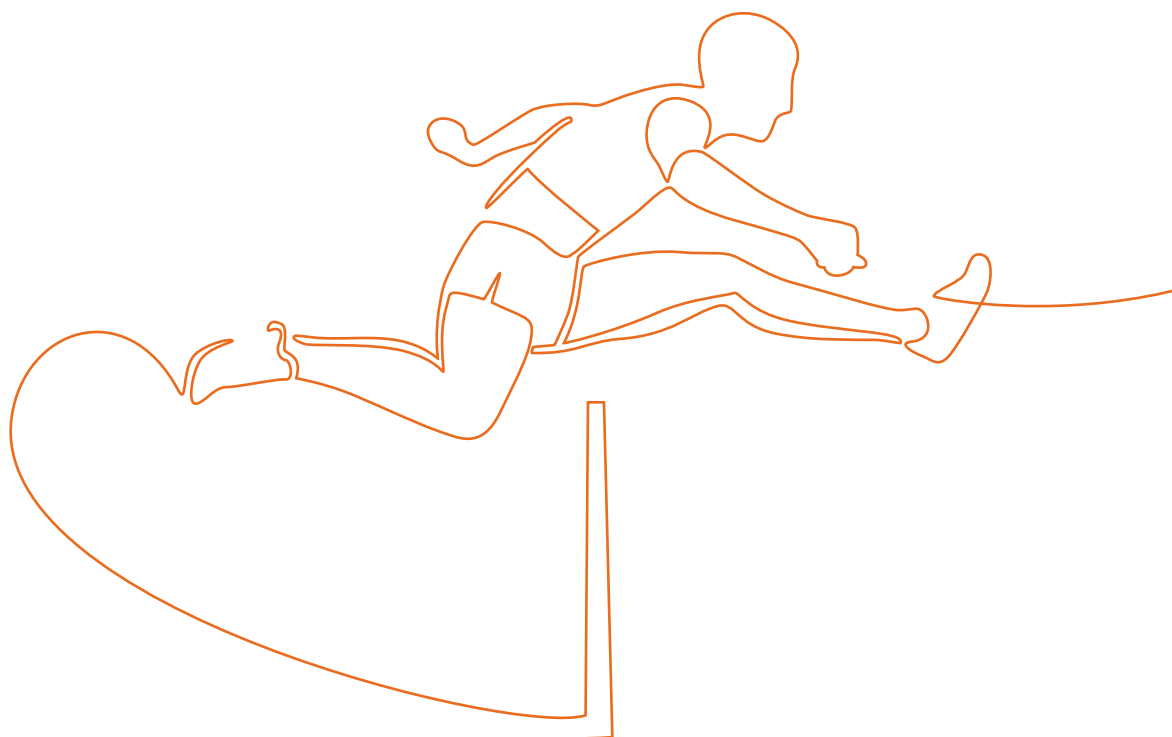


Charities Aid Foundation

TRUSTEES' REPORT

and financial statements for the year ended 30 April 2013



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OUR MISSION

Motivating society to give ever more effectively, helping to transform lives and communities around the world

CAF aims to deliver on its mission through our work in a number of focused areas:

- We support major donors at every stage of their philanthropy from sustainable funding through to strategic advice.
- We work with regular donors to enable them to give effective support to charities.
- We work with companies, providing support for the work they do with charities and communities and helping them to engage their employees in charitable activity.
- We work with a wide range of mainly smaller and medium sized charities, providing solutions for their funding and finance needs, across banking, investments, fundraising and social investment.
- We work through our global alliance to provide services and use its influence to support international, individual and company donors to make the most of the resources they have to give, wherever in the world they choose to focus.
- We represent the needs of donors and the charitable sector to government and other decision makers in working to improve the giving environment and to secure supportive legal, fiscal and regulatory conditions for donors, charities and social enterprises.

CHAIRMAN'S FOREWORD

For many charities, 2012/13 has been a year of uncertainty and concern. Austerity in public spending, persistent concerns about household income and meagre investment returns, combine to increase the pressure on the finances of many organisations at a time when demand for charities' work is higher than ever.

Research produced by CAF paints a picture of charities having to work ever harder to fulfil their missions. UK Giving, our major annual survey of charitable giving published in November 2012, suggested a sharp drop in donations, with the average monthly gift falling from £11 to £10, the second year in which the average gift dropped. Meanwhile, a CAF survey published in December found that as many as one in six charities feared they may face closure during the year ahead.

Against this backdrop, CAF's mission to support the charitable sector and build a stronger culture of giving is more important than ever. As the charity sector weathers the storm, CAF remains resolutely committed to work in the interests of donors and charities the world over.

Despite the backdrop, donations to CAF and payments to charities through CAF have both risen. Throughout 2012/13 we continued our work with charities, major donors, corporate organisations and large numbers of individuals to promote and encourage greater and more effective giving. Overall, donations to CAF during the year were £448m, a modest increase from £438m in 2011/12. However, donations to charities through CAF rose to £428m, up from £403 million in the previous year. Donations from regular givers increased from £68m to £70m while those received from companies and through CAF Give As You Earn rose from £157m to £178m.

A central part of our work is ensuring that charities have access to leading financial products and services. Overall, assets managed by CAF on behalf of the charitable sector reached £2.9 billion, up from £2.5 billion the previous year.

CAF Bank has expanded its term lending to charities to ensure they have affordable finance to give them the freedom to invest and develop their services. This will build on our position as a leading provider of social finance, with CAF Venturesome committing a further £2.5m in loans to 33 organisations, ranging from a mining museum in Cumbria to a microfinance organisation operating in Malawi and Zambia.

A key priority over the year has been to continue building the capacity of our global network to increase funding for charities and the non-profit sector around the world, through philanthropy and civil society development, and providing high quality services that donors can rely on.

During 2012/13 the amount of international philanthropy facilitated by CAF through its offices in nine countries, broke through the £100 million barrier for the first time. Our work included the largest-ever donation through CAF America, the \$9.1 million donation of a property in Acapulco, which will be used to support student scholarships in Mexico; the first Brazilian Philanthropy Forum and the successful challenge to proposed changes in South African legislation that would have reduced corporate funding for civil society. CAF's annual World Giving Index remains the definitive guide to global generosity, and is regularly quoted by politicians and opinion formers worldwide.

CAF continues to be a powerful advocate for giving, and helps the voluntary sector build on Britain's proud history of generosity towards charitable causes. After our success last year in persuading the Government to drop its plans for a cap on tax relief for charitable donations, CAF has continued to lead the debate around charitable giving both within the charity sector and among the wider public.

In response to the sharp fall in charitable giving reported in 2012, we launched a campaign to 'Back Britain's Charities' and mobilise support for the voluntary sector in Government, the business community and among the people whose individual donations are so important. We have been quoted extensively in the press, radio and television, making the case for Britain to stand behind its charities. Our campaign is supported by more than 1,700 businesses, charities and individuals and has won praise from parliamentarians across the political spectrum.

We were deeply concerned by the findings of our research, in collaboration with the University of Bristol, which highlighted the growing inter-generational gap in giving. This prompted us to launch the Growing Giving campaign, a cross-party Parliamentary inquiry, co-chaired by the Rt Hon David Blunkett MP, which aims to look at ways of fostering a spirit of giving throughout people's lives.

Low interest rates and ongoing economic uncertainty challenge the whole charity sector and CAF is not immune. By continuing the process of modernising our products and services to improve efficiency, client satisfaction and broaden the base of charitable giving, we will remain a steadfast supporter of charities and donors of all kinds. We are committed to facilitating giving and building a giving society in which people are encouraged to help the causes they care about, maximising the social impact of their generosity. Through 2013/14 we will work hard to provide the social investment and financial services the charitable sector needs and look to embrace new technologies to help donors and support charities.

I am grateful to CAF's staff and my fellow Trustees for their excellent work on behalf of charities and other social purpose organisations, and their beneficiaries. I would also like to recognise and thank all our donors and those CAF seeks to serve for their generosity and support.



Dominic Casserley
Chairman of Trustees

ACHIEVEMENTS AND PERFORMANCE

Overview

Donations worldwide to charities through CAF in 2012/13 were nearly £25m higher than in the previous year, despite the challenging economic environment. At a time of financial uncertainty and widespread government cutbacks, our donors continue to provide staunch support for their favourite causes.

Despite a fall in the proportion of people giving, charitable donations in the UK remain strong with more than half of UK adults contributing to charitable causes in a typical month, according to our annual UK Giving survey. This equates to 28.4m people giving in a typical month.

Donations received and donations paid by CAF were broadly in line with our plan for 2012/13 and were both higher than the previous year

	2012/13	2011/12
Donations paid to charities by CAF	£428m	£403m
Donations received by CAF from donors	£448m	£438m

Total funds managed by the CAF family increased to £2.9bn at 30 April 2013, which is £0.2bn above our plan for the year and £0.4bn higher than at the beginning of the year.

Major donors

We supported our major donors by offering philanthropy solutions (advisory services and donor-advised CAF Charitable Trusts) to help these donors turn their ideas into impact.

To expand our reach, we continued to strengthen our relationships with third party distribution partners, such as private banks, wealth managers, accountants and solicitors. Our global advisory service continued to expand, and we hosted the CAF Foundation School in the UK for the first time at Saïd Business School in Oxford. The programme is designed for major donors from emerging markets to encourage strategic philanthropy.

Our major donors gave £100m to their favourite causes for the third year in a row.

