic of Congo, Burundi, Rwanda)

In the last year, in this region, **CAFOD spent just under £3 million on grants**, which included substantial support from the UK Government's Department for International Development (DFID). These countries are emerging from many years of wars and conflict that left more than 3 million victims in terms of internally displaced people (IDPs), widows and orphans, many of whom are either living with HIV or suffering from psychosocial trauma. This situation has brought enormous challenges in relation both to peace building and an effective humanitarian response. In order to continue to respond to the challenges CAFOD has

remained one of key humanitarian actors in the region. As a result, many lives of displaced people and returnee households (as a result of conflict) were saved.

In the past year, CAFOD's humanitarian programme in partnership with local Caritas agencies reached:



- an estimated total of 28,930 internally displaced households (roughly 124,650 individuals) in Eastern DRC; 19,130 households in Rutshuru and Masisi territory, 4,200 households in Butembo Beni, 4,600 households in Irumu territory, and 1,000 households in Dungu Doruma.

Alongside the immediate humanitarian response, CAFOD also supported grass roots peace building. As a follow up to the *Goma Peace Conference (January 2008)* for the stabilisation of Eastern Congo, a "Reconciliation" programme, in collaboration with the Diocesan Justice & Peace Commissions, has begun and focuses on:

- establishing inter-community *barzas* (inter-ethnic/inter-tribal platforms for dialogue);
- reconstruction activities that facilitate reconciliation;
- reconciliation rites and ceremonies, erection of memorials at significant sites;
- instigating legal proceedings against perpetrators of crimes such as sexual violence.

In 2008/09, CAFOD spent approximately £315,000 on the peace building programme, 80% of which was funded by DFID.

1.3.4 Strengthening partnerships to bring about economic justice

Brazil

In Brazil, CAFOD is supporting an Economic Justice Programme to protect the rights of Brazilian citizens to social security (with a particular focus on pensions), in accordance with the country's progressive constitution. Since last year, CAFOD and four Brazilian partner organisations, including two departments of the Brazilian Bishops' Conference, have lobbied vigorously to block new legislation that would slash funding for social spending. In 2008, the Economic Justice Programme provided an effective response to the proposed legislation. At the start of 2009, the programme helped mobilise 80 civil society organisations in a movement for the protection of social rights. The movement's profile has been sufficiently significant for it to be granted office space in Congress. Those drafting the Bill have also pledged to respond publicly to the concerns raised.



In the coming months, the Economic Justice Programme will reach one million Brazilians with messages about tax justice and the need to defend social rights. Through this campaign, CAFOD and its partners are playing a major role in protecting pensions and other social security payments that are so vital to people on low incomes.

Bolivia

High up in the Andes near Lake Titicaca, the Guaqui region has been the focus of important improvements in animal health. This achievement is the result of advocacy work supported by CAFOD through its partner organisation CIPCA (Centre of Research and Support for Small-Scale Farmers) in an animal health campaign targeted at the Guaqui local government and neighbouring municipalities. Building on previous efforts, the success of Guaqui has now extended to 7 neighbouring municipalities, where farmers' organisations representing 18,000 families have convinced their local governments to adopt similar animal health policies and commit funds for their implementation. Approximately £383,000 of government funding will be invested in the vaccination programme over the coming five years, benefiting the health of 600,000 cattle, sheep, llamas and pigs and horses, and the livelihoods of many thousands of small-scale farmers.



Luis is a member of the Aymara community in Guaqui. As a result of the benefits of the animal vaccination campaigns, Luis is successfully rearing cattle, pigs and sheep and producing enough to feed his family all year round. He also earns money from selling livestock which he re-invests in his farm.

Cambodia

CAFOD's partner, Development Partnership Action (DPA), is working to ensure that the natural resources of Cambodia benefit the people. This is a huge task in a country that ranks 166 out of 180 on the Transparency International Corruption Perception Index and where forests are being lost through logging. Now, with large oil deposits off Cambodia's coast beginning to be tapped and oil revenue expected to begin to flow in 2010, the stakes are increasing. DPA works directly with communities - helping them develop their livelihoods. Through this work it is able to understand communities' concerns about natural resources and voice these at the provincial or national level. For example:



DPA discovered a construction company was planning to fell 10,000 hectares of Cambodia's forest in order to clad the National Assembly building, including around 3,000 hectares DPA had worked with communities to designate as community forest. DPA took the case to the Member of Parliament for the region who pressurised the construction company and prevented the logging.

DPA is also raising concerns nationally about the need for transparency over accounting for oil revenue when it comes into the treasury, because in a country with such a high level of corruption there are fears that the mass of the Cambodian people will not see the benefits from this huge resource.

2 Building communities for change

2.1 'LiveSimply'

A key part of CAFOD's mandate is to educate and mobilise Catholics in England and Wales to work for justice and overseas development. A particular way in which CAFOD continues to build the Catholic community both at the diocesan and the national level has been through the *LiveSimply* challenge. This began as a way of marking the 40th anniversary of *Populorum Progressio* (Pope Paul VI's encyclical '*On the development of peoples*') and has now developed and become a focus for a full range of social justice work of the Catholic community. At its heart it is not a campaign but a network and it brings together more than 60 Catholic organisations (plus 4 ecumenical partners) as diverse as the National Justice and Peace Network, *Progressio*, Religious Congregations and Charismatic Renewal providing ways for the member organisations to learn from and inspire each other's work.



In 2008/09, *LiveSimply* shifted focus from large national events to a myriad of diocesan and local initiatives in which groups who might not usually work together find they have common cause in the challenge to live simply, live sustainably and live in solidarity with the poor. After encouraging 18,000 individuals (young and not so young) to sign up to 'personal pledges' in the first phase, *LiveSimply* is now engaging groups large and small in Community Challenges. Around thirty of these have been designed by network members which communities can then make their own.

In its first three years, *LiveSimply* has benefited from a grant from CAFOD to fund two part-time co-ordinators. Going forward the challenge will be for the *LiveSimply* network to be more self-sustaining and more embedded in the life of the Church.

2.2 Schools

The task of CAFOD's schools programme is to increase the number of people within the Catholic schools community who have a deeper understanding and stronger commitment to working for global justice and who understand that tackling poverty and working for justice are central to their faith. In order to achieve this CAFOD delivers training to teachers; develops curriculum linked resources and has volunteers who go into schools to deliver assemblies and workshops.

Some of the highlights of 2008-09:

- 617 visits by volunteers and staff members to 395 schools across England and Wales, covering 25% of all Catholic Secondary Schools and 14% of all Catholic Primary Schools. One young person's reaction to a visit: "*I really like CAFOD when they come in (to school). They always get us to move*

around and be active. It's much more fun that way than listening to speakers all the time! ... They really make you feel that you can do something".

