



Defending dignity.
Fighting poverty.

Annual Report and Accounts

CARE International UK
Annual Report and Accounts for the year ended 30th June 2010



Key Information

The Trustees of CARE International UK are Directors for the purposes of company law and Trustees for the purposes of charity law (hereinafter referred to as “the Trustees”). Those serving as Trustees during the year are as follows:

Richard Greenhalgh (chair)¹
Professor Michael Adler⁴
Neil Alldred⁴
Andy Bearpark^{1,4}
Angela Cluff³
Dr Alison Fielding³
Martin Hayman (Retired 17.12.09)^{1,3,4}
Frances House
Stephen King²
Bill Lawes (Retired 17.12.09)^{1,2}
Susan Liautaud³
William Macpherson²
Michael Rogerson^{1,2}
Dharmender Singh⁴
Richard Street^{1,3}
Dr Fiona Thompson^{1,2}

Additional Committee Members

Edward Bickham⁴
Michael Dyson⁴
Nick Edwards²
David Sanderson⁴
Anne Siddell²
Andrew Studd²

Senior Management Team

Geoffrey Dennis - Chief Executive
John Plastow - Programme Director
Mark Salway - Finance Director
Lucy Stoner - Human Resources Director
Sarah Taylor Peace - Marketing Director

Registered office

CARE International UK, 10-13 Rushworth Street, London SE1 0RB. Tel: 0207-934-9334, Fax: 0207-934-9335.
For more information about our work, go to www.careinternational.org.uk

CARE International UK is a registered charity (registration number 292506). It is also a company limited by guarantee and was established on 7 May 1985, with registration number 1911651 (England and Wales).

1 Nominations and remuneration committee

2 Finance and audit committee

3 Marketing working groups

4 Programme committee

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To avoid confusion in this report we refer to the following:

'CARE', 'CARE International' or 'CARE International confederation' where we consider CARE globally; and **'CARE International UK' or 'CIUK'** when we talk about the UK-based organisation and activities.

About Us

CARE International's Vision

CARE International seeks a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security. We will be a global force and partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakeable commitment to the dignity of people.

We work in more than 70 countries across five continents. In the past year, we have helped more than 59 million people. This makes us one of the biggest aid and development agencies in the world.

When an emergency strikes, we get there fast because we already have staff nearby. We save lives and meet immediate needs. And once the world's focus has moved on, we're still there - helping to rebuild devastated homes and livelihoods.

In areas where famine and flooding are serious threats, we work with communities to help them build their resilience to disaster.

For others, where emergency is not such a threat, but poverty prevails, we help people tackle the root causes. These may be very tangible – improved health services, for example - or may involve helping people to be masters of their own situation by strengthening their ability to influence decision-makers, for instance.

To bring about lasting change, we build strong understanding of the local context, hiring local staff and working in partnership with local organisations.

CARE International UK's Mission

CARE International UK is a driving force within the worldwide CARE International network, recognised for:

- Making resources available for overseas activities.
- Influencing the policies and practices of government, business and other organisations.
- Inspiring and engaging the public.
- Continuously improving the impact of our work.

CARE International UK is part of the global CARE International confederation, which has its secretariat in Geneva.

A Message from our Chair



In this, our 25th Anniversary year, we at CARE International UK have worked with energy and focus in our priority areas. We have made a significant contribution to CARE International's global fight against poverty. For example, we have helped reach ten million people with emergency relief where disasters have struck. We have also won an impressive range of new contracts, which means we will expand our reach even further in the year ahead.

We have worked hard to improve how we monitor our impact. Building in mechanisms for feedback from beneficiaries and partners has allowed us to gain a thorough understanding of the true effects of our projects and programmes. In Ethiopia, for instance, we have used community scorecards to help us focus on improving local government accountability. This has led to a range of benefits including – in one department – cutting waiting times for community members from around half an hour to just seven minutes.

Despite this year's very tough economic environment, we have achieved a 26% increase in non-institutional funding, securing new income from private companies, grant-making bodies and from individual donors. We have also won a Third Sector Excellence Award for a new supporter engagement initiative, giving our donors unparalleled access and information about our work. We have controlled costs effectively and ensured that our reserves are sufficient for a rainy day.

We have reached out externally in new ways, drawing on our breadth and depth of experience on the ground to help build understanding of development issues and influence policy. Our Voices Against Violence campaign brought some of our beneficiaries' experiences of rape as a weapon of war to the attention of the UK Ambassador to the UN. He highlighted the issues to the UN Security Council, where new measures to strengthen protection for women were agreed.

Another highlight of the year has been the creation of www.lendwithcare.org - an innovative way for individual supporters to provide small cash loans to entrepreneurs in developing countries so they can set up small businesses. These new businesses will help to lift whole families and communities out of poverty in a truly innovative and empowering way.

We have played a wider role within the CARE International confederation than in previous years and have stepped up to lead on how we drive new funding and promote organisational change to meet future needs. We hosted the CARE International Board meeting in June, and hold positions on the CARE International Executive Committee and standing committees.

I would like to thank the trustees, committee members, staff and volunteers who have worked so hard during the year, and have helped us achieve so much. I would also like to thank personally all those involved with the charity in all aspects over the last 25 years. Our continued determination to fight poverty and bring dignity to poor people's lives is testament to your hard work.

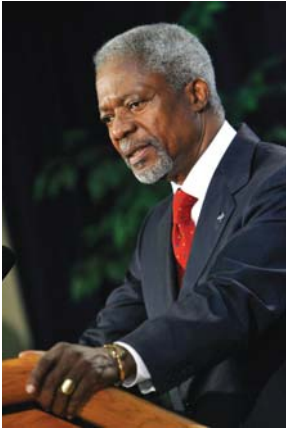
A handwritten signature in black ink that reads "Richard Greenhalgh". The signature is written in a cursive, slightly slanted style.

Richard Greenhalgh

Chairman

27 October 2010

A Message from Kofi Annan



It is my great pleasure to congratulate CARE International UK on having reached the important milestone of 25 years of fighting poverty and injustice around the world.

It is an enormous achievement for a global organisation to have created a network that spans more than 70 countries and administers help to more than 59 million people every year.

This work makes a huge difference to the hopes, opportunities and lives of millions of people and it is on their behalf that I wish to thank you and congratulate the organisation.

The task of administering developmental assistance has changed a great deal over the last 25 years, and CARE has had to evolve effectively, while ensuring that it continues to meet the needs of those at risk.

Today we face new global challenges, such as the all-encompassing threat of climate change. This requires all of us to adapt if we are to provide appropriate support to assist the most vulnerable.

There is such great value in the way CARE International UK constantly rises to meet global challenges and strives to take positive action in the face of disaster.

I believe there is much to be proud of over the last 25 years, and I would like to wish you every success for the years ahead.

Kofi Annan

Seventh Secretary-General of the United Nations

CARE International UK's Goals

Our Priorities

CARE International UK leads within the confederation in three thematic areas - building on our significant expertise, and sharing our knowledge with the wider NGO community:

- **Private Sector Engagement:** businesses - from local companies to multinational corporations - can have a major impact on poverty. We engage with the private sector to improve this impact. We are developing enterprising programmes opening up market opportunities, and will focus on making markets work for poor people.
- **Conflict:** in an increasingly turbulent world, we provide support to programmes spanning peace-building, reconciliation and rehabilitation with a specific focus on women in conflict situations.
- **Governance:** the capacity of poor people to influence the institutions that govern their lives is fundamental to addressing the underlying causes of poverty. We strive to build that capacity, and our work spans urban poverty, gender inequalities, civil society and embraces specific aspects of the aid system.

Emergency and Humanitarian Relief is also a core part of CARE International UK's work. Within the confederation we lead on shelter and reconstruction, and we raise funds in the UK for CARE International's broader relief work.

Progress on these priority areas is outlined on pages 8 to 14.

In secondary themes – **Hunger and Chronic Vulnerability; HIV and AIDS; Microfinance; Health; Water and Sanitation; Climate Change and Education** - other parts of the CARE International confederation lead the way, but we provide resources and some expertise, and we often play a key role in influencing policy. In addition, we raise money and build awareness in these areas.

Our role in the CARE International confederation

CARE International UK has six key roles within the confederation:

- **Enhancing programme quality:** using our extensive experience and understanding to work with our Country Offices to improve the quality of our programmes worldwide.
- **Influencing policy:** drawing on our experience and engaging with policy-makers to address the barriers to fighting poverty at the policy level.
- **Raising new funds and resources:** developing a new approach - becoming less dependent on institutional income - to source more flexible funds for investment in high quality programmes, and to respond fast to the growing number of emergencies.
- **Raising profile and awareness:** becoming a credible source of information by policy-makers, opinion-formers and the UK public in our areas of expertise, and working with peers to raise public awareness of global poverty issues.
- **Linking into CARE International globally:** ensuring the confederation benefits from the expertise we develop - including playing an integral part of its emergency response team - and supporting its drive to become more representative of its beneficiary constituency.
- **Becoming a more efficient and effective organisation:** building the effectiveness and skills of our workforce, maintaining appropriate levels of overheads and achieving high standards of donor accountability, compliance and reporting.