Regular givers

CAF Charity Account holders continued to be highly committed supporters of charitable causes, donating £98m in the year against £101m last year.

	Donations to charities
CAF Charity Account:	
Gift Aid funded	£68m
CAF Give As You Earn funded	£30m
	£98m

In 2012/13 we claimed £25m in Gift Aid in respect of our major donors and regular givers, reducing the administrative burden on charities and increasing the amount available to be donated.

Companies

We supported corporate donors by offering solutions (advisory services, donor-advised CAF Company Accounts, and employee payroll giving) to help donors achieve greater impact in community investment.

Through CAF Give As You Earn®, we continued to be the leading player in payroll giving in the UK and are working closely with the Government to explore how best to expand and improve payroll giving. Our corporate advisory service continued to expand, both in the UK and internationally through our work with large multinationals on their global community investment strategies.

CAF Company Accounts and CAF Give As You Earn have been extremely resilient despite the economic uncertainty. Companies gave £78m to charities through CAF Company Accounts and fundraising accounts – an increase of £6.6m on 2011/12.

In addition to payroll giving via CAF Charity Accounts, employees also gave £70m to charities through CAF Give As You Earn, £23m greater than in 2011/12, boosted by a one-off exceptional donation.

Charities

The CAF family continues to provide banking and investment services to charities through CAF Bank and a range of third party providers. During the year CAF Bank launched a secured lending service and established a pipeline of organisations interested in taking out loans. CAF Venturesome, our pioneering social investment arm, committed £2.5m in loans to 33 organisations in circumstances where most commercial lenders cannot help. Together CAF Bank and CAF Venturesome provide charities with access to affordable finance giving them the freedom to invest in and expand their services.

Although deposits in CAF Bank ended the year down at £922m, the aggregate value of charity funds deposited and invested in the CAF family's banking and investment services increased by £336m to £1.8 billion.

International

We have continued to build capacity in our global alliance to increase funding for charitable causes around the world, with our offices receiving donations of £65m and our UK donors making donations to overseas causes in excess of £37m. For the first time, CAF facilitated international philanthropy exceeded £100m. CAF American Donor Fund and CAF America, in particular, saw growth during the year. CAF America received its largest ever single donation of \$9.1m, which will be used to generate student scholarships in Mexico.

Sector support

After our success in persuading the UK Government to abandon plans to cap tax relief on charitable donations, CAF has continued to lead the debate on charitable giving both within civil society and among the wider public.

In partnership with NCVO, we launched Back Britain's Charities, a campaign to mobilise support for the voluntary sector in Government, the business community and donors, as a response to our annual UK Giving survey identifying a sharp fall in 2011 donations. The campaign has won the support of more than 1,700 businesses, charities and individuals and has won praise from parliamentarians across the political spectrum.

As a result of our research with the University of Bristol showing an intergenerational gap in giving, we launched the Growing Giving campaign, which is a cross-party Parliamentary inquiry into ways of fostering a spirit of giving throughout people's lives.

PLANS FOR THE FUTURE

The underlying operating environment will continue to be challenging for CAF in the coming year. We do not expect to see any recovery in interest rates, and despite increases in fees earned, interest income will still represent 60% of CAF's total income next year. Our overall aim is therefore to drive further delivery against our charitable objectives, whilst pursuing additional sources of revenue, especially fee based, and keeping our costs under careful control.

Stimulating giving

In this difficult market environment, where the number of people giving in the UK is falling, we hope to limit the reduction in the amount given through CAF (principally by individual and corporate donors) by 4.7%, to a level of £408m. A key element of this will be our ongoing efforts to offer integrated philanthropy solutions to our clients.

Alongside the effect of austerity on giving, we also recognise that charity finances will continue to be under considerable pressure in the year ahead, but we expect to limit the impact by maintaining total assets managed by CAF and its subsidiaries broadly unchanged at £2.8bn.

We will also continue to support the sector by setting the policy agenda and shaping the debate to maintain and enhance the financial environment in which it operates.

Operating efficiently

Following the drive to generate efficiencies and cost savings over the year, we expect both direct and indirect costs will be lower over the coming year. The principal savings in marketing, communications and back office functions are likely to be partially offset by increases in customer facing and business development teams, an investment that is critical to securing new customers to extend CAF's positive impact.

Customer focus

We will continue to put our customers at the heart of what we do, and hope to drive improvements in customer satisfaction across all our customer segments.

We hope to help further support charities' activities by extending lending to the sector, seeing significant new lending volumes on our new CAF Bank lending products as well as continuing to grow our social investment capability through CAF Venturesome. We will also look to further enhance CAF Bank's offer to customers, and separately launch a new donation processing service for charities.

Depending on final third party commitments, we are aiming to launch a new retail strategy that should offer a significant change in the way UK donors are able to give to charities.

International

We are looking to build the capacity and capability of our global alliance of CAF organisations to deliver services to a consistent, high quality. We will aim to position ourselves as a global thought leader and provider of services in giving, whilst continuing to build an enabling environment for philanthropy.

FINANCIAL REVIEW

The CAF Group's finances encompass unrestricted, restricted, and endowment funds, with restricted funds comprising the majority of our activities.

The continued low interest rate environment and uncertain economic conditions have again affected all areas of CAF's performance this year. Despite this, donations received and donations paid to charities are broadly in line with the plan and favourable compared to last year. Total income of the CAF group was £385m in 2012/13.

Unrestricted funds

Our unrestricted funds increased by £2.4m (2011/12: £1.0m) over the year from £45.4m to £47.8m, primarily as a result of investment gains of £3.1m realised on the sale of gilts and bonds.

Although interest earned on funds being held by the group continued to be impacted by the low interest rate environment, income was £0.5m higher than in 2011/12. Total expenditure on charitable activities was £2.3m higher than 2011/12, principally due to one-off items including product development costs and an increase in the FSCS levy.

Restricted funds

In spite of the wider economic uncertainty, the CAF group received £353m into restricted funds from individual and company donors in 2012/13 by way of donations and investment income and donated £333m to other charities in the same period (2011/12: £369m and £330m respectively). In total, our restricted funds increased by £62m (2011/12: £29m) over the year from £859m to £921m, including investment gains of £42m.

Donations into CAF Charitable Trusts by major donors continue to exceed donations paid to charities from these accounts due to the inherent long term capital nature of the service. Restricted funds also benefitted from stronger donations into CAF Company accounts, and continuing growth in CAF American Donor Fund.

Endowment funds

We have three endowment funds that are used for specific purposes. This includes £1.9m for two funds to support the development of a charitable giving culture in Russia and £0.2m to support the expansion of charitable giving in Australia.

Reserves policy

CAF's reserves policy is to maintain, but not exceed, an adequate level of capital to support our activities, taking into account the risks to which it is exposed and existing and projected levels of income and expenditure. Given the nature of our activities the policy considers the risks inherent in our financially based activities including credit risk, operating risk and other risks to which we are exposed. The appropriate level of capital is then determined following the principles of the EU Capital Requirements Directive and Charity Commission guidelines on reserves. Trustees review the policy annually.

CAF's unrestricted funds stood at £47.8m at the end of 2012/13, an increase of £2.4m since the start of the financial year. Although reserves have increased significantly in the last couple of years, we continue to take a cautious approach in the current financial and economic conditions. Financial regulators are demanding increasingly stringent capital adequacy standards which are increasing the amount of capital required to be held.

In addition, the group continues to develop activities which require additional capital, including innovative social lending and a more traditional lending proposition through CAF Bank. The group is likely to source external capital in future years to increase its reserves and maintain its ability to service the sector. We will continue to monitor our reserves position very closely to ensure adequate capital is maintained to support the activities of the group.

Risk management

We are committed to a policy of identifying, monitoring and managing the risks that might adversely affect the activities in which we are involved. In this context, risk is defined as the potential to fail to achieve business objectives and for loss, financial and reputational, inherent in the environment in which we operate and in the nature of the transactions undertaken.

There has been in place throughout the year an ongoing process for identifying, evaluating and managing the risk that CAF and its subsidiaries face, which has been regularly reviewed by Trustees. Appropriate actions have, where possible, been put in place to mitigate the consequences of these risks.

CAF Trustees have overall responsibility for our system of internal control that is designed by senior management to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations. Trustees acknowledge that such a system is designed to manage rather than eliminate the risk of failure to achieve CAF's charitable purposes, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Through the oversight of the Audit, Risk and Compliance Committee and the work of the Audit and Risk department, Trustees review the effectiveness of the system of internal control and risk management. Trustees are satisfied that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review process.

Investment policies and performance

CAF adopts investment policies appropriate to the nature of the funds for which the investments are held. The policies include consideration of liquidity requirements, credit and interest rate risk, yield and diversification. The Investment Advisory Committee reviews our investment policies and performance on behalf of the Trustees.

CAF continues to be extremely cautious in the current financial climate, placing funds over which it has discretion only in the largest UK and global banks with stronger levels of sovereign support.

Unrestricted Trustees' funds

Unrestricted funds are used to support the operating activities of the CAF Group, including long leasehold premises used for the group's activities. Surplus funds are invested in term deposits with UK banks, gilts, multilateral development bank bonds, and in a small value of highly rated corporate bonds. The total return of the bond portfolio for the year ended 30 April 2013 was 2.60%, compared to a benchmark of 5.80% (FTSE UK Government Securities UK Gilts 5 to 15 years) due to the shorter duration of CAF's bond holdings compared to the benchmark.