- Nearly half of all Catholic secondary schools and a quarter of Catholic primary schools donated to CAFOD with an average gift of £900 and £360 respectively.
- 30 ten year old children in a school in Wakefield took part in an exciting new children's photography project. The resulting material will be online for children from all over the world to explore.
- The most popular secondary resource – a post-16 scheme of work on Poverty - was downloaded 683 times in three months.
- 174 teachers from 102 schools attended 6 in-service training sessions that focused on living simply, sustainably and in solidarity as well as guiding teachers on how to integrate global justice into their curriculum and school life.
- At the request of over 700 teachers materials produced by CAFOD are included on the Government initiated and funded 'Memory 4 Teachers' memory stick that is provided to all 750,000 teachers and support staff throughout Great Britain.



In June 2008 three Diocesan Religious Education Advisors visited El Salvador. In the words of one of them *'we now have a much better understanding of the way in which CAFOD works with the partners and in solidarity with the people'*. Since their return the Advisors have together connected with about 90 schools and either delivered training to school staff or delivered assemblies to students. They have also presented to about 30 of their colleagues who are collectively responsible for supporting Religious Education and the Catholic life of Catholic schools and colleges across the country.

Campaigning

2.2.1 Unearth Justice Campaign

'Pure Gold'



Over 8,000 people visited the "Pure Gold" exhibition that toured England and Wales in May 2008. The exhibition brought to life the experiences of communities in the Democratic Republic of Congo, Honduras and the Philippines, showing how gold mining can bring conflict, pollution and environmental destruction to already vulnerable communities. The exhibition toured over 15 venues including DFID, gaining a significant level of national and regional media coverage.

Whilst the public campaign element has come to an end, CAFOD has continued to ensure effective follow up by looking at the impact of gold mining in Honduras and the Democratic Republic of Congo. Drawing on support from academics at Newcastle University, provided by CAFOD, Honduran partner Caritas Tegucigalpa was able to challenge Goldcorp on the sustainability of their plans for closing the San Martin Mine. CAFOD has since entered into a more formal agreement with Newcastle University, who will provide ongoing technical support to Caritas in 2009.

Throughout 2008 CAFOD continued to support the Justice and Peace Commission of the Diocese of Bunia in the Democratic Republic of Congo and a local civil society coalition in their dialogue with Anglo Gold Ashanti so that the community now has access to more information about the mining project.

CAFOD also convened a meeting with the National Association of Goldsmiths and other firms which have signed up to the Golden Rules to discuss the next steps for achieving a more responsible sourcing of gold. In October 2008, CAFOD submitted comments on the key gold industry standards development process to the Council for Responsible Jewellery Practices for their mining supplement.

Pension Company Mining Investments



In 2008 CAFOD conducted new research and published “*Kept in the Dark*” – a report about a BHP Billiton nickel project in the Philippines to coincide with the company’s annual general meeting in London. CAFOD attended the AGM to ask a question about the project and secured significant media coverage for the CAFOD report; including BBC online, the Daily Telegraph, and an opinion piece in a Philippine national newspaper. As a result, a channel of engagement was opened with BHP Billiton about project specific issues and broader company policy. Over 6,000 CAFOD supporters in England and Wales took action to ask BHP Billiton for the local community to have a free and informed input regarding the mine.

2.2.2 Climate Justice

Linking closely with the ‘live sustainably’ component of the *LiveSimply* challenge, CAFOD began a new campaign in 2008/09 for ‘climate justice’ in the knowledge that the impact of climate change hits the world’s poorest peoples hardest. This campaign is also connected to the work of CAFOD’s international programme on disaster risk reduction reported above.

Stop Climate Chaos

CAFOD joined members of the Stop Climate Chaos coalition to call on the government to strengthen its Climate Change Act.



In April 2008 CAFOD brought together 300 members of Religious Communities to lobby MPs in parliament. Throughout the year many CAFOD supporters called on their own MPs to support an amendment to the Climate Change Bill proposing 80% emission cuts by 2050 which includes annual milestones as well as targets for aviation and shipping. The months of campaigning paid off when the government passed a groundbreaking Act that included almost all the demands. The Secretary of State for Energy and Climate Change publicly acknowledged the influence of people who campaigned for the Act.

Climate Justice Campaign Launch

In March 2009, CAFOD launched the campaign with 12 events throughout England and Wales, starting in London where 1,300 attended and the Secretary of State for Energy and Climate Change, Ed Miliband MP, was a speaker.

3 Strengthening learning and communication

Promoting communication, learning and knowledge sharing within CAFOD

3.1 Reviews

As part of regular ongoing learning, CAFOD undertook two significant pieces of review work in 2008/09.

3.1.1 Pakistan earthquake

CAFOD invited an external review of the programme and welcomed the findings which outlined a number of lessons for future working in humanitarian relief. Partly in response to this, but not solely, CAFOD has revised and implemented recommendations regarding procurement and supply chain procedures in humanitarian relief programmes.

3.1.2 International Decentralisation Review

Over the last ten years CAFOD has established a presence in 17 countries: eleven offices and six staff members dedicated to ‘accompanying’ particular large-scale programmes. In 2008/09 CAFOD undertook a review of the effectiveness of the decentralisation process, involving interviews run by an independent UK consultant and a representative from Caritas Africa. Some of the key findings were:

- **Partnership:** overall, partners said they have a good and cordial relationship with CAFOD. More than half said that this relationship had improved since decentralisation, with decentralisation

facilitating an increased understanding and dialogue, improved support (including capacity building/technical support), relationships and communications; many also felt that programming and programme effectiveness had improved.

- **Funding support:** a third of partners stated that CAFOD's in-country presence had resulted in successful funding applications to a wide range of funding sources.
- **Way forward:** 40% said CAFOD should develop a greater focus on capacity building. A third also requested a greater emphasis on networking, including exchanges across the "CAFOD family", the sharing of information, and improved organisational learning.

CAFOD has reaped a wealth of information and learning from this review and has since developed a management plan with specific actions linked to some identified issues. The learning from the international decentralisation review will also feed into the development of the new strategic framework (beyond 2010).

3.2 Accountability

People in Aid

As CAFOD has grown over the last few years it has become increasingly clear that excellent staff and good management are crucial to the success of its work. In 2008 a process was commenced to gain accreditation from 'People in Aid' by demonstrating adherence to their code of good practice. This code sets out clear standards in all areas of people management including recruitment and selection, learning and development, consultation and communication. CAFOD has expressed its commitment to the People in Aid code which involves examining management practices, receiving feedback from staff, making improvements where needed and holding all this up for the scrutiny of a People in Aid appointed auditor. A staff survey was taken in summer 2008 which received a record response rate (90% of all staff in England and Wales and internationally took part) and which will feed into the People in Aid accreditation process.

Humanitarian Accountability Partnership (HAP)

CAFOD is committed to ensuring accountability to stakeholders and to delivering quality programmes guided by agreed codes and standards. To this end, there is an Accountability Framework, consisting of eight commitments that CAFOD strives to uphold and that guide all its international work (published on the CAFOD website). CAFOD is aiming to become HAP qualified this year. HAP is the humanitarian sector's first international self-regulatory body striving to make humanitarian action accountable to its intended beneficiaries and other stakeholders. A baseline study was undertaken in 2007 in CAFOD's office in London and in 2008 in Kenya and a full audit was planned for 2009. A full report of the outcome will appear in next year's Trustees report.