Progress against each of these key roles during the year is outlined on pages 15 to 17.

2010 Overview against priorities

Private Sector Engagement

More than 2.6 billion people live on less than two dollars a day. Many of these people interact with markets - as producers, workers, traders or consumers.

We believe that a responsible and accountable private sector can be a major driver to reduce poverty, in the same way that weak, or poorly enforced, business regulation and irresponsible business practices can keep poor people locked in a cycle of poverty. We believe that companies and development agencies have common interests in tackling some of these issues together, and we see working with leading companies as a way to combine expertise and resources, from which both economic and social gains can be derived.

We work in partnership with the corporate sector in the UK as well as supporting a variety of private sector programmes across CARE International. We look to engage with the private sector to develop services, products and markets for poor, vulnerable and marginalised people. We also work with companies (small, large, local and international) to improve their social responsibility policies and practice, and to make market systems more inclusive, socially responsible and accountable.

Our work is seen as cutting-edge within the development world and we are now focusing on three different areas of work:

1. Responsible business practices.
2. Microfinance and access to financial services.
3. Market-based initiatives to drive economic development for poor people.

Our commercial partners include Barclays, Allianz, AngloAmerican, Cadbury, Diageo, the Ethical Tea Partnership and Starbucks.

Last year CARE International UK spent £3.216m on private sector engagement work, accounting for 13% (2009: 5%) of our total programme expenditure, excluding emergencies.

- Our partnership with Allianz has seen people in Tamil Nadu take up 220,000 micro-insurance policies offering life, health and general cover.
- With Cadbury we are working with 100 cocoa-growing communities in Ghana towards a sustainable cocoa supply chain model.
- We are working with our partners to bring access to financial services to more than 300,000 people in 11 countries across Africa, Asia and South America.
- We were highlighted by Accenture ADP (the charity consulting arm of Accenture consulting) as cutting edge in our Private Sector Engagement work.

Helping the poorest access financial services

For people living in poverty, being able to access even the most basic financial services, such as loans and credit, can be vital. Community savings and loans groups can help households increase their income and reduce their vulnerability to emergencies such as illness and natural disaster. For women like Florence Okello in Uganda, a savings and loans group can be a lifeline:

“I joined a women’s group run by CARE to save some money and use small loans to support my family,” she said. “When your husband dies, you become very vulnerable. However, I was able to borrow money and pay it back slowly, at low interest. I’ve been able to put five children through school with the help of CARE. I’ve also bought a bicycle and a cow.”

CARE is working with Barclays and fellow charity Plan International on a pioneering microfinance initiative aiming to improve the lives of more than 300,000 people across Africa, Asia and South America. The initiative, “Banking on Change”, is delivering savings-led community finance projects in eleven countries including Uganda, Mozambique, Ghana, Peru and Vietnam.

The partnership brings together the resources, skills and experience of each organisation, and encourages targeted individuals, particularly women, to join together in self-governing groups to save regularly and access small loans from a group fund.



Photo credit: © CARE/Jenny Matthews

Conflict

Violent conflict disproportionately affects some of the poorest countries in the world. Poverty and violent conflict are often inter-linked: either can cause or exacerbate the other.

Besides bringing death, injury, trauma and displacement, violent conflict disrupts livelihoods and food production. It destroys economies, infrastructure, and both social and natural resources. It prevents governance systems from functioning effectively, and creates social tensions which take generations to heal. All of these things can undermine long-term development work.

Much of our work involves support to CARE Country Offices - carrying out research for them, building their capacity to tackle the issues they face, providing technical support and writing funding proposals. We also work with peer agencies and governments to share better practice and influence policy.

We seek to embed conflict sensitivity in our programmes - analysing the context, and ensuring our work has maximum benefit and avoids inflaming conflict.

One of our major initiatives is to focus on women in conflict as they so often are the most affected and disadvantaged group in conflict situations.

We work in many countries currently affected by, or recently emerging from, violent conflict - including Afghanistan, Somalia, Nepal, Yemen and Georgia.

Last year, we spent £1.845m on conflict and peace-building activities, accounting for 7% (2009: 6%) of total programme expenditure excluding emergencies. Key highlights include:

- Working in coalition with other organisations, through our Voices Against Violence campaign, to lobby for new measures to protect and support women in conflict zones. A new UN Resolution includes better services for survivors of sexual violence and the creation of the UN Special Representative on Violence Against Women – a reflection of the success of this collaborative work.
- Launching a knowledge-sharing “community” on behalf of the confederation, to help identify good practice and enable cross-country learning.
- Leading a 37-agency consortium on conflict sensitivity, which aims – among other things – to integrate conflict sensitivity into global aid standards.

Supporting the widows of Kabul

After Lalia's husband was killed, she was driven from her home by violence and left with two small sons to care for. CARE staff registered Lalia on our Kabul Widows Humanitarian Assistance (KWHA) programme, to receive vital monthly food rations for her family.

In addition to food, Lalia received information and advice on healthcare. CARE was looking for women to become Community Based Educators, who could take health information to their own communities to teach others and earn an income.

Lalia learned about seasonal diseases, how to identify and treat them, and how to care properly for sick children. Since then Lalia has helped many families. She is now able to support her family independently and she has become more confident. "Before, I didn't have the courage to talk to people. This programme taught me how to communicate. I am very confident now," she said.

Currently CARE provides a monthly food ration to over 3,000 widows living in Kabul. The programme aims to help women overcome the barriers that prevent them from living self-sufficient, dignified lives. It also works to support women to become independent by offering activities including skills and healthcare training, small business development and human rights and literacy courses.



Photo credit: © CARE/Kieran Green

Governance

Being deprived of a say in decisions affecting daily life is a root cause of poverty across the communities with which we work.

We look at the power relations in any given context, and support actions that stop ordinary citizens being excluded from resources, services and opportunities.

We support CARE Country Offices, building the capacity of citizens and community groups to engage with government and local authorities.

Last year, we spent £6.491m on governance activities, accounting for 26% (2009: 22%) of our total programme expenditure excluding emergencies. Highlights include:

- Developing, with our local partners, a system in Angola to include poor citizens in planning processes, and to help public authorities design, implement and monitor policies benefitting the poorest.
- Launching a four-year programme with the government of Bihar, India, to give poor people a better say in how local health, nutrition, water and sanitation services are run.
- Facilitating regional governance agreements in Peru, with our local partners, so that the needs of citizens are included in long-term development planning.

Governance in Action in North-West Bangladesh

In Botlagari Union in North-West Bangladesh, CARE has been supporting the development of community organisations to strengthen the voices of poor people, helping them to participate in the decisions that affect them.

The villagers in Botlagari Union used to receive very low wages, but after working together with CARE they mobilised to negotiate fairer wages from landowners and employers. They were also able to lobby their local government to lease them land for agricultural use. When they had approached the government as individuals in the past, they were easily turned away, but as a group they have been able to secure land to cultivate.

They are now respected members of their communities, able to speak in public and negotiate successfully with more powerful people. "The head of the local government now consults us on developments in our villages," said Sri Valo Bala Rishi, who lives in Botlagari Union.



Photo credit: ©CARE/Roopa Hinton

Emergency And Humanitarian Relief

Disasters and conflict disrupt the lives of more than 500⁵ million people every year, especially poor people and communities. Because CARE International is invariably already working in a country when an emergency strikes, staff are well-placed to meet immediate needs. And we stay there for the long-haul, continuing to rebuild lives.

Our humanitarian and emergencies work includes both fast financial and practical support, and activities to tackle long-term vulnerability. Within this context, CARE International UK provides expertise in shelter, and hunger and chronic vulnerability.

We have provided resources and funding to crises including the conflicts in Haiti and Gaza, flood recovery in India, and cyclone recovery in Myanmar and Bangladesh.

We have also supported programmes aimed at building resilience to droughts and other disasters in Niger, Ethiopia, Kenya and Bangladesh. Our donors include the Disasters Emergency Committee (DEC), DFID and EU, as well as fundraising from private individuals, trusts and corporate donors. CARE International UK remains committed to its role as a member of the DEC, of which our Chief Executive, Geoffrey Dennis, is a Trustee.

We were fully involved in the Haiti earthquake response. Within three days of the quake CARE International had given 5,000 people water purification tablets, distributed 60,000 meals with the World Food Programme, and distributed 5,000 mattresses and hygiene kits (including mosquito nets). Our response helped thousands immediately and will go on to help tens of thousands in years to come.

Last year, we spent £9.988m on emergency and humanitarian relief work, accounting for 39% (2009: 46%) of total expenditure. The fall in UK expenditure reflects the relatively low level of large-scale emergencies in the year to 30 June 2010 - with the exception of the earthquake response in Haiti.