Restricted funds

Investments are held for restricted funds as follows:

CAF Charitable Trusts

Investments held for major donors in CAF Charitable Trusts are aligned with the charitable objectives of each donor where these are available. As a result, this portfolio consists of a broad range of investments often held over the longer term, comprising pooled investment funds, equities, bonds and cash deposits. Performance is measured against an appropriate benchmark taking into account the objectives of the donor, where this has been agreed.

Other restricted funds

Other restricted funds principally comprise balances held pending onward donation to other charities and are invested in term deposits with the largest UK banks, and in gilts, multilateral development bank bonds and corporate bonds. The total return for the year ended 30 April 2013 was 8.73%, compared to a benchmark of 5.80% (FTSE UK Government Securities UK Gilts 5 to 15 years), benefitting from gains on disposals during the year. Investment policies of subsidiary and associated companies and trusts are determined and managed by their respective boards. Details of these policies are set out in the report and financial statements of each entity, copies of which are available from CAF's head office.

Going concern

Our business activities, together with our financial position and factors likely to affect our future development and performance are set out in this report and financial statements. Our forecasts and objectives, which take into account the current economic environment, show that we should be able to operate at adequate levels of both liquidity and capital. Consequently, the Trustees are satisfied that we should have sufficient resources to continue to operate and have, therefore, continued to adopt the going concern basis in preparing the financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charities Aid Foundation is a registered charity (number 268369) and is governed by a Declaration of Trust dated 2 October 1974 (as amended from time to time). The Board of Trustees, together with the executive are set out at the end of this document.

The Board of Trustees is the body responsible for the management of CAF and is required to consist of:

- Not less than eight Trustees appointed by resolution of the Trustees; and
- the Chairman of NCVO

The Board meets at least five times a year. All Trustees are non-executive and none of them receives remuneration from CAF. Trustees are appointed to hold office for a term of three years. Except for the Chairman of NCVO, no Trustee may hold office for more than three consecutive terms. Newly appointed Trustees undertake a series of meetings with CAF's senior management, which ensures that they gain a full understanding of CAF and their responsibilities.

The Trustees delegate management responsibilities to the Chief Executive and also delegate certain functions to the sub-committees described below. Each sub-committee has specific terms of reference and a chairman appointed by the Trustees. Trustees strengthen the sub-committees by co-opting experts in the relevant field. This delegation is controlled by requiring regular reporting from the Chief Executive and the sub-committees to the Board of Trustees.

Public benefit

CAF's purpose (as set out in the Declaration of Trust) is to raise money and hold funds 'for the benefit of such charitable institutions or such charitable purposes as the Trustees shall think fit'. The activities and objectives arising from the pursuit of our mission are described throughout this report. CAF's purpose and its activities contribute to the public benefit by creating value for other charities and helping to shape the charitable sector.

CAF has paid due regard to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of one independent member as well as Trustees with relevant expertise. The committee meets with senior management and the external auditors at least four times a year. The committee's purpose is to review and make recommendations on the following on behalf of the Trustees:

- Internal control and risk management systems
- Effectiveness of internal audit
- CAF's relationship with its external auditors
- Procedures for compliance with anti-money laundering legislation and CAF's other regulatory obligations
- Annual report and accounts
- The arrangement by which staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters

Investment Advisory Committee

The Investment Advisory Committee is a panel of independent investment experts chaired by a Trustee. The committee meets with senior management at least four times a year. The purpose of the committee is to advise the Trustees on investment matters regarding CAF's funds as well as the funds held on behalf of donors or as agent. This is undertaken in the context of our long range strategic plans, operational activities and Charity Commission guidelines. The committee monitors compliance with agreed investment policies and performance benchmarks. It also monitors compliance with procedures relating to investments, as well as providing other advice on an ad hoc basis.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee advises the Trustees on the appointment of CAF's Trustees and of the co-opted members and advisers to the boards and committees of the CAF Group. The committee also makes recommendations regarding the remuneration of the Chief Executive and other senior executive officers, and reviews and agrees the basis for the general pay award to staff. It reviews the general terms and conditions of employment of our staff with particular attention to the provision of pension arrangements. The committee meets at least three times a year.

The CAF family

The CAF family comprises the UK and overseas organisations together with a number of other bodies that provide charity, banking and investment services. CAF is represented on the governing boards of the separately constituted family members by senior executive officers of CAF and where relevant by Trustees of CAF or independent experts in the relevant field. CAF's Board of Trustees regularly receives updates from the boards of each entity in the CAF Group. The members of the CAF family are listed below and further details can be found in note 2 to the financial statements.

The CAF family includes the following entities whose results and net assets are included in the group financial statements:

- CAF
- CAF Bank Ltd
- CAF Financial Solutions Ltd
- CAF Investments Ltd
- CAF America
- Southampton Row Trust Ltd (CAF American Donor Fund)
- CAF Russia (branch)
- Ven Investments Ltd

- CAF Australia
- CAF Philanthropy Services LLC
- CAF Foundation for Philanthropy Support and Development
- CAF Global Trustees

Independent members of our international network

The results and net assets of the following are not consolidated into our group financial statements:

- Bulgarian CAF
- CAF India
- IDIS, Brazil
- CAF Southern Africa
- CAF South East Asia

CAF branded investment and banking products

The results and net assets of the following are not consolidated into our group financial statements, although the group does receive fees and commissions from the promotion of these products:

- CAF UK Equitrack Fund
- CAF Socially Responsible Portfolio
- CAF Fixed Rate Selector Account
- IM CAF Investment Fund
- CAF 90 Day Notice Account
- CAF One Year Fixed Term Deposit Account
- CAF 12 Month Bond

Charity Bank

Throughout the year under review Charity Bank operated as a wholly independent undertaking entirely reliant on the strength of its own balance sheet and with no recourse to CAF by way of any form of direct or indirect financial support. Accordingly, Charity Bank is not consolidated in the group accounts – see note 2 to the financial statements.

On 31 May 2013 Charity Bank ceased to be a charity and its charitable assets were transferred to CAF in accordance with a Charity Commission approved scheme.

With the Commission's formal approval these funds were immediately returned to Charity Bank by way of an irrevocable capital contribution. This change in Charity Bank's status formed part of a plan to improve its capital adequacy position by realigning its capital structure. Since this restructuring on 31 May 2013 CAF has held a temporary controlling interest in Charity Bank. Following an expected injection of capital by other investors later in the year, CAF expects to be diluted to a position where it has significant influence rather than a controlling interest.

Relationships with other charities

We have links with a large number of charities through the provision of financial and administration services, as well as with our founder, NCVO, which was paid £1.5m (2011/12: £1.4m) during the year under an enduring contractual obligation.

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under the trust deed of the charity and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The group and charity's financial statements are required by law to give a true and fair view of the state of affairs of the group and charity and of the group's and charity's excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and apply consistently
- make judgements and estimates that are reasonable and prudent

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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

Approved by the Board of Trustees on 25 July 2013 and signed on their behalf



Dominic Casserley
Chairman of Trustees

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF CHARITIES AID FOUNDATION

We have audited the group and charity financial statements (the 'financial statements') of Charities Aid Foundation for the year ended 30 April 2013, set out on pages 16 to 37. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14 the Trustees are responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 30 April 2013 and of the group's incoming resources and application of resources for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Charities Act 2011

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements, or
- the charity has not kept sufficient accounting records, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

Mike Peck

Michael Peck

for and on behalf of KPMG LLP,
Statutory Auditor, Chartered Accountants,
15 Canada Square, Canary Wharf, London E14 5GL

26 July 2013

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 APRIL 2013

		Unrestricted funds		Restricted and endowment funds		Total		
	Notes	2013 £000	2012 £000	2013 £000	2012 £000	2013 £000	2012 £000	
Income and donations received								
Donations received		3,098	2,647	343,454	359,172	346,552	361,819	
Fee income		9,685	8,965	–	–	9,685	8,965	
Investment income		3	9,722	9,918	9,936	19,640	19,010	
CAF Bank net interest income		2	8,870	–	–	8,870	10,152	
Total income		4	31,375	30,838	353,372	369,108	384,747	399,946
Expenditure on charitable activities								
Donations paid to charities			884	502	332,772	330,486	333,656	330,988
Direct costs of charitable activities			14,878	13,896	–	–	14,878	13,896
Support costs of charitable activities			15,796	14,922	–	–	15,796	14,922
Governance costs		5	482	442	–	–	482	442
Total Expenditure		4	32,040	29,762	332,772	330,486	364,812	360,248
Net (deficit)/surplus before other recognised gains and losses			(665)	1,076	20,600	38,622	19,935	39,698
Gains/(losses) on fixed asset investments			3,148	–	41,869	(9,832)	45,017	(9,832)
Property revaluation			(4)	(4)	–	–	(4)	(4)
Taxation		8	(56)	(46)	–	–	(56)	(46)
Net movement in funds			2,423	1,026	62,469	28,790	64,892	29,816
Fund balances brought forward			45,374	44,348	860,700	831,910	906,074	876,258
Fund balances carried forward		18	47,797	45,374	923,169	860,700	970,966	906,074

All income and expenditure for the current and prior year are derived from continuing operations.
All gains and losses arising in the year and in the preceding year are included above.