3.3 Internal audit

This was the final year of CAFOD's first three year internal audit plan. Work continued on CAFOD's major international programmes with visits to Sudan, Sierra Leone and Indonesia. Those visits included a review of CAFOD's overseas offices and implementing partners. Other areas covered included CAFOD's trading operation, oral gift aid and post handling procedures and supply chain management. The Trustees consider that this first phase of a formal internal audit programme has contributed to a significant improvement in standards across CAFOD and intend to develop a further programme of internal audit work for the coming year.

3.4 Risk Assessment

Work has continued on raising risk awareness and applying risk management at divisional levels across CAFOD. In March 2009, CAFOD's Trustees reviewed the work on risk mitigation and updated the corporate risk register.

4 Maximising global advantage

Strengthening a global alliance with sister agencies

In embarking on the current framework, 2005-2010, CAFOD signalled two main areas of change in relation to its strategic partnerships:

- to seek a stronger, more coordinated and effective international humanitarian response to emergencies through Caritas International, a global network of 162 member agencies;
- to increase joint lobbying and advocacy work as part of CIDSE, a network of European development agencies.

Caritas International

Over these four years, CAFOD has noted considerable progress in a greater collaboration in emergency response (and examples of this are noted above). Beginning with the 2007 Caritas International General Assembly, which adopted a resolution to set in train greater coordination in humanitarian response, CAFOD has continued to support the development of a coherent and strong Caritas Confederation and Secretariat in order to equip it to provide a rapid response, technical expertise and effective coordination in emergency programming and disaster preparedness; and also to increase the capacity of member organisations to empower poor communities to become protagonists of their own development. The Head of CAFOD's Humanitarian Department is a member of the Caritas International's Humanitarian Advisory Council which helps set direction for the Confederation. In 2009 the management of the General Secretariat in Rome has been strengthened which should ensure it is increasingly better placed to coordinate effective joint international responses to emergency situations. One of CAFOD's Trustees, Timothy Radcliffe OP, is a member of the Caritas International's Theological Commission.

CIDSE¹

UN Framework Convention on Climate Change

In December 2008, at the UN meeting on Climate Change in Poznan, Poland, CAFOD joined forces with global Catholic networks - CIDSE and Caritas - to launch an internationally coordinated campaign for Climate Justice, urging decision makers to put developing countries at the heart of the UN climate change talks which will take place in December 2009 in Copenhagen. Over 100 bishops from 70 countries (including England and Wales) gave their support to the campaign by signing a joint statement which challenged the leaders of the industrialised nations to address with urgency the plight of the poorest and to recognise it as a moral obligation.

Financial review

Income

A summary of CAFOD's income and expenditure is shown on page 21 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, the charity's trust deed and applicable laws.

CAFOD's annual income rose substantially in 2004/05, as a result of the overwhelming generosity of CAFOD's supporters in response to the tsunami and Darfur humanitarian emergencies. Although monies received for the tsunami emergency have since reduced, CAFOD's income has remained high, particularly as a result of a growth in the number of supporters.

	03/04	04/05	05/06	06/07	07/08	08/09
Income	£m	£m	£m	£m	£m	£m
Directly from CAFOD supporters	19.1	34.5	27.2	26.0	29.7	29.5
Through the Disasters Emergency Committee	0.2	3.1	10.5	13.4	3.9	2.3
<i>Supporter income</i>	<i>19.3</i>	<i>37.6</i>	<i>37.7</i>	<i>39.4</i>	<i>33.6</i>	<i>31.8</i>
From the Caritas network	1.2	2.6	4.6	3.7	4.2	2.8
Government and other grants	7.1	6.0	7.5	7.6	8.4	9.9
Trading and interest earned	0.6	0.8	1.3	1.4	1.7	1.4
Profit on the sale of Romero Close	0.0	0.0	0.0	0.0	0.0	1.8
Total incoming resources	28.2	47.0	51.0	52.1	47.9	47.7

¹ CIDSE is a French acronym which translates as Cooperation on International Development and Solidarity

In the face of the uncertainty and economic downturn caused by the credit crunch, CAFOD's income held up well in 2008/09, totalling just under £48m and matching the amount raised in the previous year. Of the total income, £31.8m (66%) came from supporters, including £29.5m received directly from the Catholic community in England and Wales (from parishes, schools and individuals) and a further £2.3m received through the Disasters Emergency Committee (DEC), the umbrella organisation of 13 leading UK aid agencies who appeal for funding collectively during major humanitarian crises.

This strong voluntary income base provides CAFOD with a foundation from which it can attract institutional funding to increase the impact of its programmes on the ground. In 2008/09, CAFOD raised £2.8m from sister agencies within the Caritas network, the global federation of 162 Catholic aid agencies, and £9.9m from governments and other institutional grants.

Although CAFOD met its income target for 2008/09 this was achieved with the help of some windfalls, including one exceptionally large gift, a record year for legacies and making £1.8m profit on the sale of the Romero Close office - a profit which will be re-invested in the new head office that CAFOD is developing in partnership with the Archdiocese of Southwark, in the grounds of St George's Cathedral. The new economic environment will mean that increased focus is needed to raise the funds CAFOD's local partners need over the next few years.

2008/9 was the first year of a renewed **Partnership Programme Agreement (PPA)** with the UK Department for International Development (DFID) that runs to March 2011 and is worth just over £4 million per annum. This longer term commitment of unrestricted funding provides considerable flexibility to develop work and pilot new or innovative approaches. Annual reporting to DFID is made against five areas of mutual interest including our work with the Caritas federation, interfaith work, HIV/AIDS, Southern voices and accountability, and development education in England and Wales.

Expenditure

In line with the growth in incoming resources, CAFOD's expenditure has also grown substantially over recent years. In 2008/09, CAFOD's total expenditure was £49.7m, compared to £30.5m only five years ago.

	03/04	04/05	05/06	06/07	07/08	08/09
Spending	£m	£m	£m	£m	£m	£m
Cost of generating funds	3.0	3.5	4.3	4.6	5.0	5.8
<i>International grants</i>	20.6	22.9	36.9	35.8	26.7	28.1
<i>Operating costs</i>	2.8	2.8	4.0	5.6	6.2	7.1
<i>Support costs</i>	0.8	0.8	1.2	1.5	1.6	2.1
International programme	24.1	26.5	42.1	42.9	34.5	37.3
<i>Policy & UK education grants</i>	0.4	0.4	0.4	0.4	0.3	0.3
<i>Operating costs</i>	2.2	2.8	3.4	3.9	4.3	4.7
<i>Support costs</i>	0.6	0.7	0.9	0.9	1.0	1.2
Education policy & campaigning programme	3.1	3.9	4.7	5.2	5.6	6.2
Governance	0.2	0.3	0.3	0.4	0.4	0.4
Total resources expended	30.5	34.2	51.5	53.1	45.5	49.7

The cost of generating funds for CAFOD has always been low compared to most other aid agencies and in 2008/09 CAFOD spent £5.8m on the costs of generating funds, being just 12% of the total income raised.