- CARE International's emergency preparedness and response projects impacted ten million people, with special emphasis on the needs of the most vulnerable: children, women and elderly people. CARE served food to around 140,000 children at feeding sites and provided food to 23,000 children in emergency settings.
- CARE International UK has deployed six staff to Haiti and assisted The International Confederation of the Red Cross initiatives to promote improved practices around shelter in emergencies.
- We have led the initiative to promote accountability for the confederation, focused on building the link between our beneficiaries, stakeholders and the impact of our work.
- We have joined the DFID West Africa Humanitarian response fund (WAHRF) and the newly formed Consortium of British Humanitarian Agencies (CBHA, a 15-agency consortium of British humanitarian agencies).



Photo credit: ©CARE/Evelyn Hockstein

Bringing clean water to a birth amid Haiti earthquake devastation

Wadneicia may never know how lucky she was to open her eyes on January 20, on the ground, lying on old packing boxes. It was 9am when Joane Kerez, 20 years old, gave birth to her first child under a tarpaulin with only her mother assisting her. Curious onlookers crowded around a two metres square space, making it hard for the young pregnant woman to breathe.

“There were people all around watching me. I would have rather been somewhere else, in a cleaner place without all those people looking at my body,” she said, embarrassed.

At least 6,000 earthquake survivors were living in Saint Pierre Square, Port-au-Prince. Children played amidst garbage. Women cooked amidst the inevitable stench where no toilets are available.

For Joane and her mother, there was no soap available at the birth. No clean towel, no disinfectant, no doctor, no medical equipment in case of complications. But there was clean water.

“Thankfully CARE had installed the tank,” said Joane. “Otherwise I would have to have used water that comes out of the pipe at the end of the road.”

Progress against our six core roles within the CARE International confederation

CARE International UK has a full implementation plan, including risk management strategies and key performance indicators. Thirty-two of our 34 strategic change projects have moved forward as expected. Aspects of monitoring and evaluation, and procurement have not progressed as fast as we had hoped, and will be the focus of upcoming activity. We will perform a mid-term review of our strategic plan in the year ahead.

Enhancing programme quality

In addition to the actions and impacts of our work highlighted in the previous section against our key themes, we have this year:

- Continued to focus more clearly on our lead priority areas and income in these areas now accounts for 93% of our work (2009: 89%).
- Developed strategies for sharing knowledge both within the UK and globally.
- Developed frameworks for ensuring accountability for our work - and started to embed these into our practices.

In a survey of our priority country offices, 59% of respondents gave CARE International UK the highest graded response and all identified positive improvement. Our strongest area was seen as sharing knowledge.

Priorities for next year include:

- Using flexible funds from DFID wisely, and to learn more about the impact of our work.
- We will work hard to secure future PPA4 funding from DFID on behalf of the confederation.

Influencing policy

Following CARE International UK's decision to engage more in advocacy, and recruitment of an Advocacy Manager and a Campaigns Manager in Spring 2009, the past year has seen growth in policy-influencing and public mobilisation. For example, we have:

- Started building relations with key Members of Parliament, senior civil servants and Government ministers.
- Built a network of 3,700 campaigners from scratch (the 'CARE Action Network') who support our advocacy aims, including signing e-petitions, writing to MPs and attending public events.
- Played a key part in global advocacy initiatives - attending talks at the Copenhagen Climate Change conference and successfully lobbying the UN for new measures to protect women from rape as a weapon of war.

Priorities for the year ahead include:

- Developing ways of harnessing learning from our programme work to influence policy and inform the general public, policy makers and key donors.
- Grow the depth of support from our CARE Action Network.
- Finalise our advocacy strategy around our lead areas of expertise.

Raising new funds and resources

Non-institutional income has increased 26% year on year and donor numbers have increased 5% to 46,000. We have invested in our direct marketing plan to grow unrestricted funds. At the end of the year, marketing income accounted for 24% of all income (up from 18% last year). We have:

- Introduced “Mycazone” – a way to build engagement with donors, enabling them to follow their interests online. This has won a Third Sector Excellence award. Overall we minimised attrition rates and finished with a 29% increase in donor led income.
- Secured funding for consortium arrangements where we are acting as lead. This enables us to work with other agencies for greater impact.
- Developed www.lendwithcare.org as a peer-to-peer lending site to help raise small loans for entrepreneurs in developing countries, to help them lift their families out of poverty and to stimulate economic activity.
- Started to deliver a grant from the Big Lottery Fund (BLF) to focus on addressing cross-border HIV transmission in Nepal, India and Bangladesh.

We are on target to double both unrestricted income and donor numbers within five years.

Priorities for the year ahead include:

- Continuing to invest in our donor marketing, to double donor numbers and unrestricted funds within five years.
- Launch and further develop www.lendwithcare.org

Raising profile and awareness

Our 25th Anniversary year started in May, and we have planned, and in some cases already implemented, a range of initiatives, including a photographic exhibition and our first mass-participation challenge event - the 25km walkathon. We have also:

- Significantly increased the quality, range and volume of our proactive media coverage.
- Become a more visible and credible player amongst target opinion formers in our areas of expertise - particularly women in conflict, reflected at UN policy-making level.
- Re-written and designed www.careinternational.org.uk and made better use of social networks – particularly Facebook, Youtube and Twitter.

We are on course to reach our total awareness target of 20% in the UK within five years.

Priorities for the year ahead include:

- Continuing to deliver our awareness strategy, focusing on key stakeholder groups.
- Continuing to work with coalitions to help raise the public’s awareness of poverty issues.
- Developing our online communications work, including growing traffic through our new website.

Linking into CARE International globally

CARE International UK has been made responsible for helping the CARE International confederation develop centres of expertise - that is to develop ways in which we come together to share knowledge and learning. We have:

- Been instrumental in creating CARE International's first centre of expertise - in Climate Change, hosted in Denmark.
- Continued to develop our capacity to help with emergency response, with two UK teams focused and deploying staff on shelter in emergencies and hunger.
- Helped Care India and Care Peru on their development journey to become full members of the confederation.
- Played a key role in driving change to help CARE International meet future challenges, including shifting to a programme-led approach, growing unrestricted funding and building the confederation's knowledge, IT and finance standards and systems.

We set ourselves the target of taking the lead within the confederation in four areas – and have now done so.

Priorities for the year ahead include:

- Helping the whole of CARE International build centres of expertise, which is a key part of the global strategic plan.
- Developing our private sector engagement, conflict and governance work into centres of expertise for the confederation
- Securing agreement from the CARE International Board that we in the UK take the global lead on shelter in emergencies.

Becoming a more efficient and effective organisation

We have worked hard to break down cross-departmental barriers to work together better. In addition we have:

- Considerably improved internal communications and re-launched our intranet.
- Improved our induction process, following a staff survey to identify development areas.
- Succeeded in keeping our overhead costs to the same level as the year before.

The Charity Commission highlighted us as a case study in our positive response to the recession.

Priorities for the year ahead include:

- Setting clear priorities in light of the change in the general NGO environment and ensuring our resources are focused in the best way possible.
- Continuing to improve internal communications.



Photo credit: ©CARE/Kate Holt

Structure, Governance and Management

CARE International is one of the biggest International Non-Governmental Organisations (INGOs) in the world. CARE International works in over 70 countries and its global expenditure each year is nearing US\$1bn. CARE International UK is the UK based entity within this, providing around 7% of the confederation's resource.

CARE International delivers 800 major change projects either directly or with local partners, and has a total of 12,000 employees – with 97% of these being citizens from countries where we work. Through its network of Country Offices, CARE International continues to provide high quality programme delivery and project management with funding from a wide range of institutional donors, governments, and private funders. Geographically, CARE International operates in all major areas of need in the developing world, with the most significant amounts of programme expenditure in Asia and Africa.

CARE International is a non-sectarian and non-partisan organisation.

Structure of CARE International

CARE International comprises 12⁶ member organisations, separate national bodies which work within the principles and guidelines of the CARE International confederation. Each is represented on the CARE International Board.

This year the member organisations have appointed CARE Peru and CARE India as affiliate members in their own right, and our aim is that they will become full members in the next few years. This starts to move the balance of representation from Northern countries to Southern countries, where the vast majority of aid is being delivered.

All income, apart from that applied towards administrative support and fundraising costs, is directed towards anti-poverty programmes in the countries where CARE International works to alleviate poverty and its causes. The CARE International Secretariat based in Geneva provides coordination and administrative support to the confederation.

Together the members implement programmes through Country Offices. Each Country Office is administered by one "lead" member (primarily CARE International Australia, CARE International Canada and CARE International USA) on behalf of the membership. At the same time, individual members such as CARE International UK remain accountable for the direction and success of projects for which they have obtained funding and support. We also provide expertise to ensure the quality of projects and programmes.

In the view of the Board and of the management, CARE International UK is an operational Charity and is not a grant-making body.