GROUP AND CHARITY BALANCE SHEETS AS AT 30 APRIL 2013

	Notes	Group		Charity	
		2013 £000	2012 £000	2013 £000	2012 £000
Fixed assets					
Tangible assets	9	4,782	5,027	4,670	5,002
Investments	10	490,091	501,100	500,293	512,120
		494,873	506,127	504,963	517,122
Current assets					
Investments	11	492,353	689,573	–	–
Interest receivable		8,919	8,744	5,330	3,981
Debtors	12	12,949	7,733	12,347	10,544
Money market and bank balances	13	925,844	709,165	440,810	379,705
		1,440,065	1,415,215	458,487	394,230
Current liabilities: amounts falling due within one year					
Creditors	14	22,366	22,895	19,830	20,097
Bank overdrafts		–	253	–	253
Donor client balances	15	8,794	8,394	8,794	8,394
CAF Bank depositors' balances		922,217	964,667	–	–
		953,377	996,209	28,624	28,744
Net current assets		486,688	419,006	429,863	365,486
Total assets less current liabilities		981,561	925,133	934,826	882,608
Liabilities: amounts falling due after more than one year					
Creditors	14	8,502	16,852	8,502	16,852
Loan stock and preference shares	16	1,850	1,850	–	–
Provisions for liabilities	17	243	357	243	357
Net assets		970,966	906,074	926,081	865,399
Funds	18				
Funds held for the benefit of charities or for charitable purposes					
Endowment funds		2,170	2,110	1,923	1,787
Restricted funds		920,999	858,590	876,909	818,745
		923,169	860,700	878,832	820,532
Own reserves – funds for charitable purposes					
Unrestricted funds		47,797	45,374	47,249	44,867
		970,966	906,074	926,081	865,399

Approved by the Trustees on 25 July 2013 and signed on their behalf



Dominic Casserley
Chairman of Trustees



Mike Dixon ACA
Director of Finance and Operations

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2013

	Notes	2013		2012	
		£000	£000	£000	£000
Cash (outflow)/inflow from operating activities	20.1		(33,780)		26,814
Taxation					
UK corporation tax paid			(56)		(65)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(180)		(382)	
Payments to acquire fixed asset investments		(306,131)		(512,035)	
Proceeds on disposal of fixed asset investments		361,791		475,178	
			55,480		(37,239)
Cash inflow/(outflow) before management of liquid resources and financing	20.3		21,644		(10,490)
Management of liquid resources					
Payments to acquire current asset investments		(483,568)		(1,450,112)	
Proceeds on disposal of current asset investments		678,856		1,512,617	
Net deposits in the money market		(200,394)		(66,586)	
			(5,106)		(4,081)
Financing					
Redemption of loan stock and preference shares			–		(6,500)
Increase/(decrease) in cash in the year	20.2/3		16,538		(21,071)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1 Accounting policies

Basis of preparation of financial statements and accounting standards

The group financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain fixed asset investments, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), 'Accounting and Reporting by Charities' Statement of Recommended Practice (SORP 2005), the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008, except for the provision of SORP 2005 for all investments to be valued at market value, since certain debt securities which are normally held to maturity for balance sheet management purposes are valued at amortised cost. The financial statements have been prepared on a going concern basis.

Fund accounting

Unrestricted funds comprise general funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the group, and a revaluation reserve representing the difference between the historical cost of tangible fixed assets and the revalued amounts included in the balance sheet.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the group for specific purposes. The costs of administering restricted funds are charged to the specific fund.

Endowment funds are held in respect of the following:

- Two permanent endowments for which the assets must be held permanently by the charity. Income from those assets may only be used to support the charity's operations in Russia.
- An expendable endowment to be used for the strategic development of the group's activities in Australia.

Income and donations received

Income and donations received comprise the following:

- Donations received which includes tax effective donations, legacies and gifts-in-kind from individuals, trust clients and companies
- Fee income, representing fees earned on processing donor funds, management, marketing and administration services of CAF investment products and CAF Russia grant programmes
- Investment income and
- CAF Bank net interest income, representing interest earned by CAF Bank Limited after deduction of the interest paid to its charity depositors

Income and donations received are included in the Statement of Financial Activities (SOFA) when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy. Donations are accounted for when any conditions

for receipt have been met and there is reasonable assurance of receipt. All other income and donations received are accounted for on an accruals basis.

Donations processed by the group acting in an agency role are not included in the SOFA. These consist of amounts in respect of Give As You Earn and CAF's Fundraising Support Services.

Expenditure on charitable activities

The SOFA shows expenditure for direct costs and support costs, accounted for on an accruals basis. Where support costs cannot be directly attributed to one or more categories, they are apportioned on the basis of staff headcount.

Donations paid to charities

Donations paid to charities principally represent donations to charities by CAF clients. Such expenditure is charged to the SOFA when both the group and beneficiary charities are notified in the normal course of business of an unconditional obligation to transfer funds. Amounts to be paid at a future date are included in creditors.

Support costs

Support costs include those relating to business support (including human resource and general administration expenses), executive management, finance, and information systems. The details of support costs are shown under note 4.1.

Governance costs

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Research expenditure

CAF conducts research into various aspects of the funding of the voluntary sector including grantmaking and voluntary giving. Expenditure on this research is accounted for on an accruals basis.

VAT

Irrecoverable VAT is charged as a cost to the SOFA.

Operating leases

Operating lease rentals are charged to the SOFA on a straight line basis over the term of the lease.

Pension costs

The amount charged in the SOFA in respect of pension costs is the contributions payable in the year on an accruals basis. See note 6 for more information.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling for sterling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange at that date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1 Accounting policies (continued)

The results of overseas operations are translated at the average annual rate of exchange and their balance sheets at the rates ruling at the balance sheet date.

Exchange differences arising, including those on the translation of opening net assets of overseas subsidiary undertakings, are taken to the SOFA.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, or in the case of land and buildings at valuation, including any incidental expenses of acquisition. Valuation of land and buildings is determined by an independent valuer at least every five years. The gain or loss on revaluation of land and buildings is transferred to the revaluation reserve. A review is performed in subsequent years to identify material changes in value. Where a material change in value is detected from a review an interim valuation is conducted by a qualified valuer. Impairment reviews are only carried out if there is an indication that the recoverable amount of an asset is below the asset's net book value.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or revalued amount on a straight line basis over their expected useful lives as follows:

Long leasehold property	50 years
Leasehold property improvements	Shorter of the remaining life of the lease or the useful economic life of the improvements
Furniture and fittings	4 years
Computer equipment	3 years
Software licences and development costs	A maximum of 3 years

No depreciation is provided on land.

Investments

Three classes of fixed asset investments are held by the group in order to generate income for the support of charitable activities and to provide suitable assets to meet the needs of reserves:

- Fixed term debt securities held other than for CAF Charitable Trusts which are expected to be held to maturity. These are shown at cost plus or minus amortisation of any discount or premium on redemption and are regularly reviewed for impairment

- Investments held for CAF Charitable Trusts (see note 18.2) are included at market value at the balance sheet date. Any surplus or deficit on revaluation is transferred to the fund for which the security is held. If no market value is readily available at the balance sheet date for unlisted investments, they are included at the most recently available value; at Trustees' valuation; or value upon acquisition by or gift to CAF
- Investments in subsidiaries are stated at cost less any impairment

The SOFA includes net gains and losses arising on revaluations and disposals throughout the year.

Current asset investments are all held by CAF Bank Limited. These are held to maturity and are shown at cost plus or minus amortisation of any discount or premium on redemption.

CAF Venturesome and CAF Social Impact Fund

CAF Venturesome and the CAF Social Impact Fund provide advice, finance and capital investment to charities and social purpose organisations, aiming to fill the funding gap between grantmaking and bank lending. Loans are included in debtors (note 12) net of provisions made for their non-recovery. Provisions are made on a case-by-case basis and are adjusted as necessary following monthly reviews of the risks associated with each loan.

2 Consolidation

The group financial statements include the accounts of CAF (the charity) and its subsidiary undertakings for the year ended 30 April 2013. The income and donations received and net movement in funds for CAF (the charity) are disclosed in note 18. Further details of CAF's relationship with each member of the CAF family can be found in the Trustees' report.

Consolidated entities

The following entities are controlled by CAF and are consolidated in the group financial statements using the equity method:

Trading subsidiaries

CAF owns 100% of the equity share capital of the following:

- CAF Bank Limited, a bank for charities authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
- CAF Financial Solutions Limited, a company authorised and regulated by the Financial Conduct Authority, responsible for the marketing and promotion of regulated savings and investment products to customers of CAF and its subsidiaries
- CAF Investments Limited, the sponsor of an Open Ended Investment Company (OEIC), namely, IM CAF Investment Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

2 Consolidation (continued)

UK registered charities

Southampton Row Trust Limited, which operates as the CAF American Donor Fund, is a UK charitable company registered with the Charity Commission (number 1079020). Throughout the year it was wholly-owned by CAF America (see below). CAF American Donor Fund supports cross-border tax-efficient giving by enabling individuals liable for tax in both the UK and USA to obtain tax relief in each country on charitable gifts.

Overseas charitable entities

CAF controls the following overseas charitable entities:

- CAF America, a US public charity recognised by the US Internal Revenue Service. CAF America provides US citizens with the opportunity to make tax-effective gifts for the support of overseas charities. CAF has the power to appoint and remove the members of CAF America at any time
- CAF Australia, which offers a range of charitable services to Australian donors and charities similar to those offered by CAF in the UK. CAF is the sole member and appoints the directors of the entities in the CAF Australia group
- CAF Philanthropy Services LLC and the CAF Foundation for Philanthropy Support and Development, which were founded in Russia by CAF and operate alongside our branch in Moscow. Together they work to raise awareness of NGO's and to advance giving and philanthropy in Russia

Other consolidated entities

CAF owns 100% of the equity share capital of Ven Investments Limited, an investment holding company. Ven Investments holds investments on behalf of restricted trust funds.