Whilst the percentage has remained low, in absolute terms the total money spent on generating funds has grown substantially over the last few years as CAFOD has invested to grow its supporter base - to build its communities of change - and thus increase the funding available for its programmes. One indicator of the success of this investment has been the increase in the number of active donors (defined as individuals giving directly, rather than giving through parishes and schools) who have made a donation in the last year. The number of active donors has more than doubled from around 40,000 in 2003 to some 86,000 now.

Expenditure on CAFOD's International Programme in 2008/09, totalled £37.3m or 75% of total resources expended. This International Programme includes longer-term development and emergency responses and is delivered through CAFOD's local partners supported by CAFOD technical staff in the countries concerned. In 2008/09 CAFOD made international grants of £28.1m, an analysis of which is provided by

key sector and by country in note 3 to the financial statements.

In most cases, CAFOD's role within the International Programme goes beyond acting merely as a funder. CAFOD increasingly works in co-operation with local partners, for example seconding staff to these organisations and together designing and implementing programmes on the ground. CAFOD provides technical expertise to partners as well as assistance in building their organisational capacity and increasing their impact. To provide this wider role, and manage the increased size of the overall programme, CAFOD has increased the spend on both the operating and support costs of the International Programme. These include the costs of the network of international offices that CAFOD has established over the last few years and an increase in the number of CAFOD staff working on the international programme, particularly national staff posts based in CAFOD's international offices.

In 2008/09, expenditure on CAFOD's Education, Policy & Campaigning Programme totalled £6.2m or 12% of total resources expended. This programme includes a small fund for grants for UK education and for supporting policy and campaigning networks and partners.

Financial position and reserves policy

The Trustees review CAFOD's Reserves Policy each year, balancing the need to hold back sufficient general reserves to protect CAFOD's charitable programmes with the objective of maximizing the funding available for those programmes. These reserves and funds are invested according to CAFOD's Investment Policy.

	At 31/03/2009 £m	At 31/03/2008 £m
Designated funds		
Fixed asset fund	5.9	3.6
Programme fund	3.4	4.3
Programme stabilisation fund	8.7	6.7
	18.0	14.6
Free reserves		
General reserves	0.9	2.9
Restricted funds		
General and development funds	0.1	0.3
Emergency appeal funds	4.9	8.0
Caritas and other Catholic agencies	0.2	1.5
Government and institutional grants	0.4	-0.8
	5.6	9.0
Permanent endowment	0.3	0.5
Total funds and reserves	24.8	27.0

At 31st March 2009, CAFOD held total funds and reserves of £24.8m. A detailed breakdown and rationale for the individual funds is provided in Notes 11 and 12 to the financial statements.

The designated funds represent unrestricted monies that the Trustees have designated for specific purposes; including to fund the fixed assets that enable CAFOD to operate efficiently and also the funds that CAFOD needs to hold to limit the risk of disruption associated with financial risks. As at 31st March 2009, these designated funds were fully funded at the levels set by the Trustees and explained in Note 11 to the financial statements.

At 31st March 2009, CAFOD also held "free" general reserves of £0.9m, a reduction on the level at the same point last year. These general reserves represent unrestricted funds over and above those set aside for designated purposes. They arise because of a combination of receiving more general income than was expected and because of savings against budgeted expenditure. The Trustees will allocate these free reserves to CAFOD's programme and partners over the coming period.

The overall amount of restricted funds in hand has reduced as CAFOD continues to spend down the exceptional levels of donations it received for the crisis in Darfur, the Asia Tsunami and the South Asia Earthquake.

Investment policy

As detailed in CAFOD's Reserves Policy, CAFOD holds restricted funds that are in the process of being expended, usually within the coming year, and designated funds and reserves that may need to be called upon at any time.

Accordingly, the objective of CAFOD's Investment Policy is to maintain high liquidity while ensuring maximum security by avoiding risk to capital, meeting its ethical standards and achieving the highest possible return within these limiting parameters.

To meet this objective, CAFOD invests in sterling deposits with financial institutions that hold a high security rating, ordinarily spreading the total invested across fixed terms from overnight to twelve months, and limiting the amount invested with any individual financial institution. At the start of the banking crisis in September 2009, the Trustees commissioned a sub-group of the CAFOD Finances Committee to monitor investment risk on a weekly basis. The Trustees agreed to re-arrange sterling deposits, reducing risks by increasing the number of banks with which CAFOD have deposit facilities and limiting deposits to UK domiciled banks and enabling us to react more quickly to issues with particular banks by depositing for shorter periods.

As well as sterling deposits, CAFOD maintains modest balances in US Dollars and Euros to cover the forecast expenditure on grants to partners in those currencies, usually for between one to three months ahead. These balances are from institutional donor funding received in those currencies, supplemented by bulk currency purchases.

CAFOD has a permanent endowment fund, on which the capital is held in perpetuity and from which the interest is applied to CAFOD's work. To maintain the capital value of this fund, meet its ethical standards and achieve the highest possible return, this fund is mainly invested in an ethical UK equity unit trust. Part of this fund was given in UK government Treasury Stock, which the Trustees have decided to hold until redemption.

CAFOD's Investment Policy is reviewed by the Finances Committee, acting as an investment sub-committee and assisted by Coutts Bank acting as investment advisers, and approved by the Trustees annually. The Finances Committee, reporting to the Trustees, monitor investment performance quarterly and the Trustees have confirmed their belief that the objectives of CAFOD's Investment Policy were met during the year.

CAFOD's priorities for 2009-2010

To ensure that all international and advocacy programmes are more impact focused and mission related:

- To refine international programmes to be more focused on impact, quality and delivery in core sectors, and strengthened links with advocacy programmes;
- To strengthen CAFOD's humanitarian programme and increase capacity to respond to emergencies;
- To strengthen strategic relationships in order to achieve greater impact (including Caritas network; tri-partite relations with SCIAF and Trócaire);
- To take forward a "linking" initiative to more closely link CAFOD's supporters in England and Wales with CAFOD's work overseas;
- To take forward the work on climate change: delivering practical progress in disaster risk reduction programmes which also inform the Northern advocacy agenda; to engage supporters in campaigning for change at the UN Climate Change meeting in Copenhagen in December 2009.

To deliver sustainable and integrated funding programmes:

- To maintain levels of institutional funding;
- To achieve a voluntary income target of £29m. This will involve the development of new initiatives including Lent Fast Day 2010, raffles, surveys and establishing a development board.