⁶ Australia, Austria, Canada, Denmark, France, Germany, Japan, Netherlands, Norway, Thailand, UK, and USA.

Statement of Public Benefit

CARE International UK's objectives are to defend dignity and fight poverty for the poorest and most vulnerable people in the world. Our approach to poverty allows us to meet directly the following criteria for public benefit as defined by the Charity Commission guidance:

- the prevention or relief of poverty;
- the advancement of education;
- the advancement of health and the saving of lives;
- the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity;
- the advancement of environmental protection or improvement; and
- the relief of those in need, by reason of gender, age, ill-health, disability, financial hardship or other disadvantage.

We are clear in our aims and objectives and our recent strategic planning process has helped to refine our focus. We also take great care to 'do no harm' with our work. Internal systems and codes of governance across CARE International and the broader NGO community address this.

We aim to help the poorest and most marginalised members of society, and no person is excluded on the grounds of race, religion, gender, sexuality or social position. Any private benefit in our work is certainly incidental to our main objective – that of fighting poverty.

In making this statement, the Trustees have regard to the Charity Commission's general guidance on public benefit and the prevention and relief of poverty for the public benefit.

The detail in this Annual Report and Accounts highlights the impact of our work to lift people out of poverty. CARE International UK's work helps millions of people each year.

Operational Structure of CARE International UK

Governance

The governing body of the Charity is the Board of Trustees. The Board meets formally four times a year, with significant other ongoing involvement. In addition there are a number of standing committees and working groups:

- Finance and Audit Committee
- Nominations and Remuneration Committee
- Programme Committee; and
- Marketing Working Groups

These committees and working groups are made up of members of the Board and other independent individuals with relevant experience. All committees operate under specific terms of reference which delegate certain functions from the Board.

Potential candidates for both Board and Committee are recruited through an open and transparent process, including by advertisement in the national press and full display on the CARE International UK web site. The Nominations and Remuneration Committee selects potential new members of the Board who are then approved by the full Board before appointment. Members of the Board and Committees serve for a three-year period and may be re-elected for a further three-year term.

A formal induction process is offered to Board and Committee members, comprising various meetings and presentations with executive staff as well as specific training from both other UK staff and other CARE International members.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and Accounts in accordance with applicable law and United Kingdom Accounting Standards.

Company law requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity, including its income and expenditure, for that period. In preparing those Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity, and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Please note that legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the Trustees, in his or her capacity as a Director of the charitable company confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and that
- the Trustee has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information, and to establish that the charitable company's auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Internal Controls

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of control, financial and otherwise. They are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

The systems of internal control are designed to provide assurance against material misstatement or loss. They include:

- a five-year strategic and business plan, an annual operating plan and an annual budget all approved by the Board;
- regular monitoring of Key Performance Indicators ('KPIs') and a full implementation plan developed from the strategic plan;
- regular consideration by the Board of financial results and variance from budgets;
- the use of Committees in meeting their duties and delegating certain functions of the Board;
- appropriate identification and management of risk; and
- internal auditing, as carried out in accordance with the CARE International UK Audit Charter, focused on overseas projects and CARE International UK processes and procedures.

As part of this process, Trustees continue to review the adequacy of the Charity's internal controls. They consider whether controls are sufficient on an annual basis. In the interim they discharge their responsibility to the Finance and Audit Committee who review the control environment annually, and review risk on a half-yearly basis.

Risk Management

CARE International UK is committed to a risk management process and accordingly the position of Head of Internal Audit and Risk Management reports through the Finance and Audit Committee to the Board. The role ensures that a formal process to assess business risks and implement appropriate risk management strategies is carried out on a regular basis.

Various types of risks faced by the Charity are identified and prioritised in terms of their potential impact and likelihood of occurrence. A review of all risks, and progress against mitigating these, is completed quarterly by a risk committee comprising senior staff members and their work in turn is reviewed half-yearly by the Finance and Audit Committee who report to the Trustees. The Board formally considers risk on an annual basis.

In accordance with the CARE International UK Charter, a Risk Based Assessment of Audit Need (RBANA) is used to plan annual internal audit work. As part of this process the organisation has been divided into distinct business areas and audit priority is given to each of these areas based on a risk indicator. Some of the factors taken into account when determining risks are results of prior audits, volume of transactions, and total value of transactions. Country Offices are also included in this risk assessment.

The Head of Internal Audit and Risk Management is sufficiently independent, with unrestricted access to both the Finance and Audit Committee, and the Boards of CARE International UK and CARE International. The Board believes that the Charity's internal financial controls conform to good practice and guidelines issued by the Charity Commission.

Equal Opportunities Policy

CARE International UK strives to be an equal opportunities employer and applies objective criteria

to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability. Selection criteria and procedures are in place to ensure that individuals are selected, promoted and treated on the basis of their relevant abilities and merits.

Financial Review

The Financial Statements have been prepared in accordance with the accounting policies set out on pages 32 to 34 of the attached Financial Statements and comply with provisions of the Company Act 2006, applicable laws and the requirements of the Statement of Recommended Practice ('SORP'), issued by the Charity Commission.

Results in Overview

The year ended 30 June 2010 saw restricted income and expenditure fall back slightly. We saw only limited large-scale emergencies until the Haiti earthquake struck - much lower than in previous years. We also saw a global slowdown in our development work. We have worked hard to address this and this should be a timing difference which should see both restricted income and expenditure rise positively next year.

Our pipeline for next year is extremely strong and reflects some recent large wins, and also the catching up on development activities. The overall unrestricted reserves remain healthy, and the Charity is on a sound financial footing.

A key distinction in the charity sector is between restricted income, given for the purpose specified by the donor, and unrestricted income, which may be used by the Charity for its general purposes to fulfil its charitable objectives. The overall results show a net surplus of £0.325m for the year (2009: £1.156m deficit as restated) being the result of two forces:

- An unrestricted deficit of £0.243m as we have continued to invest some of our unrestricted reserves in marketing and fundraising to increase future unrestricted income; and
- A restricted surplus of £0.568m where we have recognised our entitlement to programme income in the financial statements, but no money has been spent yet.

We have changed auditors during the year and have fully reviewed our accounting practices. This identified that £1.926m income had been included in the year ended 30 June 2009 which should have been deferred to future periods under SORP. The prior year adjustment in the figures highlights this.

Income

The Charity's total income for the year was £32.509m (2009: £31.913m as restated), an increase of 2% on the previous financial year.

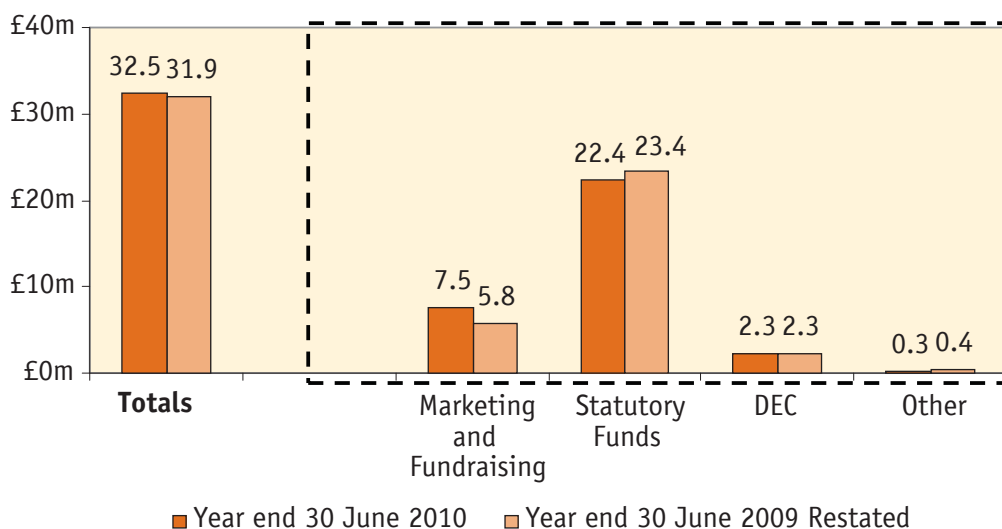
We have been selective in our grant applications and have won a greater proportion of submissions as a result. Equally, we now lead several large consortia and regional contracts which allow us to deliver a greater impact for the poor.

We continued to grow our income from private donors, which is the main source of unrestricted funding for CARE International UK. We raised £3.749m (2009: £3.314m) from individual donors, and received a further £3.702m (2009: £2.444m) from other sources, including companies, trusts

and foundations and challenge events (our successful outdoor events activities). Overall, our non-institutional income grew by 26% against the previous year, representing the third year of our strategy to double this by 2013. This is a positive picture, especially against an economic environment still impacted by the recession.

We received £3.404m (2009: £2.027m as restated) from DFID for the Partnership Programme Agreement ('PPA'), an important strategic element of our work, to understand better some of the root causes of poverty. This allows us to share with DFID findings from a number of key focus areas including governance, private sector engagement, climate change, HIV & AIDS and conflict.