CAF Global Trustees (CAF GT)

CAF GT is a UK charitable company registered with the Charity Commission (registered number 1111039). It acts as the corporate trustee of a number of charitable foundations, enabling donors to register their own charitable foundation in the UK even if they are not a UK citizen. CAF controls CAF GT and its results and net assets are included in the accounts of the CAF Group.

CAF does not exercise control over, nor have any beneficial interest in the net assets of the independent charities for which CAF GT acts as the corporate trustee and accordingly these charities are not consolidated in the accounts of the CAF Group.

Entities not consolidated

Bulgarian CAF, CAF India, CAF Southern Africa and CAF South East Asia are independent members of the CAF international network. CAF has a minority representation on their boards and consequently their results are not consolidated in the group financial statements. IDIS Brazil is a strategic partner within the CAF International network.

Other than through investment as an account holder or unit holder, and fees earned for administration and marketing, the CAF Group entities have no beneficial interest in the net assets of the following:

- CAF UK Equitrack Fund
- CAF Socially Responsible Portfolio
- CAF Fixed Rate Selector Account
- IM CAF Investment Fund
- CAF 90 Day Notice Account
- CAF One Year Fixed Term Deposit Account
- CAF 12 Month Bond

Charity Bank

Since its formation in 2002, and throughout the year under review, Charity Bank operated as an independent self-financing business within the CAF family. Whilst wholly supportive of Charity Bank's mission and strategy, and despite having the ability to appoint three seats out of nine on Charity Bank's board, the governance structure was such that CAF did not control or exercise significant influence over its affairs during the year under review. Although CAF Bank continues to explore opportunities to collaborate with Charity Bank on developing a lending proposition to charities, CAF had no substantive involvement with Charity Bank's business or day-to-day operational affairs, nor has it undertaken any role akin to guarantor.

Throughout the year under review Charity Bank operated as a wholly independent undertaking entirely reliant on the strength of its own balance sheet and with no recourse to CAF by way of any form of direct or indirect financial support. Accordingly, Charity Bank is not consolidated in the group accounts.

For a temporary period from 31 May 2013 CAF has held a controlling interest in Charity Bank. The circumstances giving rise to this change are set out in note 25 to these financial statements.

Results of subsidiaries

Due to the number of subsidiary undertakings, the disclosure required by the Charities SORP would result in information of excessive length being given. As a result, information is only given for CAF Bank, whose results materially affect the group accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

2 Consolidation (continued)

	2013	2012
	£000	£000
CAF Bank Limited		
Interest receivable	13,120	14,969
Interest payable	(4,250)	(4,817)
Net interest income	8,870	10,152
Operating expenditure	(547)	(1,046)
Administrative expenses	(4,801)	(4,638)
Operating profit before exceptional items	3,522	4,468
Gain on sale of gilts/bonds	(1)	–
FSCS levy (note 7)	(248)	150
Operating profit	3,273	4,618
Charitable donation to CAF	(3,217)	(4,572)
Profit on ordinary activities before taxation	56	46
Tax on profit on ordinary activities	(56)	(46)
Retained profit for the year	–	–

The results and activities of the group's subsidiaries other than CAF Bank are set out in note 18.2.

3 Investment income

	Unrestricted		Restricted		Total	
	2013	2012	2013	2012	2013	2012
	£000	£000	£000	£000	£000	£000
Interest on fixed interest securities and cash deposits	9,447	8,867	1,829	2,368	11,276	11,235
Dividends	32	30	8,089	7,568	8,121	7,598
Interest on loans to charities	243	177	–	–	243	177
	9,722	9,074	9,918	9,936	19,640	19,010

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

4 Income and donations received and charitable activities expenditure

4.1 Unrestricted funds

	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Other funds	Total 2013	Total 2012
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income and donations received									
Donations received	121	1,312	228	111	821	7	498	3,098	2,647
Fee income	1,428	391	2,264	1,993	3,130	479	–	9,685	8,965
Investment income	3,631	2,369	2,534	464	109	243	372	9,722	9,074
CAF Bank net interest income	–	–	–	8,870	–	–	–	8,870	10,152
Total income	5,180	4,072	5,026	11,438	4,060	729	870	31,375	30,838
Expenditure on charitable activities									
Donations paid to charities	–	–	–	485	395	4	–	884	502
Direct costs of charitable activities	1,247	1,170	1,887	5,640	3,100	1,871	(37)	14,878	13,896
Support costs of charitable activities:									
Business support	771	830	1,448	3,203	763	512	–	7,527	5,875
Finance and executive management	298	293	595	1,116	219	250	–	2,771	2,667
Information systems	1,049	1,043	1,322	1,455	398	231	–	5,498	6,380
Total support costs of charitable activities	2,118	2,166	3,365	5,774	1,380	993	–	15,796	14,922
Governance costs	45	44	89	202	64	38	–	482	442
Total expenditure	3,410	3,380	5,341	12,101	4,939	2,906	(37)	32,040	29,762
Net surplus/(deficit) before other recognised gains and losses	1,770	692	(315)	(663)	(879)	(2,177)	907	(665)	1,076
(Losses)/gains on fixed asset investments	–	–	–	(1)	–	–	3,149	3,148	–
Property revaluation	–	–	–	–	–	–	(4)	(4)	(4)
Taxation	–	–	–	(56)	–	–	–	(56)	(46)
Net movement in funds	1,770	692	(315)	(720)	(879)	(2,177)	4,052	2,423	1,026

Allocation of support costs

CAF adopts a policy of allocating costs to its operations. Where support costs cannot be directly attributed to an activity, they are assessed and allocated on the basis of the activities that they support, or where they cannot be allocated to activities they are allocated on the basis of staff headcount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

4 Income and donations received and charitable activities expenditure (continued)

4.2 Restricted and endowment funds

	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Total 2013	Total 2012
	£000	£000	£000	£000	£000	£000	£000	£000
Income and donations received								
Donations received	109,142	69,570	101,681	116	62,569	376	343,454	359,172
Investment income	9,267	–	–	–	651	–	9,918	9,936
Total income	118,409	69,570	101,681	116	63,220	376	353,372	369,108
Expenditure on charitable activities								
Donations paid to charities	99,810	67,573	108,508	134	55,766	981	332,772	330,486
Total expenditure	99,810	67,573	108,508	134	55,766	981	332,772	330,486
Net surplus/(deficit) before other recognised gains and losses	18,599	1,997	(6,827)	(18)	7,454	(605)	20,600	38,622
Gains/(losses) on fixed asset investments	41,053	–	–	–	816	–	41,869	(9,832)
Net movement in funds	59,652	1,997	(6,827)	(18)	8,270	(605)	62,469	28,790

Payments to NCVO

Donations paid to charities include £1,479,000 (2012: £1,362,000) paid to CAF's founder, NCVO, under the terms of CAF's Declaration of Trust.

5 Governance costs

	2013	2012
	£000	£000
Internal audit	108	117
External audit:		
Audit fees	245	218
Other	33	34
Company secretarial	13	13
Trustees' indemnity insurance	12	11
Trustees' and meeting expenses	1	3
Support costs	70	46
	482	442

6 Staff costs

	2013	2012
	£000	£000
Salaries and wages	15,748	14,583
Social security costs	1,616	1,524
Pension costs	1,008	940
Training and welfare	517	570
	18,889	17,617

Pension costs

CAF participates in pension arrangements administered by The Pensions Trust and Hargreaves Lansdown:

Pensions Trust Growth Plan

This is a multi-employer pension plan, which is funded and is not contracted-out of the state scheme.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined benefit amounts of pension payable from normal retirement date. Details of a contingent liability in respect of these contributions are set out in note 24.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

6 Staff costs (continued)

From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the plan, assessed on a prudent basis. Bonuses and investment credits are not guaranteed and are declared at the discretion of the plan's trustee.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Growth Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

Pensions Trust Unitised Ethical Plan and Flexible Retirement Plan

The Unitised Ethical Plan is invested entirely in equity shares within the Stewardship Fund. The Flexible Retirement Plan is a money purchase pension scheme and employees' units are invested in a range of investment funds. The value of units in these funds at the date of retirement will determine the amount available to provide pension. There are no guarantees attaching to either plan.

Hargreaves Lansdown

The Hargreaves Lansdown scheme is a Self Invested Group Pension.

Employees choose which scheme they wish to join and make defined contributions of either 3% or 5.67% of basic salary. CAF contributes 6% or 11.33% respectively.

Employee emoluments

	2013	2012
	Number	Number
The number of staff whose total emoluments (salary plus taxable benefits excluding pension contributions) exceeded £60,000 during the year is as follows:		
£60,001 – £70,000	7	11
£70,001 – £80,000	8	4
£80,001 – £90,000	6	6
£90,001 – £100,000	1	1
£100,001 – £110,000	3	2
£110,001 – £120,000	1	–
£120,001 – £130,000	–	1
£130,001 – £140,000	1	–
£150,001 – £160,000	1	1
	28	26

2013	2012
£000	£000

Pension contributions were paid by CAF in respect of 22 (2012: 23) of the employees included in the preceding table. The aggregate value of those contributions was:

237	214
-----	-----

2013	2012
Number	Number

Average number of employees during the year:

523	518
-----	-----

Average number of full time equivalent employees analysed by function:

Major donors	48	50
Regular givers	47	46
Companies	95	95
Charities	155	155
International	73	71
Sector support	40	37
Governance	3	3
	461	457

7 FSCS levy

In early 2009, CAF Bank was advised by the FSA of a substantial increase in the Financial Services Compensation Scheme ('FSCS') levy. This is required to fund interest on borrowings undertaken by the FSCS to make good protected deposits at banks seeking the scheme's support.