To improve external communications with supporters and increase CAFOD's profile

- To secure a higher media profile for CAFOD's international programmes; to influence government and policy makers; to engage the Catholic community in a more integrated approach to campaigning and advocacy; to support fund raising.

To consolidate internal systems and manage change

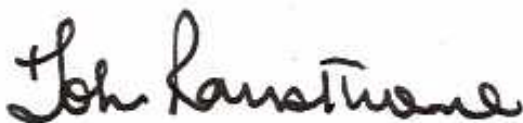
- To manage change in a period of possible reduction in resources caused by the economic downturn;
- To be more cost and quality efficient, reducing costs and CAFOD's carbon footprint across the organisation;
- To put in place the new strategic framework and to integrate planning systems and frameworks in relation to that framework;
- To strengthen financial management particularly in relation to international programmes so as to facilitate better reporting.

To complete a smooth transition to the new building

- CAFOD has outgrown its existing London office and the Trustees have agreed to develop a new head office on a site at St George's Cathedral in Southwark.
- This development is now underway and CAFOD is on schedule to move there in May 2010.
- The cost of the new building will be part funded from the sale of the existing offices in Brixton and partly by holding some of the Designated Programme stabilisation fund (which is presently held in cash) in property.
- The first part of the sale of the existing offices in Brixton was completed in July 2008 (with CAFOD allowed to remain rent free in the property until the move in May 2010) and yielded a book profit of £1.8m.
- As detailed in note 11, the Designated Programme stabilisation fund is set aside by the Trustees as a contingency against the financial risks that CAFOD faces. The Trustees have agreed to hold some of this fund in property on the understanding that if CAFOD ever needs to utilise these Designated 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, which will be for an amount considerably less than the full value of the new building.

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 members of the Board of CAFOD on 25 June 2009 and signed on their behalf by:



The Right Reverend John Rawsthorne - Trustee

25 June 2009

We have audited the financial statements on pages 21 to 36 which have been prepared under the historical cost convention (as modified by the inclusion of investments at market value) and the accounting policies set out on pages 24 and 25.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and with regulations made under Section 44 of the Act. Our audit work has been undertaken so that we might state to the charity's trustees, as a body, those matters we are required to state to them in an auditors' 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's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and independent auditors

As described on page 3 you are responsible as trustees for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993.

We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and the group as at 31 March 2009 and of the group's incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.



Buzzacott LLP, Chartered Accountants and Registered Auditors
12 New Fetter Lane, London, EC4A 1AG



Group Statement of Financial Activities for the year ended 31st March 2009

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2009 £000	Total 2008 £000
Incoming resources from generated funds					
Voluntary income:					
General donations		16,074	2,421	18,495	18,488
Emergency appeal donations		-	6,631	6,631	9,178
Legacies		6,598	60	6,658	5,933
DFID Partnership Programme Agreement		4,210	-	4,210	3,700
Caritas and other Catholic agencies	1	-	2,853	2,853	4,223
Activities for generating income:					
Trading and other income		122	-	122	114
Investment income:					
Interest earned		883	377	1,260	1,588
Incoming resources from charitable activities					
Government and institutional programme grants	1	-	5,676	5,676	4,690
Other incoming resources					
Profit on the sale of property	7	1,768	-	1,768	-
Total incoming resources		29,655	18,018	47,673	47,914
Cost of generating funds					
Fundraising trading costs	2	92	-	92	99
Costs of generating voluntary income	2	5,575	136	5,711	4,918
Charitable activities					
International programme	2	16,141	21,153	37,294	34,489
Education, policy & campaigning programme	2	6,058	114	6,172	5,613
Governance costs	2	410	-	410	359
Total resources expended		28,276	21,403	49,679	45,478
Net incoming / (outgoing) resources		1,379	(3,385)	(2,006)	2,436
Unrealised investment (losses)		-	(159)	(159)	(55)
Net movement in funds		1,379	(3,544)	(2,165)	2,381
Funds at the start of the year		17,549	9,419	26,968	24,587
Funds at the end of the year		18,928	5,875	24,803	26,968

CAFOD did not change any of its principal activities during the above financial periods and there were no gains and losses other than those included above. Restricted funds above include permanent endowment funds; see note 12.

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total 2009 £000	Total 2008 £000
Fixed assets					
Tangible assets	7	5,863	-	5,863	3,638
Investments	7	-	317	317	476
Total Fixed Assets		5,863	317	6,180	4,114
Current assets					
Stock		34	-	34	33
Debtors and Prepayments	8	2,655	1,025	3,680	2,687
Bank and short term deposits	9	13,379	11,085	24,464	30,747
Total Current Assets		16,068	12,110	28,178	33,467
Creditors					
Amounts falling due within one year	10	(3,003)	(6,552)	(9,555)	(10,613)
Net current assets		13,065	5,558	18,623	22,854
Net Assets		18,928	5,875	24,803	26,968

REPRESENTED BY:

Unrestricted designated funds & reserves

Designated Fixed asset fund	11	5,863	-	5,863	3,638
Designated Programme fund	11	3,459	-	3,459	4,340
Designated Programme stabilisation fund	11	8,700	-	8,700	6,641
General reserves	11	906	-	906	2,930

Restricted funds

General donation funds	12	-	111	111	272
Emergency appeal funds	12	-	4,854	4,854	7,991
Caritas and other Catholic agencies	12	-	239	239	1,455
Government and institutional grants	12	-	354	354	(775)

Permanent endowment

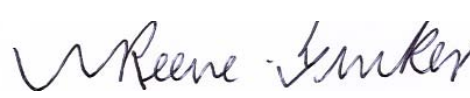
	12	-	317	317	476
--	----	---	-----	-----	-----

Total funds and reserves

		18,928	5,875	24,803	26,968
--	--	---------------	--------------	---------------	---------------

The financial statements were approved by the Trustees on 25th June 2009 and signed on their behalf by:


The Right Reverend John Rawsthorne
Trustee


Charles Reeve-Tucker FCA
Honorary Treasurer

Group cash flow statement for the year ended 31st March 2009

	Notes	2009 £000	2008 £000
Cash (outflow) / inflow from operating activities	A	(6,146)	2,674
Returns on investments			
Interest received and investment income		1,377	1,638
Capital expenditure and financial investment	B	(1,514)	(149)
		(6,283)	4,163
Management of liquid resources			
Decrease / (Increase) in short term deposits	C	4,013	(997)
(Decrease) / increase in cash at bank and in hand	C	(2,270)	3,166

Notes to the group cash flow statement for the year ended 31st March 2009

A. Reconciliation of net movement in funds to net cash inflow / (outflow) from operating activities

	2009 £000	2008 £000
Net movement in funds per Statement of Financial Activities (page 21)	(2,165)	2,381
Depreciation charge	353	400
Net (profit) on disposal of tangible fixed assets	(1,604)	(64)
Unrealised loss on investments	159	55
Interest receivable and investment income	(1,260)	(1,588)
(Increase) / decrease in stock	(1)	5
(Increase) in debtors	(570)	(664)
(Decrease) / Increase in creditors	(1,058)	2,149
	(6,146)	2,674

B. Cash flows: capital expenditure and financial investment

Payments to acquire tangible fixed assets	(4,209)	(242)
Receipts from sales of tangible fixed assets	2,695	93
	(1,514)	(149)

C. Analysis of changes in cash and short term deposits

	At 1/04/08 £000	Cash flows £000	At 31/03/09 £000
Cash at bank and in hand	8,734	(2,270)	6,464
Short term deposits	22,013	(4,013)	18,000
	30,747	(6,283)	24,464

Applicable United Kingdom Accounting Standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in the preparation of these financial statements.