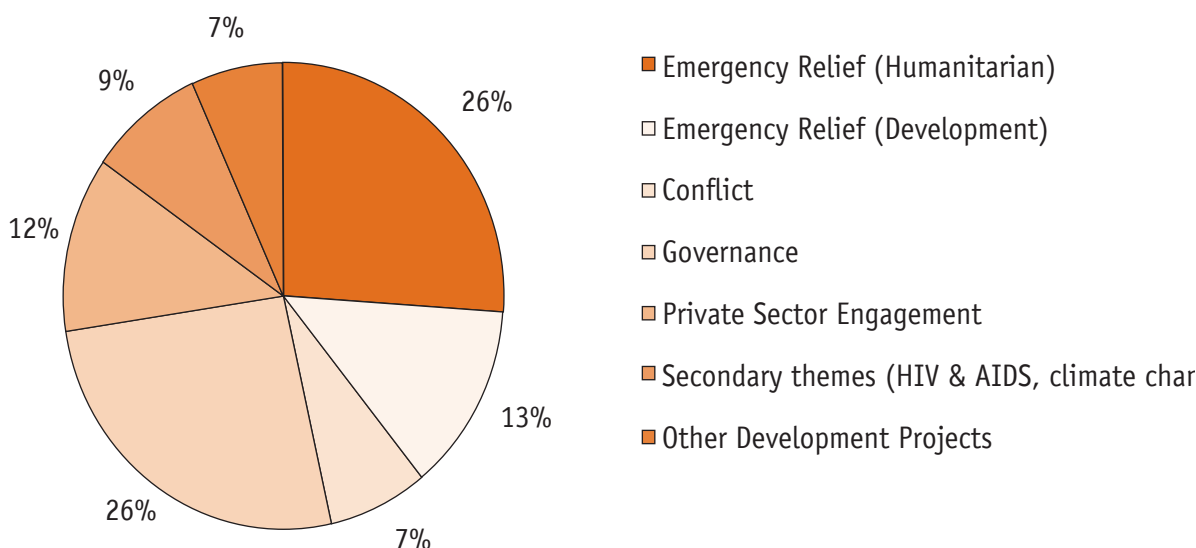
Income sources were as follows:



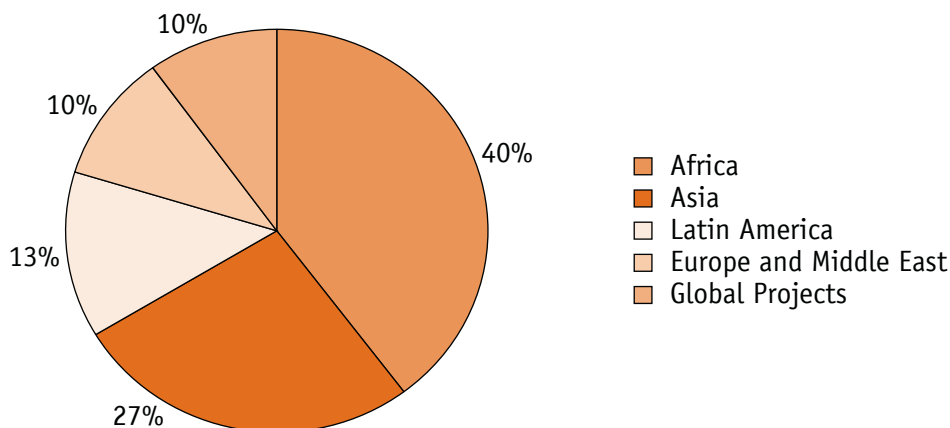
Expenditure

The total expenditure on charitable objectives for the year ended 30 June 2010 was £28.103m (2009: £29.012m).

Of these funds the split between our emergencies and humanitarian relief work versus our long-term development work was 39%:61% (2009: 46%:54%). During the year to 30 June 2010, expenditure on large-scale humanitarian disaster was relatively small. Our response to Haiti took place towards the end of the year and the bulk of the expenditure will be felt next financial year (to 30 June 2011). The percentage breakdown of programme based expenditure is as follows:



CARE International UK has a global presence delivering large programmes of work in each geographical region, and Africa is where the majority (40%) of our work has been focused in 2010:



Reserves Policy

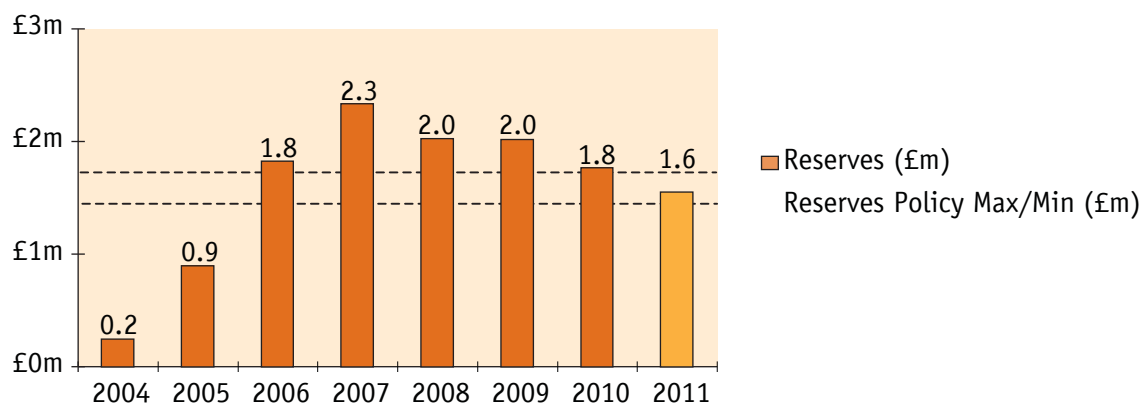
Unrestricted reserves are defined as general funds and are available to enable CARE International UK to meet its objectives. Net free reserves are defined as unrestricted reserves less the net book value of the tangible fixed assets.

Following a review in September 2010 the Trustees have confirmed the existing reserves policy of retaining net free reserves equivalent of up to six months of unrestricted essential expenditure. Currently the target reserve figure is between £1.5m and £1.75m. This is to ensure that CARE International UK can continue to operate in times of substantial income fluctuation or unexpected expenditure. The figure has increased slightly over last year as the Trustees have sought to retain an additional buffer of funds given uncertainty in the foreign exchange markets and its impact on our work.

We have been careful to consider contingency plans and to ensure our plans are delivered whilst maintaining our reserve levels. We were cited by the Charity Commission as a case study in good practice in response to the recession.

Currently, our net free reserves equate to £1.764m, seven months' essential expenditure – a strong picture. We aim to spend some of this buffer next year reducing reserves to £1.55m, and then increase it over the following three years, as we invest further in unrestricted marketing growth.

The following graph shows our unrestricted net free reserves. The two horizontal lines show the minimum and maximum level of reserves that we aim for under our reserves policy. The far-right hand bar shows next year's budgeted reserves – this illustrates that while implementing our strategic plan we are aiming for financial stability, and remain in sound financial health.



At 30 June 2010 our restricted reserves were £9.433m (2009: £8.865m as restated). This represents committed funds en-route to their final destination in the communities in which CARE International UK works. In the highly likely event of any such funds not being able to be used for their intended purpose, any non-committed balance would be returned to the original donors or used for other activities

Trading Subsidiary

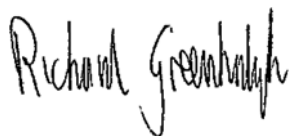
The Charity's wholly owned subsidiary carries out trading activities for the Charity. These activities provided a surplus of £80,000 (2009: £35,000).

Thanks to all supporters, staff and volunteers

We will continue to promote lasting change in poor communities around the world. This year CARE International expects to touch the lives of over 59 million people. We will continue to concentrate on the deep-seated causes of poverty to ensure lasting change.

This would not be possible without the dedicated support and hard work of staff, supporters and volunteers.

By order of the Board,



Richard Greenhalgh
Chairman
27 October 2010

Independent auditor's report to the members of CARE International UK

We have audited the group and parent charitable company accounts (the 'financial statements') of CARE International UK for the year ended 30 June 2010 which comprise the principal accounting policies, the consolidated statement of financial activities, the consolidated and charitable company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The Trustees' (who are also the directors of CARE International UK for the purposes of company law) responsibilities for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether the information given in the Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Annual Report is consistent with the financial statements for the year ended 30 June 2010.

