



CARE International UK
Annual Report and Accounts
for the year ended 30 June 2017



Organisational details

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'). The Trustees are as follows:

Oliver Stocken CBE (Chair)¹
Olamide Bada³ [resigned 29 September 2016]
Edward Bickham³
Nigel Chapman³ [appointed 7 December 2016]
Carolyn Clarke²
Angela Cluff^{1,4} (Vice-Chair) [resigned 4 October 2017]
Michael Dyson³
William Macpherson² [retired 15 June 2017]
Nadine Nohr⁴ [appointed 7 December 2016]
Francis Plowden²
David Campbell Robb⁴ [appointed 7 December 2016]
Marian Rose²
Federica Sambiase² [appointed 7 December 2016]
Yusaf Samiullah OBE³ [appointed 7 December 2016]

Additional committee members

Michael Fanning²
Wendy Fenton³ [appointed 7 March 2017]
Susana Klien³ [resigned 26 September 2016]
Olivia Lankester³ [appointed 7 March 2017]
Reineira Arguello Sanjuan³ [appointed 12 June 2017]
Lyndall Stein³ [resigned 26 September 2016]
Willem van Eekelen³

¹ Nominations and Remuneration Committee

² Finance and Audit Committee

³ Programme and Policy Committee

⁴ Ethics and Risk Committee

Senior management team

Laurie Lee	Chief Executive
Shabnam Amini	Director Fundraising, Partnerships and Communications
Lyndall Stein	Programme Director [interim until 16 December 2016]
Andres Gomez de la Torre	Programme Director [appointed 11 January 2017]
Rachel Hewitt	Finance Director
Harbinder Kaur	Director People and Organisational Development

Registered office

CARE International UK, 9th Floor, 89 Albert Embankment, London SE1 7TP

CARE International UK is a registered charity (registration number 292506) and a company limited by guarantee (registration number 1911651, England and Wales)

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MESSAGE FROM THE CHAIR

Inequality is increasing. The world's richest people are richer than ever. Many countries are, overall, becoming wealthier. But not all poor people are benefiting from economic growth. There has been a dramatic increase in the number and scale of humanitarian emergencies. The number of refugees and displaced people is higher than it has been in CARE's 70-year history, caused by conflict, poverty, climate change and natural disasters.

This inequality – the gap between the haves and the have-nots – demonstrates CARE's core belief that poverty is injustice. We also believe it is not inevitable. Humanity has the means and the know-how to eradicate extreme poverty. CARE's mission is to ensure this happens as quickly as possible.

In countries affected by war, climate change and natural disasters, we respond where the need is greatest, saving lives and helping people to recover and rebuild.

In stable countries where economies are growing, we work with the private sector to ensure that the poorest people also benefit from economic growth.

We invest in proven approaches to overcoming poverty, and explore innovative ways of supporting people to lift themselves out of poverty. We seek to influence broader social change and to scale up life-saving, poverty-fighting solutions to reach and benefit more people.

We are pleased that in 2016-17, CARE has been able to respond wherever people are in greatest need, by securing additional funding and demonstrating our effectiveness.



Oliver Stocken CBE
Chair of Trustees

ABOUT CARE INTERNATIONAL

Vision

We seek a world a world of hope, tolerance, and social justice, where poverty has been overcome and all people live with dignity and security.

Mission

CARE works around the globe to save lives, defeat poverty and achieve social justice.

Focus

We put women and girls in the centre because we know that we cannot overcome poverty until all people have equal rights and opportunities.

CARE's goals

CARE focuses on taking action to improve the lives of poor and marginalised people in four outcome areas:

- Humanitarian response
- Women's economic empowerment
- Maternal and child health
- Food and nutrition

Across all our work, we tackle the underlying causes of poverty and social injustice by:

- Strengthening gender equality and women's voice
- Promoting inclusive governance
- Increasing resilience

CARE International UK

CARE International UK is a member of the global CARE International confederation, and plays a major role in achieving CARE's goals by raising funds for CARE's work around the world and by providing leadership and expertise on key areas of CARE's work.

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

In this report, CARE International UK refers to the UK-based organisation; CARE refers to the global CARE International confederation and the life-saving and poverty-fighting work of CARE in more than 90 countries around the world.

HIGHLIGHTS

Highlights from our programmes in 2016-17 in the four outcome areas of CARE's global programme strategy include:

Humanitarian response

HURRICANE MATTHEW (HAITI)

Hurricane Matthew hit south-western Haiti on 4 October 2016 leaving tremendous damage in its wake. Our emergency response, which included working to improve access to safe shelter and clean water, provided assistance to over 75,000 people: almost 30% of the disaster-affected population.