The results of The CAFOD Trading Company Limited are consolidated within the financial statements. No separate Balance Sheet or Statement of Financial Activities for the charity has been prepared as the Trustees do not consider that the inclusion of this information would be material to the understanding of these financial statements. The assets and liabilities of the charity and trading company are shown separately in Note 13.

The principal accounting policies adopted are as follows:

(a) Income:

All general and development 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 an emergency appeal. All categories of income are credited to the Statement of Financial Activities in the period in which they are receivable. For income from governments and other institutional donors this is the later of the date stipulated on the schedule of disbursements agreed with the donor and when CAFOD has met the necessary conditions for disbursement. Income restricted for expenditure in future periods 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.

(b) Resources expended:

All expenditure is accounted for on an accruals basis.

Grants payable:

These are charged to the Statement of Financial Activities when they have been approved. Programme grants approved but not disbursed at the balance sheet date, are carried forward as programme creditors in the balance sheet.

Resources expended: Operating and support costs:

Operating 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 Personnel, which represent Support Costs. They are classified under the expenditure activity headings on the basis of the contribution the teams make to each activity. Support costs are apportioned on the basis of the number of staff included within each activity.

The expenditure activity headings are:

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

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

Charitable activities - CAFOD's international programme, which is its work with partners on long-term development and immediate relief in emergency situations;

Charitable activities - CAFOD's education, policy and campaigning programme, which is its work to change the unjust policies and systems that trap people living in poverty; and

Governance costs, which includes costs incurred on the governance of CAFOD's assets and is primarily associated with its constitutional and statutory requirements.

(c) Foreign currency translation:

Transactions in foreign currencies are translated at the rate of exchange ruling on 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.

(d) Pensions:

CAFOD operates four contributory money purchase pension schemes. Scheme funds are independent of CAFOD's finances and are administered by separate Trustees for two schemes and by CAFOD Trustees for two schemes. CAFOD's contributions are charged in the Statement of Financial Activities in the period in which they are made.

(e) Fixed assets:

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:

Freehold and leasehold buildings	2% on cost
Office furniture & equipment	25% on cost
Computers	33 1/3% on cost
Motor vehicles	25% on cost

(f) Investments:

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

(g) Stock:

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

(h) Fund accounting:

Designated funds comprise monies held in fixed assets or 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

	2009	2008
	£000	£000
Contributions from Caritas and other Catholic agencies were from:		
Caritas Australia	163	361
Caritas Austria	102	176
Caritas Belgium	31	41
Caritas Czech	-	32
Caritas Denmark	(31)	390
Caritas Germany	89	-
Caritas Internationalis	-	252
Caritas Italy	116	171
Caritas Japan	42	49
Caritas Korea	25	-
Caritas Luxembourg	280	345
Caritas New Zealand	79	19
Caritas Spain	276	529
Caritas Switzerland	207	204
Cordaid	389	374
Development & Peace	201	119
Scottish Catholic International Aid Fund	19	716
Sécours Catholique	310	405
Trócaire	555	20
Others	-	20
Caritas and other Catholic agencies	2,853	4,223

Government and institutional grants were from:

Governmental		
UK Government (DFID)	1,394	2,111
UK Government (DFID Governance and Transparency Fund)	413	-
European Union	2,640	997
Government of Austria	-	142
Government of Ireland (refund)	-	(32)
Government of Isle of Man	43	27
Government of Guernsey	20	25
Government of Jersey	22	45
United Nations agencies	43	113
Non-governmental		
Big Lottery Fund (grant for Cambodia programme)	71	96
Big Lottery Fund (grant for Ethiopia programme)	126	53
Comic Relief	789	1,060
Norwegian Church Aid	24	61
Others	91	(8)
Other institutional grants for programmes	5,676	4,690

2. Total resources expended

Total resources expended were:

	Grants payable £000	Operating Costs £000	Support costs £000	Total 2009 £000	Total 2008 £000
Fundraising trading costs	-	62	30	92	99
Cost of generating voluntary income	-	4,850	861	5,711	4,918
International programme	28,149	7,062	2,083	37,294	34,489
Education, policy and campaigning	341	4,683	1,148	6,172	5,613
Governance costs	-	356	54	410	359
Total Resources Expended	28,490	17,013	4,176	49,679	45,478

Support costs are allocated on the basis of the number of staff included under each activity.

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

Grants represent funds and in kind contributions (goods, services and seconded staff) made to partners' programmes. A list of grants over £50,000 is available from: Director of Finance and Services, CAFOD, Romero Close, Stockwell Road, London SW9 9TY.

	2009 no. of grants	2009 £000	2008 no. of grants	2008 £000
Conflict Resolution	52	1,190	66	2,255
Education	95	1,389	106	1,458
Economic Advocacy	76	1,651	84	1,666
Disaster relief	116	13,027	109	10,148
Health	58	969	62	1,314
HIV/AIDS	80	2,261	71	2,082
Human Rights	46	1,351	53	1,400
Sustainable Livelihoods	154	6,652	142	6,711
Total Grants	677	28,490	693	27,034

	2009 no. of grants	2009 £000	2008 no. of grants	2008 £000
Africa	292	16,861	255	13,915
Latin America	151	4,117	159	3,296
Eastern Europe	2	116	13	676
Asia and Middle East	134	6,275	161	8,075
Global, policy and education	98	1,121	105	1,072
Total Grants	677	28,490	693	27,034

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

	2009 no. of grants	2009 £000	2008 £000
Angola	2	50	80
Burundi	1	33	25
Chad	1	150	100
Congo (DRC)	37	2,759	841
Eritrea	3	264	37
Ethiopia	22	991	1,145
Ghana	-	-	10
Kenya	48	2,386	892
Liberia	2	41	672
Malawi	4	132	50
Mozambique	16	628	690
Niger	2	94	194
Nigeria	29	255	239
Rwanda	9	136	479
Sierra Leone	3	185	585
Somalia	-	-	50
South Africa	8	134	183
Sudan	23	3,496	3,281
Swaziland	2	50	47
Tanzania	5	265	221
Uganda	11	346	404
Zambia	12	653	713
Zimbabwe	40	3,518	2,815
General East Africa	3	58	93
General Southern Africa	3	68	43
Multi-country	6	169	26
Africa Grants	292	16,861	13,915