Grant Thornton UK LLP

Carol Rudge
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

27 October 2010

Consolidated Statement Of Financial Activities

(Incorporating an Income and Expenditure Account)

For the year ended 30 June 2010

	Notes	2010 Unrestricted funds £'000	2010 Restricted funds £'000	2010 Total funds £'000	2009 Total funds Restated £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income		3,766	2,939	6,705	4,891
Donations and sponsorships	2	3,575	2,868	6,443	4,600
Legacies		191	71	262	291
Activities for generating funds		880	27	907	1,007
Fundraising events		719	27	746	867
Rental income		51	-	51	80
Trading income		110	-	110	60
Investment income		10	10	20	149
Incoming resources from charitable activities	2	1,522	23,222	24,744	25,731
Other income		127	6	133	135
Total incoming resources	12	6,305	26,204	32,509	31,913
Cost of generating funds					
Fundraising costs	3	3,689	99	3,788	3,680
Trading costs		18	-	18	60
Total cost of generating funds		3,707	99	3,806	3,740
Charitable activities					
Development work	4	1,767	18,417	20,184	15,577
Emergency and humanitarian relief		657	6,986	7,643	13,272
Advocacy		142	134	276	163
Total charitable activity costs		2,566	25,537	28,103	29,012
Governance	5	275	-	275	317
Total resources expended	12	6,548	25,636	32,184	33,069
Net movement in funds		(243)	568	325	(1,156)
Total funds brought forward (as previously stated)		2,143	10,791	12,934	12,164
Prior year adjustment	16	-	(1,926)	(1,926)	
Funds balances brought forward (restated)		2,143	8,865	11,008	
Funds balances carried forward		1,900	9,433	11,333	11,008

The results for the year shown above all derive from continuing operations. There are no recognised gains or losses for the year other than those shown above.

There are no material differences between the results for the year as stated above and those calculated on a historical cost basis.

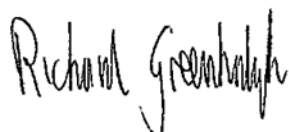
Consolidated And Charity Balance Sheet

For the year ended 30 June 2010

	Notes	Group 2010 £'000	Group 2009 Restated £'000	Charity 2010 £'000	Charity 2009 Restated £'000
Fixed assets					
Tangible assets	8	136	166	136	166
Investments	9	37	-	37	-
		173	166	173	166
Current assets					
Debtors	10	9,816	7,909	9,814	7,902
Cash at bank & in hand-general funds		1,632	2,423	1,596	2,401
Cash at bank & in hand-overseas projects		6,417	7,331	6,417	7,331
		17,865	17,663	17,827	17,634
Creditors: amounts falling due within one year	11	(6,579)	(6,668)	(6,541)	(6,639)
Net current assets		11,286	10,995	11,286	10,995
Total assets less current liabilities		11,459	11,161	11,459	11,161
Provision for liabilities	14	(126)	(153)	(126)	(153)
Net assets		11,333	11,008	11,333	11,008
Represented by					
Restricted funds	13	9,433	8,865	9,433	8,865
Unrestricted funds	13	1,900	2,143	1,900	2,143
Total	13	11,333	11,008	11,333	11,008

The accompanying notes on pages 32 to 42 form an integral part of these Financial Statements.

Signed on behalf of the Board of the Trustees by:




Richard Greenhalgh – Chairman

William Macpherson – Chairman Finance & Audit Committee

27 October 2010

Registered company number: 1911651

Consolidated Cashflow Statement

For the year ended 30 June 2010

	Notes	Group 2010 £'000	Group 2009 £'000
Net cash (outflow)/ inflow from operating activity	18a	(1,605)	1,627
Returns on investment and servicing of finance	18b	19	146
Capital expenditure and financial investment	18c	(119)	(55)
		(1,705)	1,718
Financing		-	-
(Decrease)/Increase in cash in the year		(1,705)	1,718
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year		(1,705)	1,718
Movement in net funds in the year		(1,705)	1,718
Net funds at the beginning of the year		9,754	8,036
Net funds at the end of the year	18d	8,049	9,754

Notes To The Accounts

For the year ended 30 June 2010

1. Accounting Policies

a) Basis of preparation

The Financial Statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice ('SORP'), "Accounting and Reporting by Charities", Statement of Recommended Practice revised March 2005 by the Charity Commission, and applicable UK accounting standards.

The Statement of Financial Activities ('SOFA') and Balance Sheet consolidate the Financial Statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. No separate SOFA has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006.

The Accounting Policies are consistent with the previous year.

The financial statements of CARE International UK's trading subsidiary company, CI Enterprises Limited, are consolidated with the accounts of CARE International UK on a line by line basis.

b) Incoming resources

All incoming resources are included in the SOFA when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy and receipt is virtually certain.

All income is considered unrestricted unless specifically restricted by the donor, or raised in an appeal for a specific purpose.

Income is only deferred when the Charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Grants receivable based on performance are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued.

c) Contributions in kind

Contributions and donations in kind are recorded at fair values on the date of contribution.

d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings, where practicable, they have been allocated to activities on a basis consistent with use of the resources. Central overhead costs are allocated to operational and fundraising functions on the basis of their use of support services measured by direct cost.

CARE International UK sub-contracts its work to CARE country offices, but continues to provide effective management and oversight over these. As such we account for our project work as an operational charity.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Governance costs are those which relate to the provision of the governance infrastructure of the Charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day-to-day management of the Charity's activities. They also include all Trustee and committee costs.

Irrecoverable VAT is not separately analysed and is charged to the SOFA when the expenditure to which it relates is incurred, and is allocated as part of the expenditure to which it relates.

e) Property and equipment

Non-programme expenditure of more than £1,000 per item for buildings, equipment and leasehold improvements is capitalised at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	over the remaining life of the lease
IT equipment	3 years
Other equipment	7 years

f) Finance and operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the term of the lease.

Assets purchased under finance leases are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges. Finance charges are written-off to the SOFA over the period of the lease at a constant proportion of the balance of capital repayments outstanding.

g) Fund accounting

Unrestricted funds comprise funds available for use at the discretion of the Board in furtherance of the general objectives of the Charity.

Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal under which they were raised.

h) Investments

Investments held as cash deposits denominated in foreign currency are translated into UK sterling at the rate of exchange prevailing at the balance sheet date. Differences arising on currency translation are expressed as movements in the market value of investments.

i) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

j) Pensions

Contributions to the defined contribution pension scheme are recognised in the SOFA when they are payable. The money purchase nature of the scheme assures there will be no funding deficit or surplus accruing to the Charity in the future. The pension scheme is independently administered and the assets of the scheme are held separately from those of the Charity.

The Charity also participates in the Pensions Trust Growth Plan, a multi-employer pension scheme where it is not possible to separately identify the assets and liabilities of participating employers. This is a money purchase arrangement but it has some historical guarantees. These Financial Statements include pension costs payable on a defined contribution basis in accordance with Financial Reporting Standard 17, Retirement Benefits. The current overall position of the fund and the assumptions made are provided in note 21.

k) Taxation

As a registered charity, CARE International UK is exempt from taxation of income and gains to the extent these are applied to charitable objectives.

l) Provision for liabilities

Provision is made for future liabilities for dilapidations to the UK premises at 10-13 Rushworth Street, London, SE1 0RB. This is a liability which is provided for as our best estimate of future costs having been established by external surveyors.

m) Prior year adjustment

In the year ended 30 June 2009 the Consolidated Statement of Financial Activities included funds which had been accounted for as contract income on the DFID PPA funds. On further consideration the Trustees have decided that these funds had not been "irrevocably committed" at the time, and following income recognition requirements under the SORP, the charity was not entitled to recognise these funds. This is a timing difference and the income will be recognised in the year ending 30 June 2011 instead. The prior year adjustment represents the income recognition which has now been deferred, and details are given in note 16.

2. Consolidated incoming resources

	2010 Unrestricted funds £'000	2010 Restricted funds £'000	2010 Total funds £'000	2009 Total funds Restated £'000
Donations and sponsorship				
Individuals	3,216	533	3,749	3,314
Charitable foundations	115	297	412	389
Corporate donors	244	2,038	2,282	897
Total	3,575	2,868	6,443	4,600
From charitable activities				
Department For International Development (DFID)	382	9,156	9,538	12,388
DFID Partnership Programme Agreement (PPA)	400	3,004	3,404	2,027
European Union (EU)	334	5,985	6,319	6,105
European Common Humanitarian Aid Office(ECHO)	149	1,989	2,138	2,733
Disasters Emergency Committee (DEC)	169	2,141	2,310	2,282
Big Lottery Fund-COPE Afghanistan	-	51	51	92
Big Lottery Fund- LIBRAP Rwanda	-	-	-	(78)
Big Lottery Fund- EMPHASIS Development Grant	-	602	602	10
Other	88	294	382	172
Total	1,522	23,222	24,744	25,731

2a. Included in the above are the following projects

Donor	Project Name	2010 Unrestricted funds £'000	2010 Restricted funds £'000	2010 Total funds £'000	2009 Total funds Restated £'000
DFID	Global Conflict Sensitivity	22	393	415	417
DFID	Global Climate Change	17	243	260	-
DFID	Emergency Shelter in Indonesia	71	1,014	1,085	-
DFID	Conflict Sensitivity in Sri Lanka	-	86	86	13
DFID	Emergency Shelter in Madagascar	12	173	185	-
DFID	Disaster Risk Reduction in Niger	9	658	667	1,582
DFID	Child & Maternal Health in Sierra Leone	14	348	362	420
DFID	Emergency livelihood in Gaza	40	572	612	-
DFID	Conflict sensitivity in Afghanistan	14	73	87	59
Total		199	3,560	3,759	2,491

The table provides details of balances only on certain DFID projects where the contractual terms require such disclosure.