The levy year runs from 1 April to 31 March, and the amount of the levy is based on a bank's share of protected deposits at the preceding 31 December. The provision at 30 April 2013 represents the estimated amounts due in respect of CAF Bank's participation in the scheme for the years ending 2013 and 2014, and a provision on a best estimate basis of CAF Bank's share of the shortfall in amounts recovered under the scheme.

As a participant in the FSCS, CAF Bank has an obligation to make good its share of any potential shortfall in amounts recovered from banks being wound down compared to borrowings taken out to fund protected deposits. This is expected to be recovered through a capital compensation levy. Further information on the timing and amount of this levy was received in early 2013, which currently estimates the levy to be payable over three years, with the first amount being payable in July 2013. The amount accrued as at 30 April 2013 includes £336,000 in respect of the first year of the capital levy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

7 FSCS levy (continued)

	2013	2012
	£000	£000
Provision at 1 May 2012	778	1,230
Paid during the year	(187)	(302)
Provided/(released) during the year	248	(150)
Provision at 30 April 2013	839	778

8 Taxation

CAF is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The tax charge of £56,000 (2012: £46,000) is attributable to profits which are retained by CAF Bank for the payment of interest on preference shares.

9 Tangible assets

Group

	Long leasehold property	Leasehold property improvements	Furniture, fittings and computer equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 May 2012	4,528	1,529	3,486	9,543
Additions	–	71	109	180
Disposals	–	–	(25)	(25)
At 30 April 2013	4,528	1,600	3,570	9,698
Depreciation				
At 1 May 2012	269	1,118	3,129	4,516
Charged in year	90	83	252	425
On disposal	–	–	(25)	(25)
At 30 April 2013	359	1,201	3,356	4,916
Net book value				
At 30 April 2013	4,169	399	214	4,782
At 30 April 2012	4,259	411	357	5,027

Charity

	Long leasehold property	Leasehold property improvements	Furniture, fittings and computer equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 May 2012	4,528	1,529	3,377	9,434
Additions	–	–	33	33
Disposals	–	–	–	–
At 30 April 2013	4,528	1,529	3,410	9,467
Depreciation				
At 1 May 2012	269	1,118	3,045	4,432
Charged in year	90	79	196	365
On disposal	–	–	–	–
At 30 April 2013	359	1,197	3,241	4,797
Net book value				
At 30 April 2013	4,169	332	169	4,670
At 30 April 2012	4,259	411	332	5,002

Long leasehold property

The long leasehold property consists of the lease to the year 2190 on the land and buildings occupied by CAF as its head office. The property is held at valuation and was last valued at 30 April 2009 by CB Richard Ellis, Chartered Surveyors. The valuation was carried out in accordance with the guidelines of the Royal Institution of Chartered Surveyors. The open market value, on a vacant possession basis, at that date was estimated at £5.0 million.

A revaluation in accordance with appropriate professional guidelines will be carried out at least every five years; the next is due in April 2014.

The historical cost carrying value of the property at the balance sheet date was £4,003,000 (2012: £4,089,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

10 Fixed asset investments

10.1 Group

	Investments held at cost plus/(minus) amortisation	Investments held at market value	Total carrying value 2013	Total carrying value 2012
	£000	£000	£000	£000
At 1 May 2012	86,750	414,350	501,100	474,578
Additions	24	306,107	306,131	512,035
Disposal proceeds/maturing investments	(49,488)	(312,303)	(361,791)	(475,178)
Amortisation of premiums and discounts	(366)	–	(366)	(503)
Net investment (losses)/gains	3,148	41,869	45,017	(9,832)
At 30 April 2013	40,068	450,023	490,091	501,100
Historical cost	41,470	388,250	429,720	479,828
Represented by:				
Listed securities:				
UK Government fixed interest	1,976	13,351	15,327	84,892
Overseas Government fixed interest	26,932	546	27,478	34,369
Other fixed interest	11,160	15,409	26,569	28,799
UK equities	–	31,548	31,548	32,034
Overseas equities	–	12,253	12,253	21,775
CAF investment funds:				
– IM CAF UK Equity Fund	–	68,306	68,306	59,054
– IM CAF International Equity	–	6,048	6,048	3,888
– IM CAF Fixed Interest Fund	–	39,975	39,975	41,509
– CAF UK Equitrack Fund	–	24,315	24,315	16,239
– IM CAF Alternative Strategies	–	2,958	2,958	2,657
Unit trusts and other pooled investments	–	140,051	140,051	111,627
Investment trusts	–	8,617	8,617	75
Unlisted investments:				
UK	–	934	934	1,303
Overseas	–	32,251	32,251	32,819
Investment portfolio cash and settlements pending	–	52,694	52,694	28,543
Property investments	–	767	767	1,517
	40,068	450,023	490,091	501,100

Investments held at cost plus/(minus) amortisation:

Comparison of carrying values with
market values

	Carrying value	Market value	Carrying value	Market value
	2013 £000	2013 £000	2012 £000	2012 £000
Listed securities:				
UK Government fixed interest	1,976	2,403	37,251	41,183
Overseas Government fixed interest	26,932	29,911	33,705	35,964
Other fixed interest	11,160	11,503	15,794	15,100
	40,068	43,817	86,750	92,247

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

10 Fixed asset investments (continued)

10.2 Charity

	Investments held at cost plus/(minus) amortisation	Investments held at market value	Total carrying value 2013	Total carrying value 2012
	£000	£000	£000	£000
At 1 May 2012	105,265	406,855	512,120	474,667
Additions	24	305,883	305,907	518,451
Disposal proceeds/maturing investments	(49,488)	(312,204)	(361,692)	(470,998)
Amortisation of premiums and discounts	(352)	–	(352)	(494)
Net investment (losses)/gains	3,148	41,162	44,310	(9,506)
At 30 April 2013	58,597	441,696	500,293	512,120
Historical cost	59,911	381,575	441,486	491,725
Represented by:				
Listed securities:				
UK Government fixed interest	1,002	13,351	14,353	83,915
Overseas Government fixed interest	26,932	546	27,478	34,369
Other fixed interest	9,713	15,409	25,122	27,341
UK equities	–	31,548	31,548	32,034
Overseas equities	–	12,253	12,253	21,775
CAF investment funds:				
– IM CAF UK Equity Fund	–	68,306	68,306	59,054
– IM CAF International Equity	–	6,048	6,048	3,888
– IM CAF Fixed Interest Fund	–	39,975	39,975	41,509
– CAF UK Equitrack Fund	–	24,315	24,315	16,239
– IM CAF Alternative Strategies	–	2,958	2,958	2,657
Unit trusts and other pooled investments	–	131,786	131,786	104,198
Investment trusts	–	8,617	8,617	75
Unlisted investments:				
UK	–	872	872	1,237
Overseas	–	27,598	27,598	28,244
Investment portfolio cash and settlements pending	–	49,195	49,195	25,192
Property investments	–	767	767	1,517
Subsidiaries:				
Trading companies	20,950	–	20,950	20,950
Investment holding company	–	8,152	8,152	7,926
	58,597	441,696	500,293	512,120

Investments held at cost plus/(minus) amortisation:

Comparison of carrying values with market values	Carrying value	Market value	Carrying value	Market value
	2013 £000	2013 £000	2012 £000	2012 £000
Listed securities:				
UK Government fixed interest	1,002	1,106	36,274	39,846
Overseas Government fixed interest	26,932	29,911	33,705	35,964
Other fixed interest	9,713	10,265	14,336	13,985
	37,647	41,282	84,315	89,795
Trading companies	20,950		20,950	
	58,597		105,265	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

11 Current asset investments

Group

	Held at cost plus/(minus) amortisation	
	2013 £000	2012 £000
At 1 May 2012	689,573	757,203
Additions	483,568	1,450,112
Disposal proceeds/maturing investments	(678,856)	(1,512,617)
Amortisation of premiums and discounts	(1,932)	(5,125)
At 30 April 2013	492,353	689,573
Historical cost	503,116	698,404

Carrying value	Market value	Carrying value	Market value
2013 £000	2013 £000	2012 £000	2012 £000

Represented by:

Listed securities:

Floating rate notes	246,011	245,163	250,000	248,327
Sterling Eurobonds	246,342	248,675	221,250	222,570
Commercial paper	–	–	164,479	164,862
Certificates of deposit	–	–	53,844	54,040
	492,353	493,838	689,573	689,799

The table below shows the breakdown of assets held by credit rating.