	2009 no. of grants	2009 £000	2008 £000
Albania	2	116	409
Russia	-	-	77
Serbia	-	-	190
Eastern Europe Grants	2	116	676

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

	2009 no. of grants	2009 £000	2008 £000
Bolivia	13	345	234
Brazil	35	1,028	908
Colombia	16	687	573
Cuba	1	10	20
El Salvador	7	269	196
Guatemala	5	159	108
Guyana	1	13	39
Haiti	3	71	35
Honduras	6	182	94
Mexico	6	124	99
Nicaragua	16	444	178
Paraguay	4	92	89
Peru	17	272	338
Multi-country	21	421	385
Latin America Grants	151	4,117	3,296

	2009 no. of grants	2009 £000	2008 £000
Afghanistan	1	150	138
Bangladesh	18	947	714
Burma	18	371	223
Cambodia	10	541	334
China	2	58	50
East Timor	10	200	214
India	2	89	50
Indonesia	12	423	2,542
Iraq	1	20	7
Israel	2	45	50
Lebanon	3	68	99
Pakistan	5	551	921
Philippines	12	291	283
Sri Lanka	18	1,856	2,099
Thailand	1	25	40
West Bank and Gaza	10	487	112
Multi-country	9	153	199
Asia and Middle East Grants	134	6,275	8,075

4. Operating and Support Costs

	Operating Costs £000	Support costs £000	Total 2009 £000	Total 2008 £000
Staff costs (note 5)	11,115	2,154	13,269	11,242
Printing, postage & stationery	626	269	895	763
Rent, rates, utilities & telephone	406	428	834	463
Repairs & maintenance	111	209	320	616
Travel costs	1,389	67	1,456	1,102
Advertising & publications	1,368	120	1,488	1,371
Professional fees & consultancies	1,311	150	1,461	1,286
UK audit fee	-	38	38	35
Other fees to UK auditors	-	6	6	7
Depreciation & disposal of assets	(10)	411	401	328
Trading	92	-	92	99
Irrecoverable VAT	-	324	324	328
Inputs for international partners	605	-	605	804
Operating and support costs	17,013	4,176	21,189	18,444

5. Particulars of employees

	2009 Employees nos.	2008 Employees nos.
Generating funds	88	79
International programme	196	180
Education, policy and campaigning programme	112	106
Governance costs	5	5
Average number of employees	401	370
Full time equivalent	376	343

	2009 £000	2008 £000
Salaries	10,412	8,938
Employer's social security costs	979	857
Employer's pension contributions	810	700
Agency staff	126	136
Other employee related costs	942	611
Staff costs	13,269	11,242

5. Particulars of employees (continued)

In addition to these employees CAFOD recruited and employed an average of 14 international relief staff (2008: 25) at a cost of £445,131 (2008: £750,682) who were seconded to partners' relief operations. The costs of these staff are included in grants payable analysed in note 3 above.

The Trustees do not receive any remuneration for their services. Directly incurred travel expenses are reimbursed, if claimed, and 8 members (2008: 8 members) made claims amounting to £1,862 in the year (2008: £2,143).

In the year, the Director of CAFOD received remuneration of £76,892 (2008: £71,258) plus an employer's contribution towards a money purchase pension scheme of £7,689 (2008: £7,125). Three other employees received remuneration of between £60,000 and £70,000 (2008: none) plus an average employer's contribution towards a money purchase pension scheme of £7,355.

In addition, in this period CAFOD relied on the services of almost 2,000 parish-based volunteers and some 200 volunteers engaged in work outside their parishes.

Employer's pension contributions include £54,162 (2008: £58,689) paid to pension schemes, the Trustees of which are the same as those 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, as all its income falls within the various exemptions available to registered charities.

7. Fixed assets

a) Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and buildings £000	Building under construction £000	Office equipment £000	Motor vehicles £000	Total £000
Cost						
At 1 st April 2008	3,579	465	-	1,159	448	5,651
Additions	-	1,600	2,322	173	114	4,209
Disposals	(2,068)	-	-	(688)	(112)	(2,868)
At 31st March 2009	1,511	2,065	2,322	644	450	6,992
Depreciation						
At 1 st April 2008	905	49	-	821	238	2,013
On disposals	(622)	-	-	(542)	(73)	(1,237)
Charge for the period	50	10	-	206	87	353
At 31st March 2009	333	59	-	485	252	1,129
Written down values						
At 31st March 2009	1,178	2,006	2,322	159	198	5,863
At 1 st April 2008	2,674	416	-	338	210	3,638

CAFOD has outgrown its existing London office and the Trustees have undertaken a project to develop a new head office on a site at St George's Cathedral in Southwark. In the period to 31st March 2009, CAFOD spent £1.6m on a long lease of the site and a further £2.3m on the first phase of construction. As detailed in Note 11 below, CAFOD has further capital commitments of £6.8m in relation to this project.

7. Fixed assets (continued)

b) Investments

The permanent endowment fund has been invested in 7 ¾ Per Cent Treasury Stock, 2012 – 2015 at a historic cost as at 31st March 2009 of £26,861 (2008: £26,861) and the Friends Provident Exempt Ethical UK Equity unit trust at a historic cost at 31st March 2009 of £422,163 (2008: £422,163). The movement on investments during the period was:

	2009	2008
	£000	£000
Market value brought forward	476	531
Unrealised loss	(159)	(55)
Market Value carried forward	317	476

8. Debtors and prepayments

	2009	2008
	£000	£000
Interest receivable	220	337
Taxation recoverable	1,909	1,183
Accrued income	1,025	-
Prepayments	369	424
Other debtors	157	743
	3,680	2,687

9. Bank and short term deposits

	2009	2008
	£000	£000
Cash at bank and in hand	6,464	8,734
Short term deposits	18,000	22,013
	24,464	30,747

10. Creditors falling due within one year

	2009	2008
	£000	£000
Programme creditors	8,190	9,655
Other creditors and accruals	1,012	587
Interest free loans from supporters	353	371
	9,555	10,613

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 31st March 2009 planned future commitments under formal multi-year funding cycle approvals amounted to £7.2m (2008 - £6.3m).

11. Unrestricted reserves and funds

	Balance at 1st Apr 08 £000	Incoming resources £000	Transfers £000	Resources expended £000	Balance at 31 st Mar 09 £000
Designated Funds					
Fixed assets fund	3,638	1,768	457	-	5,863
Programme fund	4,340	-	1,729	(2,610)	3,459
Programme stabilisation fund	6,641	-	2,059	-	8,700
Free Reserves					
General reserves	2,930	27,887	(4,245)	(25,666)	906
	17,549	29,655	-	(28,276)	18,928

Designated Fixed assets fund: The fund for fixed assets represents the net book value at the balance sheet date of unrestricted fixed assets. 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 year.