3. Fundraising costs

	2010 Unrestricted funds £'000	2010 Restricted funds £'000	2010 Total funds £'000	2009 Total funds Restated £'000
Individuals	2,832	32	2,864	2,631
Charitable foundations	120	(12)	108	221
Corporate donors	197	79	276	221
Fundraising events	315	-	315	401
Support costs (Note 6)	225	-	225	206
Total	3,689	99	3,788	3,680

4. Charitable activities

	Development Work £'000	Emergency & Humanitarian Relief £'000	Advocacy £'000	2010 Total £'000	2009 Total £'000
Development work					
Priority themes					
Conflict	1,845	-	-	1,845	1,563
Governance	6,491	-	-	6,491	5,780
Private sector engagement	3,216	-	-	3,216	1,321
Secondary themes					
Secondary themes (such as HIV & AIDS, climate change)	1,890	278	-	2,168	1,329
Other development projects					
Other Development Projects	1,695	-	-	1,695	2,899
Emergency & humanitarian relief					
Emergency & humanitarian relief (Includes hunger and chronic vulnerability)	3,280	6,708	-	9,988	13,241
Advocacy					
Advocacy	-	-	134	134	211
Support costs (Note 6)	1,767	657	142	2,566	2,668
Total charitable activity costs	20,184	7,643	276	28,103	29,012

Expenditure was incurred in the following geographic areas:

	Development Activities £'000	Emergency & Humanitarian Relief £'000	Advocacy £'000	2010 Total £'000	2009 Total £'000
Africa	8,116	1,996	-	10,112	13,421
Asia	4,418	2,359	89	6,866	6,653
Europe & Middle East	1,831	820	-	2,651	2,691
Latin America	1,962	1,394	-	3,356	1,020
Other	2,090	417	45	2,552	2,559
Support costs (Note 6)	1,767	657	142	2,566	2,668
Total	20,184	7,643	276	28,103	29,012

5. Governance costs

	Total 2010 £'000	Total 2009 £'000
Internal audit (in house)	76	78
External audit – prior year ended 30 June 2009	10	38
External audit – current year ended 30 June 2010	30	-
Consultancy	10	25
Legal expenses	7	35
Trustees' expenses	13	5
Trustees' indemnity insurance	3	3
Apportionment of senior management costs	118	125
Company secretarial	8	8
Total	275	317

6. Support costs

	Management	Office costs	Finance & IT	Human resources	Direct support costs	Total 2010	Total 2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities							
Emergency & humanitarian relief	86	137	162	56	216	657	1,186
Development work	231	369	436	150	581	1,767	1,393
Advocacy	86	3	3	1	49	142	89
	403	509	601	207	846	2,566	2,668
Cost of generating funds							
Fundraising costs	44	70	83	28	-	225	206
Total	447	579	684	235	846	2,791	2,874

7. Staff costs

	Total 2010 £'000	Total 2009 £'000
Wages & salaries	2,917	2,693
Social security costs	299	271
Pension costs	134	121
Other staff costs	156	241
Total	3,506	3,326

	2010 Number	2009 Number
The average number of UK employees was:		
Programme and programme support	41	37
Marketing	26	24
Management and administration	19	20
Total	86	81

In addition to full-time permanent staff, CARE International UK employed a small number of temporary staff at a cost of £65,952 (2009: £92,646) and made use of local staff in overseas offices where CARE International UK projects are implemented.

The number of employees whose emoluments in the year as defined for taxation purposes amounted to over £60,000 was as follows:

	2010 No.	2009 No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£100,001 - £110,000	1	1

Employer contributions are made to a money purchase scheme in respect of three higher paid employees (2009: three). Total employer contributions in respect of higher paid employees during the year amount to £17,755 (2009: £18,015).

None of the members of the Board received any remuneration (2009: Nil). Expenses reimbursed to members for travel undertaken on the Charity's behalf amounted to £9,026 for two members (2009: £4,334 for three members).

The Charity paid £2,966 (2009: £2,599) for Trustees' Indemnity Insurance cover of £3.5m (2009: £2m).

8. Tangible Fixed Assets

Group and Charity	Leasehold improvements £'000	Office equipment £'000	IT equipment £'000	Total £'000
Cost				
At 1 July 2009	317	206	484	1,007
Additions	60	-	18	78
Disposals	-	-	-	-
At 30 June 2010	377	206	502	1,085
Depreciation				
At 1 July 2009	215	182	444	841
Charge for the year	68	16	24	108
Disposals	-	-	-	-
At 30 June 2010	283	198	468	949
Net book values				
At 30 June 2010	94	8	34	136
At 30 June 2009	102	24	40	166

9. Investments

Group and Charity	2010 £000	2009 £000
Cost and market value at 1 July 2009 and 30 June 2010	37	-

The unlisted investment represents a cash investment in the CARE International Revolving Fund (see b) below).

a) Subsidiary Company

Investments held by the Charity include a £2 (2009- £2) investment in the subsidiary company at cost. The Charity holds 100% of the issued share capital of CI Enterprises Limited, which is registered in England and Wales. The company's principal activity is to undertake trading for the Charity. A summary of the subsidiary's results and its position at 30 June 2010 is given in note 17.

b) CARE International

During the year, the Charity continued to participate in the Revolving Fund established with other members of the CARE International confederation, maintaining its investment of EURO 45,500. The Fund, which is administered by the CARE International Secretariat in Geneva, is used to provide short-term interest-bearing loans to finance projects across CARE International.

10. Debtors

	Group 2010 £'000	Group 2009 £'000	Charity 2010 £'000	Charity 2009 £'000
Due from EU/ECHO	4,652	3,709	4,652	3,709
Due from DFID	1,268	1,194	1,268	1,194
Due from other donors	77	96	77	96
Due from other CARE International offices	61	32	61	32
Sundry debtors	558	405	495	398
Due from subsidiary undertaking	-	-	61	-
Prepayments and accrued income	59	106	59	106
Project balances held overseas in Country Offices	3,141	2,367	3,141	2,367
Total	9,816	7,909	9,814	7,902

Project balances held overseas represent monies transferred to other CARE International offices but not yet expended. Likewise, a programme creditor is where money has been expended by other CARE International offices in advance of funding and we are entitled to recover this money.

11. Creditors: amounts falling due within one year

	Group 2010 £'000	Group 2009 £'000	Charity 2010 £'000	Charity 2009 Restated £'000
Programme creditors and other CARE offices	3,434	3,645	3,434	3,645
Suppliers	140	170	140	170
Taxation and social security	287	86	287	86
Sundry creditors	40	21	38	19
Due to subsidiary undertaking	-	-	-	11
Accruals	89	265	89	265
Deferred income	2,589	2,481	2,553	2,443
Total	6,579	6,668	6,541	6,639

12. Consolidated statement of funds

	Restated 1 July 2009 £'000	Incoming resources £'000	Resources expended £'000	30 June 2010 £'000
Restricted funds				
Africa	3,271	10,368	10,112	3,527
Asia	2,201	7,972	6,866	3,307
Europe and Middle East	989	2,000	2,651	338
Latin America	838	3,609	3,356	1,091
Other	1,566	2,255	2,651	1,170
Total restricted funds	8,865	26,204	25,636	9,433
Unrestricted funds				
General funds	2,143	6,305	6,548	1,900
Total unrestricted funds	2,143	6,305	6,548	1,900
Total funds	11,008	32,509	32,184	11,333

Restricted funds are those project balances held on behalf institutional donors, trusts funds, corporate entities and foundations for future work.

13. Analysis of net assets between funds

Group	Fixed Assets £'000	Current Assets £'000	Current Liabilities £'000	Long-term Liabilities £'000	Total £'000
Restricted funds	-	15,387	(5,954)	-	9,433
Unrestricted funds	173	2,478	(625)	(126)	1,900
Total	173	17,865	(6,579)	(126)	11,333

14. Provision for liabilities

	Group & Charity £'000
Provision at 1st July 2009	153
Released in the Period	(27)
Provision at 30th June 2010	126

The provision is made for dilapidations to the UK premises at 10-13 Rushworth Street, London SE1 0RB when the lease ends in August 2016 (break clause August 2011).

This is a liability which is provided for as our best estimate of future costs having been established by external surveyors.