SYRIA CRISIS

The Syrian crisis, now into its seventh year, continues to affect millions of displaced people, refugees and host communities across the region. During 2016-17 we provided people inside Syria with essentials such as winter kits (warm clothes, household supplies, blankets) and with livelihoods support. In Turkey, we provided 40,000 Syrian refugees with access to essential food, household, shelter, and seasonal winter support, and we worked with communities to protect against specific threats such as child marriage and child labour. In Jordan, we provided 11,500 Syrian and Jordanian households with seasonal winter support, livelihoods training, and cash support for essential items, and 2,500 households with psychosocial support to overcome the trauma of the crisis.

YEMEN CRISIS

During the year the triple crises of conflict, famine and cholera affected millions of people across Yemen. In partnership with Action Against Hunger and the Norwegian Refugee Council, and with funding from the UK Department for International Development (DFID), we provided water, food, health, nutrition and livelihoods support to people in seven governorates across the country. Our cash-for-work project funded by the Disasters Emergency Committee (DEC) rehabilitated six rural water supply schemes, providing participants with money to spend on meeting their family's basic needs and enabling 18,000 people – the population of the surrounding areas – to have access to clean and safe water.

Women's economic empowerment

SOMALI GIRLS' EDUCATION PROMOTION PROJECT

Our four-year DFID-funded Somali Girls' Education Promotion project ended this year. As a result of the project, which assisted over 18,000 girls, girls were more likely to stay in school and were likely to have better results: girls' average literacy score rose by 24% and their average reading comprehension score rose by 51%.

SKILLING FOR CHANGE (RWANDA)

This year we completed a two-year pilot of our Skilling for Change project which builds on the work already done by CARE in supporting Village Savings and Loan Associations in Rwanda. The project provided financial education and mentorship to women entrepreneurs, and Enterprise Development training to 16,000 women. Over 90% of participants' businesses showed high levels of growth over the course of the programme.

Maternal and child health

COMMUNITY HEALTH WORKER INITIATIVE (BANGLADESH)

Our partnership with GlaxoSmithKline (GSK) in Bangladesh seeks to improve maternal and child health outcomes in remote and poor communities by increasing their access to quality healthcare services. Our midline evaluation indicated a number of positive impacts including a reduction in complications during pregnancy and birth, and a reduction in child mortality: for every 1,000 live births, there were 10 fewer infant deaths compared to before the project began.

INDASHYIKIRWA (RWANDA)

The Indashyikirwa (Agents for Change) programme works with couples, opinion leaders, and community members across seven districts in rural Rwanda to reduce violence against women and girls by shifting social norms and community attitudes. By the end of the year, the project had trained over 800 couples on equitable and violence-free relationships. It has also trained 420 community activists who, by May 2017, had undertaken over 48,000 interventions to promote equitable and violence-free relationships.

Food and nutrition

HUMANITARIAN CASH ASSISTANCE PROGRAMME (ZIMBABWE)

Our largest programme in the last two years has been in Zimbabwe, providing cash assistance to 10% of the people affected by drought and hunger during El Niño extreme climate conditions. This programme, funded by DFID and implemented by CARE and World Vision, helped 400,000 of the most vulnerable people in southern Zimbabwe. Cash transfers ensure that the local economy is maintained and provide dignity to people, mainly women, who are able to make their own decisions about their household needs.

PROGRESS AGAINST OUR PRIORITIES 2016-17

We set out seven priorities for 2016-17:

Women's economic empowerment

Our objective was to oversee programme design and implementation of CARE's women's economic empowerment strategy

CARE International UK leads on CARE's global ambition to economically empower 30 million women by 2020. Women's economic empowerment has the highest 'multiplier' effect of all CARE's global outcomes – for every woman participating in programmes, on average a further five people benefit indirectly, as women generally spend their income and savings on food, education and health services for their families.

During the year, we supported CARE's Asia team to promote dignified work for garment sector workers, and CARE's West Africa team to multiply financial inclusion impact in the region.

We worked with our corporate partners to achieve greater impact, for example with Mondelez International to review the role of women in the cocoa value chain in Ghana and Côte d'Ivoire and enable their Cocoa Life programme to have a more positive impact on gender equality. In East Africa, we hosted a first-of-its-kind summit bringing together companies, governments, regulators and other NGOs, to showcase best practices and collectively address the challenges of enabling members of Village Savings and Loan Associations to access formal financial services. This will give millions of people who are currently relying on informal financial services access to formal banking and financial services.

Our innovative Chomoka (Swahili for 'lift-off') project in Tanzania is developing a mobile phone app to enable savings groups to digitally manage savings and loans and to gain access to formal financial services. Other innovations include working with colleagues across CARE to test and refine new ways to support the economic empowerment of women in fragile and conflict-affected states, such as Syria.