Category (Fitch credit rating)	2013		2012	
	Carrying value	% of book	Carrying value	% of book
	£000		£000	
AAA	163,441	33.20%	224,031	32.49%
AA	–	0.00%	45,153	6.55%
AA-	113,662	23.08%	44,192	6.41%
A+	5,116	1.04%	44,707	6.48%
A	104,986	21.32%	331,490	48.07%
A-	99,978	20.31%	–	0.00%
BBB+	5,170	1.05%	–	0.00%
	492,353	100%	689,573	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

12 Debtors

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Amounts receivable in less than one year:				
Income tax recoverable	5,952	1,837	4,972	1,349
CAF Venturesome loans to charities	1,646	1,407	1,646	1,407
CAF Charitable Trust loans to charities	60	45	60	45
Receivable on disposal of investments	90	695	90	695
Staff loans	56	59	56	59
Amounts due from subsidiaries	–	–	1,165	3,764
Other debtors	1,207	1,182	714	965
Prepayments and accrued income	875	753	581	505
	9,886	5,978	9,284	8,789
Amounts receivable in more than one year:				
CAF Venturesome loans to charities	1,154	1,273	1,154	1,273
Trust loans to charities	1,909	481	1,909	481
Staff loans	–	1	–	1
	3,063	1,755	3,063	1,755
	12,949	7,733	12,347	10,544

13 Money market investments

Included in money market investments are deposits with a term of over twelve months of £69.1m and £89.1m in the charity and group respectively (2012: £74.8m charity and group).

14 Creditors

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Amounts payable in less than one year:				
Due to beneficiary charities	11,031	10,570	11,031	10,421
Payable on acquisition of investments	185	407	185	407
Trade creditors	1,030	429	1,030	429
UK corporation tax payable	56	56	–	–
Tax and social security	53	504	53	504
Interest payable	775	932	388	469
Amounts due to subsidiaries	–	–	–	32
Other creditors	8,142	8,965	6,049	6,803
Deferred income	1,094	1,032	1,094	1,032
	22,366	22,895	19,830	20,097
Amounts payable in more than one year:				
Due to beneficiary charities	8,502	16,852	8,502	16,852
	30,868	39,747	28,332	36,949

Amounts due to beneficiary charities represent a contractual obligation, principally in respect of longer term grants.

Included within other creditors are amounts totalling £2,773,000 repayable to six third party investors of CAF Venturesome (2012: £3,651,000, six third party investors). Amounts are repayable within three or six months from receipt of written instruction. The loans do not bear interest and amounts are repaid net of any losses incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

15 Donor client balances

The following are either donations to other charities which are being processed by CAF, loans from donor clients, or balances held as agent of other charities. The loans are for an indefinite period.

	Group and charity	
	2013 £000	2012 £000
CAF Give As You Earn	5,904	4,667
Interest free loans	2,463	3,172
Agency charitable trusts	456	560
CAF Fundraising Support services	(29)	(5)
	8,794	8,394

Other charitable funds

In addition to the above, the group manages the following charitable funds on behalf of other trusts and foundations through its Global Trustee service and CAF's agency charitable trust service. The investments held for these charities are maintained in segregated portfolios. None of these amounts are included in the financial statements of CAF or the group.

	Group and charity	
	2013 £000	2012 £000
Investments	64,488	62,303
Money market deposits and bank balances	1,170	1,121
	65,658	63,424
Bank balances with CAF Bank	832	1,545
	66,490	64,969

16 Loan stock and preference shares

	Note	Group	
		2013 £000	2012 £000
Loan stock:	16.1		
Floating rate:			
Second issue	(a)	100	100
Sixth issue	(b)	250	250
		350	350
Preference shares	16.2	1,500	1,500
		1,850	1,850

16.1 Loan stock

Subordinated loan stock consists of unsecured borrowings issued by CAF Bank, for the development and expansion of its business and to strengthen the capital base.

Security and subordination

None of the loan stock is secured. All loan stock is subordinated to the claims of depositors and other unsubordinated creditors of CAF Bank.

Interest and repayment

- This issue bears interest at a rate fixed daily based on the rates paid to CAF Bank's depositors, and is redeemable at par on the expiry of not less than five years and one day's notice given by CAF Bank or the stockholder. No such notice has been given.
- This issue bears interest at rates fixed periodically based on London Inter Bank Offered Rates. This issue has no fixed date for repayment.

With the consent of the Prudential Regulation Authority (but not otherwise), CAF Bank may redeem any stock at par on the expiry of not less than fourteen days' notice to the stockholders.

16.2 Preference shares

Preference shares represent 1,500,000 9.15% preference shares of £1 issued by CAF Bank.

These are redeemable at par upon 28 days' written notice being given by CAF Bank. The shares confer the right in a winding up of CAF Bank to the capital paid up on them in priority to ordinary shares. The holders of these shares are entitled to a fixed non-cumulative dividend payable half yearly, but have no rights to attend or vote at general meetings.

17 Provisions for liabilities

	Group and charity	
	2013 £000	2012 £000
At 1 May 2012	357	470
Credited to the SOFA	(114)	(113)
At 30 April 2013	243	357

The provision relates to the shortfall in sublease rental income on leasehold premises compared to the headlease rental payments and is being amortised over the remaining term of the headlease, which expires in 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

18 Statement of funds

		At 1 May 2012	Income and donations received	Expenditure on charitable activities	Investment gains/(losses)	At 30 April 2013
	Note	£000	£000	£000	£000	£000
Group						
Unrestricted funds	18.1	45,374	31,375	(32,096)	3,144	47,797
Restricted funds	18.2	858,590	353,345	(332,696)	41,760	920,999
Endowment funds	18.3	2,110	27	(76)	109	2,170
		906,074	384,747	(364,868)	45,013	970,966
Charity						
Unrestricted funds	18.1	44,867	24,205	(24,968)	3,145	47,249
Restricted funds	18.2	818,745	302,351	(285,240)	41,053	876,909
Endowment funds	18.3	1,787	27	–	109	1,923
		865,399	326,583	(310,208)	44,307	926,081

18.1 Unrestricted funds

	At 1 May 2012	Income and donations received	Expenditure on charitable activities	Investment gains/(losses)	At 30 April 2013
	£000	£000	£000	£000	£000
Group					
General funds	45,203	31,375	(32,096)	3,148	47,630
Property revaluation reserve	171	–	–	(4)	167
	45,374	31,375	(32,096)	3,144	47,797
Charity					
General funds	44,696	24,205	(24,968)	3,149	47,082
Property revaluation reserve	171	–	–	(4)	167
	44,867	24,205	(24,968)	3,145	47,249

General funds – comprise accumulated operating surpluses, income from investments, legacies and other gifts received.

Property revaluation reserve – represents the difference between the net book value and the historical cost of the long leasehold property occupied by CAF as its head office.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

18 Statement of funds (continued)

18.2 Restricted funds

	At 1 May 2012	Income and donations received	Expenditure on charitable activities	Transfers	Investment gains/(losses)	At 30 April 2013
	£000	£000	£000	£000	£000	£000
Group						
Major donors						
CAF Charitable Trusts	634,183	118,409	(99,810)	(4,810)	41,053	689,025
Regular givers						
Individual charity accounts	83,644	69,570	(67,573)	1,518	–	87,159
Companies						
Company accounts	59,297	70,622	(78,138)	2,516	–	54,297
CAF Give As You Earn charity accounts	26,883	31,059	(30,370)	593	–	28,165
	86,180	101,681	(108,508)	3,109	–	82,462
Charities						
CAF Venturesome accounts	565	116	(41)	(62)	–	578
CAF Social Impact Fund	1,616	–	(93)	3,289	–	4,812
	2,181	116	(134)	3,227	–	5,390
International						
CAF American Donor Fund	32,293	27,061	(22,192)	–	707	37,869
CAF America	3,103	20,422	(14,751)	(5,140)	–	3,634
CAF Australia	4,538	6,931	(9,340)	262	–	2,391
CAF Russia grant programmes	3,843	7,438	(8,234)	1,304	–	4,351
CAF Philanthropy Services LLC	28	708	(724)	–	–	12
CAF Foundation for Philanthropy	–	633	(449)	–	–	184
	43,805	63,193	(55,690)	(3,574)	707	48,441
Sector support						
CAF grants programme	8,283	22	(940)	858	–	8,223
Other funds	314	354	(41)	(328)	–	299
	8,597	376	(981)	530	–	8,522
	858,590	353,345	(332,696)	–	41,760	920,999
Charity						
Major donors						
CAF Charitable Trusts	634,183	118,409	(99,810)	(4,810)	41,053	689,025
Regular givers						
Individual charity accounts	83,644	69,570	(67,573)	1,518	–	87,159
Companies						
Company accounts	59,297	74,194	(78,138)	(1,056)	–	54,297
CAF Give As You Earn charity accounts	26,883	31,059	(30,370)	593	–	28,165
	86,180	105,253	(108,508)	(463)	–	82,462
Charities						
CAF Venturesome accounts	682	1	(41)	(64)	–	578
CAF Social Impact Fund	1,616	–	(93)	3,289	–	4,812
	2,298	1	(134)	3,225	–	5,390
International						
CAF Russia grant programmes	3,843	8,742	(8,234)	–	–	4,351
Sector support						
CAF grants programme	8,283	22	(940)	858	–	8,223
Other funds	314	354	(41)	(328)	–	299
	8,597	376	(981)	530	–	8,522
	818,745	302,351	(285,240)	–	41,053	876,909

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

18. Statement of funds (continued)

18.2 Restricted funds (continued)

Restricted funds comprise:

- **CAF Charitable Trusts** consist of capital gifted to CAF and the related investment income. The capital is held in accordance with CAF's investment policy for CAF Charitable Trusts and investment gains or losses are credited or charged to the funds. These funds may only be used to make payments to other charities as instructed by the donor
- **Individual charity accounts, company accounts and CAF Give As You Earn charity accounts** – represent amounts gifted to CAF by individual and corporate donors which are held in accounts until disbursed to charities on behalf of the donor
- **CAF Venturesome accounts** – represent funds set aside by CAF donors to complement the funds assigned by the Trustees for CAF Venturesome (see note 1)
- **CAF Social Impact Fund** – represents funds set aside by CAF donors to support the activities of the CAF Social Impact Fund (see note 1)
- **CAF American Donor Fund, CAF America and CAF Australia** – represent undistributed donations received by each of these charities. The boards of these entities review, validate and approve donors' suggestions for distributions to charities worldwide
- **CAF Russia grant programmes** – represent funds received from institutional donors which may only be used to make payments to charities in the former Soviet Union in accordance with restrictions imposed by the donor
- **CAF grants programme** – represents funds available to support CAF's grants programme
- **Other restricted funds** – are invested in accordance with the investment policies set out in the Trustees' report

Transfers between restricted funds

Transfers between funds occur where a donor gives funds into a range of restricted funds and subsequently requests a transfer between the funds.