15. Commitments

	Land and buildings Group and Charity 2010 £'000	Group and Charity 2009 £'000	Equipment Group and Charity 2010 £'000	Group and Charity 2009 £'000
Operating leases expiring				
- within one year	-	-	-	7
- within two to five years	-	-	16	11
- over five years	282	282	-	-
Total	282	282	16	18

16. Prior year adjustment

In the year ended 30 June 2009 the Consolidated Statement of Financial Activities included an amount of £1.926m which had been accounted for as contract income on the DFID PPA funds. On further consideration the Trustees have decided that these funds had not been "irrevocably committed" at the time, and following income recognition requirements under the SORP, the charity was not entitled to recognise these funds. This is a timing difference and the income will be recognised in the year ending 30 June 2011 instead. The prior year adjustment represents the income recognition which has now been deferred.

The prior year adjustment is

	£'000
Total funds as brought forward at 1 July 2009	
As previously stated	12,934
Prior year adjustment (adjusted in 2008-9 SOFA)	(1,926)
As restated	11,008

17. Subsidiary company

The Charity owns the whole of the issued ordinary share capital of CI Enterprises Ltd, a company registered in England and Wales (Company number 2306212). The subsidiary is used for trading activities to provide income for the Charity. The company's main activities during the year were the provision of IT support to three European CARE International offices, and receiving royalties for book sales.

CI Enterprises Ltd	2010 £'000	2009 £'000
Total trading income	110	60
Cost of sales	(28)	(23)
Gross profit	82	37
Administrative expenses	(2)	(2)
Profit before charitable donations and taxation	80	35
Charitable donation	(80)	(35)
Net profit/(loss)	-	-
The aggregate of the assets and liabilities was:		
Assets	99	41
Liabilities	(99)	(41)
Funds	-	-

18. Notes to the consolidated cashflow statement

	2010 £'000	2009 £'000		
a) Reconciliation of net incoming resources to net cash (outflow)/inflow from operating activities				
Net incoming/(outgoing) resources for year	325	(1,156)		
Interest receivable	(20)	(149)		
Interest payable	1	3		
Operating surplus/(deficit)	306	(1,302)		
Depreciation charges /investment written off	112	106		
Increase in debtors	(1,907)	(302)		
(Decrease)/Increase in creditors and provisions	(116)	3,125		
Net cash flow from operating activities	(1,605)	1,627		
b) Returns on investment and servicing of finance				
Interest received	20	149		
Interest paid	(1)	(3)		
Net cash inflow	19	146		
c) Capital expenditure and financial investment				
Purchase of tangible fixed assets	(78)	(55)		
Purchase of financial investments	(41)	-		
Net cash outflow	(119)	(55)		
d) Analysis of changes in cash	At 30 June 2009	Cash flow	Foreign exchange	At 30 June 2010
	£'000	£'000	£'000	£'000
Cash at bank and in hand	9,754	(1,620)	(85)	8,049
Total funds	9,754	(1,620)	(85)	8,049

19. Related Party Transactions

The Charity is a member of the Disasters Emergency Committee ('DEC') and in the year paid a subscription of £25,427 (2009: £29,782). In addition, CARE International UK's Chief Executive is a Trustee of the DEC.

The Charity receives funds from DEC appeals and amounts received and receivable in the year were £2.31m (2009: £2.282m).

20. Taxation

CARE International UK is a registered charity and is not liable therefore to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities. Irrecoverable VAT is charged to its associated expenditure.

21. Pension Costs

The Charity participates in a defined contribution scheme and a multi-employer scheme administered by The Pensions Trust. Contributions to the multi-employer scheme paid into The Pension's Trust Growth Plan up to and including September 2001 have been converted to defined amounts of pension payable from Normal Retirement Date. From October 2001, contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either with the Growth Plan or by purchasing an annuity.

Following a change in legislation in September 2005, there is technically a potential liability to CARE International UK that could be levied by the Trustees of the Plan, which would apply to employers with pre-October 2001 liabilities in the Plan. If Plan liabilities exceed assets, a buy-out debt will exist if CARE International UK withdraws all employees from the scheme. The leaving employer's share of the buy-out debt is the proportion of the Plan's pre-October 2001 liability attributable to employment with the leaving employer compared with the total amount of the Plan's pre-October 2001 liabilities. Given the number of factors to be considered in determining the liabilities the debt can fluctuate over time.

The Pensions Trust has advised that an employer will only be deemed to have withdrawn if it has no active members remaining in the Plan and no eligible employees to whom to offer membership to the Plan. The Pensions Trust estimates that the liability of CARE International UK on withdrawing from the plan would be £639,252 (2009: £567,424) based on the financial position of the Plan at 30th September 2009. The chance of this debt crystallising is considered remote.

The Charity continues to offer membership of the Plan to its employees and contributions to the schemes for the year were £134,000 (2009: £121,000). The employer's and employees' rates are 7.5% and 4% respectively.

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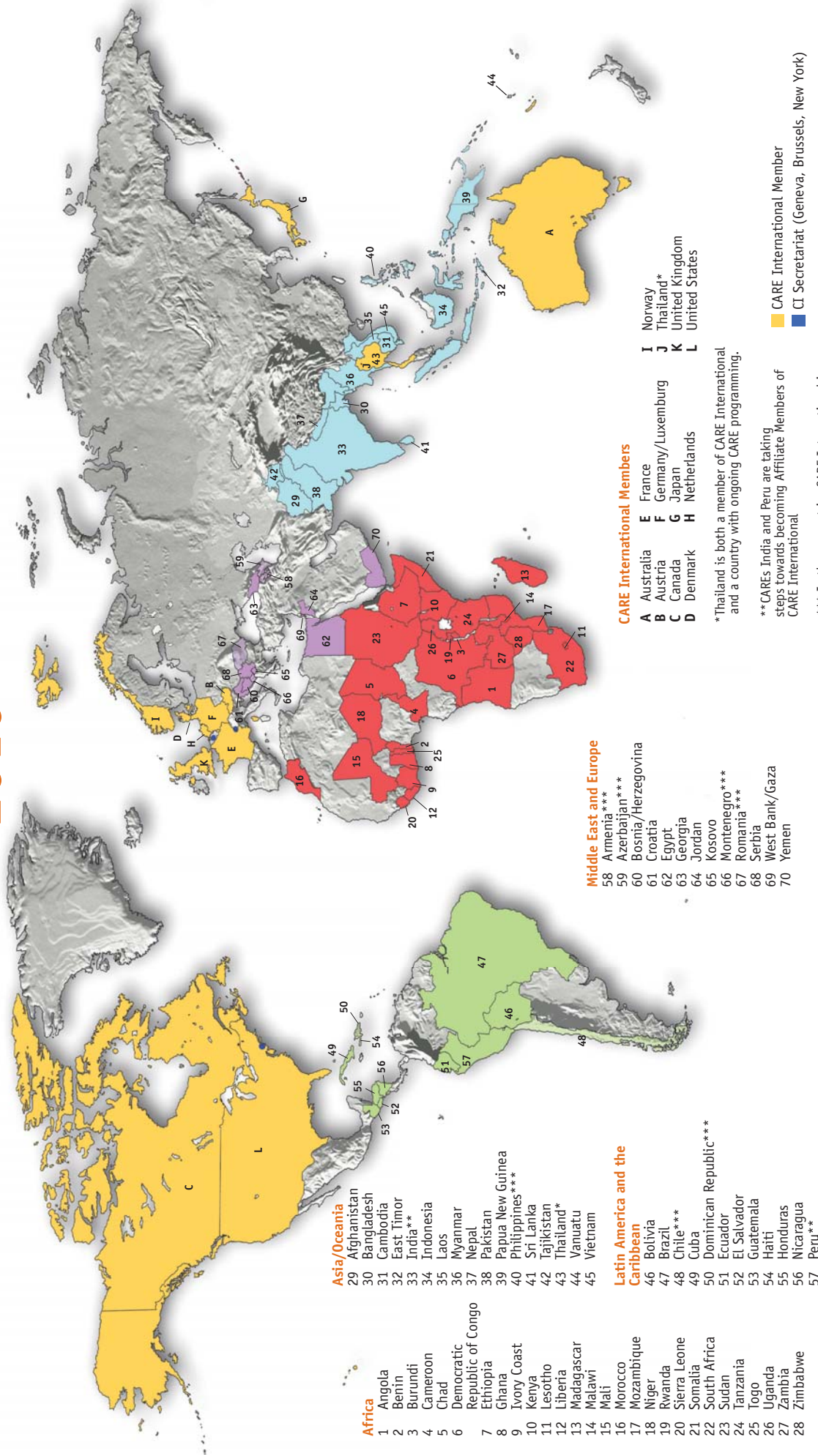
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THE CARE WORLD 2010



CARE International's Vision

CARE International seeks a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security. We will be a global force and partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakeable commitment to the dignity of people.

CARE International UK's Mission

We are a driving force within the worldwide CARE network, recognised in the UK for:

- Making resources available for overseas activities
- Influencing the policies and practices of government, business and other organisations
- Inspiring and engaging the public
- Continuously improving the impact of our work.

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