Designated Programme stabilisation fund: The Trustees have established a Programme 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% in the budgeted general income and the need for two years to adjust programmes, the Trustees have established the level of the Programme stabilisation fund at 30% of the budgeted general income for the coming year. As at 31st March 2009, the Trustees were able to fund this requirement fully and therefore set aside £8.7 million in the Programme stabilisation fund.

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 budgeted 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.

Capital Commitments: As detailed in note 7 above, CAFOD is constructing a new head office on a site at St George's Cathedral in Southwark. In relation to this project, CAFOD has future capital commitments of £6.8m. The Trustees have agreed to fund these commitments partly through the sale of the remaining properties at CAFOD's existing head office in Brixton, and partly by holding some of the Designated Programme stabilisation fund in property rather than in cash. This will be done on the understanding that if CAFOD ever needs to utilise this contingency fund at any time in the future, then it will release the cash by taking out a loan mortgaged on the new offices. CAFOD's bankers have signified their willingness in principle to provide such a loan, which will be for an amount considerably less than the full value of the new building.

12. Restricted reserves and funds

	Balance at 1st Apr 08 £000	Incoming resources £000	Unrealised Loss £000	Resources expended £000	Balance at 31 st Mar 09 £000
Restricted Funds					
General donations	272	2,421	-	(2,582)	111
Emergency appeal donations	7,991	6,631	-	(9,768)	4,854
Legacies	-	60	-	(60)	-
Caritas / Catholic agencies	1,455	2,853	-	(4,069)	239
Programme grants	(775)	5,676	-	(4,547)	354
Interest	-	377	-	(377)	-
Permanent endowment					
Sr. Laura Tanti Foundation	476	-	(159)	-	317
	9,419	18,018	(159)	(21,403)	5,875

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 31st March 2009 the balances held were for the following purposes:

	2009 £000	2008 £000
Africa Programme	3,076	4,240
Asia and Middle East Programme	2,765	4,634
Latin America Programme	(339)	(239)
General Programme	56	308
Permanent endowment	317	476
Total restricted and permanent endowment funds	5,875	9,419

CAFOD regularly pre-finances programme costs that will be covered by government and other institutional programme grants, approving and paying out funds to local partners, in advance of receiving funds from the donor. As a result negative balances arise on particular restricted funds.

The balance of government and institutional programme grants at 31st March 2009 is shown net, including some programme grants that are in surplus at the year end and some that are in deficit:

	2009 £000	2008 £000
Programme grants in surplus	1,205	1,342
Programme grants in deficit	(851)	(2,117)
Government and institutional programme grants	354	(775)

The Permanent Endowment relates to the Sister Laura Tanti Foundation for which CAFOD has received cumulative donations of £360,000 (2008: £360,000) 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. Charity and trading company

The assets and liabilities of the charity, CAFOD, and the consolidated subsidiary, The CAFOD Trading Company, are:

	2009	2009	2009
	Charity	Trading	Group
	£000	£000	£000
Tangible fixed assets	5,863	-	5,863
Investments	317	-	317
Stock	-	34	34
Debtors and	3,647	33	3,680
Bank and short term	24,462	2	24,464
Creditors	(9,553)	(2)	(9,555)
Net assets	24,736	67	24,803

In addition to the above, there was £75,709 owed from The CAFOD Trading Company to the Charity as at 31st March 2009 (2008: £165,786). The turnover of The CAFOD Trading Company for the year was £100,165 (2008: £113,925).

14. Handling funds for other agencies

CAFOD acted as Facilitating Agency on behalf of Caritas Internationalis, the Lutheran World Federation, the New Sudan Council of Churches, the Sudan Council of Churches and the World Council of Churches, in respect of the Church Ecumenical Action in Sudan (CEAS). In this role, CAFOD acted as signatory for CEAS bank accounts in London, receiving and holding donor funds on behalf of CEAS and making payments and transferring funds to Nairobi as requested by CEAS. During the year CAFOD received a total of \$464,126 (2008: \$1,125,013) on behalf of CEAS, holding a balance of \$78,888 (2008: \$337,517) at the year end. These bank accounts are separate from CAFOD's own bank accounts and have not been consolidated in CAFOD's financial statements.

In addition, CAFOD 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 better deal from trade. The Trade Justice Movement is incorporated as a Company Limited by Guarantee and has its own bank account, on which CAFOD employees act as signatories. During the year CAFOD received a total of £95,645 (2008: £124,482) on behalf of the Trade Justice Movement, holding a balance of £45,671 (2008: £48,045) at the year end. This bank account is separate from CAFOD's own bank accounts and has not been consolidated in CAFOD's financial statements.

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 £430,814 to CAFOD. Crosby Support Limited has its registered office at CAFOD's head office in Brixton.

15. Pension Costs

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

One of the schemes that CAFOD participates in is the Pensions Trust's Growth Plan, a multiemployer pension plan, which is funded and is not contracted out of the state scheme. As at the balance sheet date there were 93 active members of the Growth Plan employed by CAFOD, and CAFOD intends to continue

offering membership of this 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.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from the total scheme assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 have now been completed and will be formalised shortly. The valuation of the Scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

Investment return pre retirement	7.6% pa
Investment return post retirement: Actives / Deferreds	5.1% pa
Investment return post retirement: Pensioners	5.6% pa
Bonuses on accrued benefits	0.0% pa
Rate of price inflation	3.2% pa

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Plan's Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Plan's Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post retirement (pensioners).

The next full actuarial valuation will be carried out as at 30 September 2011.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Plan's Trustee. The Plan's Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

CAFOD has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2008. As of this date the estimated employer debt for CAFOD was £958,513. In the opinion of the trustees, as the charity intends to continue offering membership of the Plan, the debt is unlikely to crystallise in the foreseeable future.

"CAFOD makes the world seem smaller. When you know and care about people, it doesn't matter that we live on different sides of our planet."

Lola, St Paul's Academy.

Patron

His Eminence, Cardinal Cormac
Murphy-O'Connor

Trustees

Right Reverend John Rawsthorne
Right Reverend Kieran Conry
Dr Mary Hallaway OBE
(to 26th September 2008)
Mary Ney (from 26th September 2008)
Nicholas Warren
Charles Reeve-Tucker FCA
(Honorary Treasurer)
Robert Archer
Jenny Cosgrave
Clare Gardner
Dominic Jermey OBE
(from 12th December 2008)
Mark McGreevy
Mary McHugh
Fr James O'Keefe
Fr Timothy Radcliffe OP
Victoria Santer
Fr Frank Turner SJ

On the front cover: These women live in southern Ethiopia, a region which suffers from severe drought. Thanks to your generosity, we have been able to provide water and food.

Photograph: Astrid de Valon

cafod.org.uk



CAFOD is the official overseas development and relief agency of the Catholic Church in England and Wales.

CAFOD, Romero Close, Stockwell Road, London SW9 9TY
Tel: 020 7733 7900 Email: hq@cafod.org.uk Website: cafod.org.uk
Registered charity no. 285776 Donation line: 0500 85 88 85



Printed on 100% recycled paper.