18.3 Endowment funds

	At 1 May 2012	Income and donations received	Expenditure on charitable activities	Investment gains/(losses)	At 30 April 2013
	£000	£000	£000	£000	£000
Charity					
CAF Russia:					
C S Mott Foundation	598	–	–	46	644
The Ford Foundation	1,189	27	–	63	1,279
	1,787	27	–	109	1,923
Group					
CAF Australia Bequest	323	–	(76)	–	247
	2,110	27	(76)	109	2,170

CAF Russia – the two endowments are permanent. The principals are maintained in segregated funds in perpetuity and the income from each used to support CAF's operations in Russia.

CAF Australia Bequest – represents an expendable endowment to be used for the strategic development of the CAF Group's activities in Australia, which is expected to continue to be drawn down by CAF Australia over the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

19 Analysis of group net assets between funds and client balances

	Unrestricted funds	Restricted funds	Endowment funds	CAF Bank and donor client balances	Total 2013
	£000	£000	£000	£000	£000
Tangible fixed assets	4,782	–	–	–	4,782
Fixed asset investments	3,553	483,462	655	2,421	490,091
Current asset investments	–	–	–	492,353	492,353
Other current assets	51,175	456,935	1,515	438,087	947,712
Depositor and client balances	–	–	–	(931,011)	(931,011)
Other liabilities	(11,713)	(19,398)	–	(1,850)	(32,961)
Total net assets	47,797	920,999	2,170	–	970,966

20 Group cash flow statement

20.1 Reconciliation of net surplus to net cash (outflow)/inflow from operating activities

	2013 £000	2012 £000
Net surplus before other recognised gains and losses	19,935	39,698
Revaluation of property	(4)	(4)
Depreciation	425	536
Losses on disposal of tangible fixed assets	–	159
Amortisation of investments	2,298	5,628
Increase in interest receivable	(175)	(522)
Increase in debtors	(5,216)	(819)
(Decrease)/increase in creditors	(8,879)	13,744
Increase/(decrease) in donor client balances	400	(69)
Decrease in CAF Bank depositors' balances	(42,450)	(31,424)
Decrease in provisions for liabilities	(114)	(113)
Net cash (outflow)/inflow from operating activities	(33,780)	26,814

20.2 Reconciliation of net cash flow to movement in cash and current asset investments

	2013 £000	2012 £000
Increase/(decrease) in cash in the year	16,538	(21,071)
Cash inflow from increase in liquid resources	200,394	66,586
Changes in cash and liquid resources resulting from cash flow	216,932	45,515
Decrease in current asset investments	(197,220)	(67,630)
Decrease in loan stock and preference shares	–	6,500
Movement in the year	19,712	(15,615)
Balance at 1 May 2012	1,396,635	1,412,250
Balance at 30 April 2013	1,416,347	1,396,635

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

20 Group cash flow statement (continued)

20.3 Analysis of cash and current asset investments

	At 1 May 2012	Cash flow	Non cash movements	At 30 April 2013
	£000	£000	£000	£000
Cash at bank and in hand	65,969	16,285	–	82,254
Bank overdrafts	(253)	253	–	–
	65,716	16,538	–	82,254
Money market deposits	643,196	200,394	–	843,590
	708,912	216,932	–	925,844
Current asset investments	689,573	(195,288)	(1,932)	492,353
Loan stock and preference shares	(1,850)	–	–	(1,850)
	1,396,635	21,644	(1,932)	1,416,347

21 Trustees

The Trustees receive no remuneration for their services (2012: nil), but are reimbursed for out-of-pocket expenses in respect of attending meetings and carrying out duties on behalf of CAF. The aggregate value reimbursed for the year was £772 paid to two Trustees (2012: £2,266 to four Trustees).

None of the Trustees nor any connected persons had a material or beneficial interest in any contract or undertaking with CAF, nor in the shares of its subsidiary companies (2012: none).

The details of the risks to which the bank is exposed are set out in full in its annual report and financial statements, copies of which may be obtained from CAF's website.

The group does not utilise financial derivatives.

22 Operating lease commitments

At 30 April 2013 the group and CAF had annual commitments under non-cancellable operating leases for land and buildings as set out below:

	2013	2012
	£000	£000
Operating leases which expire:		
Within one year	150	29
Between one and five years	135	260

The amounts charged to the SOFA totalled £285,000 (2012: £289,000).

23 Financial instruments

CAF Bank, CAF's banking subsidiary, is exposed to a range of risks relating to financial instruments. The risks include those relating to fluctuations in market prices, interest rates and foreign currencies and liquidity and credit.

24 Commitments and contingent liabilities

At the balance sheet date the group was committed to the following:

	Group and charity	
	2013 £000	2012 £000
Commitments to beneficiary charities	10,133	24,865
CAF Venturesome loans to charities	1,306	1,180
CAF Social Impact Fund	466	645
CAF Bank commitments to customers	6,993	–
	18,898	26,690

Commitments to beneficiary charities

At the balance sheet date the group was committed to pay donations from restricted funds to beneficiary charities over a period to 2017, subject to certain conditions being met by the charities. No amount has been recorded in the balance sheet for these amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

24 Commitments and contingent liabilities (continued)

CAF Venturesome and CAF Social Impact Fund loans to charities

At the balance sheet date CAF Venturesome and CAF Social Impact Fund were committed to provide loans to charities, subject to certain conditions being met. No liability has been recorded in the balance sheet for these loans. The commitments become due or expire (if the charity no longer needs the funding) within one year.

CAF Bank commitments to charities

At the balance sheet date CAF Bank had commitments comprising amounts yet to be drawn under loan or overdraft agreements and BACS payment facilities.

Contingent liabilities

Pensions Trust

CAF participates in three pension arrangements administered by The Pensions Trust: the Growth Plan, the Unitised Ethical Plan and the Flexible Retirement Plan. A description of each plan and details of employees' and CAF's contributions are set out in note 6.

As at the date of this report CAF had a contingent liability which has not been provided for in the accounts, in relation to the Growth Plan (the 'plan'). This liability, which derives exclusively from a change in pensions' law in 2005, would crystallise if CAF ceased to be a participating employer in the plan or if the plan was to be wound up. There are no plans in place for CAF to cease to be an employer in the plan.

CAF employees continue to be members of the plan, and as at the balance sheet date there were 49 (2012: 67) active members of the plan employed by CAF.

The buy-out funding position of the plan at 30 September 2012 was 74.2% (2011: 77.3%) and the Pensions Trust has estimated that, if CAF ceased to participate in the plan as at 30 September 2012, CAF would have to pay between £6.8m and £7.3m (2012: £5.4 million), based on the financial position of the plan and the employers that, as at that date, were relevant employers.

Since 1 April 2013 CAF has been required to pay additional contributions of £324,000 per annum (increasing by 3% each year) for a period of ten years. These additional contributions are expected to reduce the contingent liability over the ten year period.

CAF has no contingent liability under either the Unitised Ethical Plan or the Flexible Retirement Plan.

25 Post balance sheet events

On 31 May 2013 Charity Bank ceased to be a charity and its charitable assets were transferred to CAF in accordance with a Charity Commission approved scheme. With the Commission's formal approval these funds were immediately returned to Charity Bank by way of an irrevocable capital contribution. This change in Charity Bank's status formed part of a plan to improve its capital adequacy position by realigning its capital structure. Since this restructuring on 31 May CAF has held a temporary controlling interest in Charity Bank. Following an expected injection of capital by other investors later in the year, CAF expects its position to be diluted to a position where it has significant influence rather than a controlling interest.

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Patron

HRH Prince Philip, The Duke of Edinburgh KG KT

Board of Trustees

During the year, the members of the Board were:

Chairman

Dominic Casserley

Sue Ashtiany

Robin Creswell

Matt Hammerstein

Philip Hardaker FCA

Alison Hutchinson

Tiina Lee (appointed 10/01/13)

Martyn Lewis, Chairman of NCVO

David Locke FCA

Stephen Lovegrove

Iain MacKinnon

The following individuals also served as members of the Board of Trustees during the year:

John Lorimer (retired 13/09/12)

Jenny Watson (retired 13/09/12)

Executive Committee at date of signing of this report

Chief Executive

Dr John Low CBE

Director of Finance and Operations

Mike Dixon ACA

Director of Product and Marketing

John Hunter–Brown

Interim CEO, CAF Bank

Barry Meeks

Director of Human Resources

Corinne Wells

Auditors

KPMG LLP, Statutory Auditor

15 Canada Square

Canary Wharf

London E14 5GL

Principal bankers

National Westminster Bank PLC

214 High Holborn

London

WC1V 7BX

Our head office
Charities Aid Foundation
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4TA

T: 03000 123 000
E: enquiries@cafonline.org
W: www.cafonline.org

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