Humanitarian response

Our objective was to strengthen our capacity to secure funds for CARE's global humanitarian responses, and provide technical and operational leadership on shelter in emergencies, and gender and protection in emergencies

This year has seen a number of major crises further stretch the humanitarian system, with the seventh year of the Syrian crisis; enormous humanitarian needs in Yemen, the Lake Chad region and South Sudan; severe drought in the Horn of Africa; and natural disasters in the Caribbean, Southern Africa and Asia.

CARE International UK supports CARE's worldwide humanitarian responses by raising funds, providing technical expertise and programme management support and guidance on grant and risk management, and promoting positive changes in policy and practice. In 2016-17, our programmes supporting CARE's humanitarian responses increased to £61m (from £29m in 2015-16), including funding from the UK public, the DEC, British companies, DFID, the European Union, the European Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO), the Start Network, and others.

CARE uses approaches which save lives but also support the resilience of communities and their ability to cope with and recover from shocks. Often this means giving people as much choice and control as possible over how they cope and recover, coupled with relevant training, technical support and information. One example is our cash transfer programmes in Yemen, Zimbabwe, Somalia and elsewhere, which give assistance in cash so people can choose how they meet their own specific needs.

CARE International UK's humanitarian technical team includes CARE's global shelter team. The team deployed 30 times to support country offices including Haiti, Iraq, Lebanon, Madagascar, Malawi and Mozambique. Most people who lose their homes in a disaster then have to rebuild their own houses. We are leading research, with the Overseas Development Institute, the Earthquake and People Interaction Centre, and the British Geological Survey, to record and disseminate lessons on best practice to help disaster-affected people to build safer, more resilient housing after a disaster.

We also provide expert support to CARE's teams and partners around the world on climate change and resilience, cash transfer programming, and gender and protection. During the year, this included supporting shelter and protection for South Sudanese refugees in Uganda; recovery efforts after Hurricane Matthew in Haiti; and resilience programmes in Niger.

Sharing expertise

Our objective was to lead CARE's work on inclusive governance and provide key support to CARE's work on gender equality and resilience

Our work on inclusive governance builds the ability of poor and marginalised people to have influence over decisions that affect their lives – for example, over how public resources are spent, or how services such as health and education are delivered. During the year we built a network of over 300 members of CARE staff who are supported by online guidance materials to embed inclusive governance approaches into CARE projects, all over the world.

We work with other NGOs to promote Doing Development Differently – meaning more locally-led programming so that projects can adapt to meet people's actual, specific needs. Our Everyone Counts initiative, in partnership with World Vision and Kwantu, will enable citizens in developing countries to measure progress in their own countries towards the Global Goals for Sustainable Development and hold governments accountable. We partnered with Pamoja to pilot Contribution Tracing, a method of evaluating policy change which focuses on what has been achieved and how, rather than only checking back against original hypotheses. This can lead to a wider understanding of impact, help to adapt and improve existing programmes, and provide useful lessons for future initiatives. We worked with Keystone Accountability to use their Constituent Voice stakeholder feedback methodology to ask people in Bangladesh, Ghana, Nepal and Tanzania about the impact of CARE's projects in those countries.

This year 85% of our programmes were gender-sensitive, meaning that gender inequalities were taken account of during programme planning, design and implementation. Nearly one-third (30%) of our programmes actively contributed to improved gender equality, such as by challenging social norms that discriminate against women and girls. In Rwanda, for example, our Indashyikirwa (Agents for Change) project has trained 420 community activists and 3,000 volunteers to run role plays, dialogue sessions and other community outreach activities to challenge and change attitudes to intimate partner violence (domestic violence).

CARE International UK's gender technical advisors work with our programmes and country teams to improve CARE's focus on gender equality, for example by assisting with Rapid Gender Analyses in emergencies. During the year we helped set up a CARE website on gender justice with tools and resources for CARE staff and external organisations. As active participants of the UK Gender and Development Network, and co-chair of its working groups on Women's Participation and Leadership and on Gender and Humanitarian Action, we have successfully advocated for more and better funding for women's leadership, influenced DFID's new strategic vision on women and girls, and helped develop a practitioner guide on gender and political economy analysis.

Understanding our impact

Our objective was to set milestones and monitor progress against CARE's key outcome areas

We track the proportion of our programmes that are focused on CARE's global outcome areas: humanitarian response; women's economic empowerment; maternal and child health; food and nutrition. By the end of 2016-17, 90% of programmes were aligned to these outcome areas (our target was 80%). We now seek new funding only for projects relevant to CARE's global strategy, and for education projects where we have expertise on improving access to education for hard-to-reach girls (such as through our DFID-funded Girls Education Challenge programmes).

During the year, CARE introduced 25 Global Impact Indicators, to measure progress towards the Global Goals for Sustainable Development – on poverty (SDG 1), hunger (SDG 2), health (SDG 3), gender equality (SDG 5) and decent work and economic growth (SDG 8). This will enable us to share lessons from CARE's programmes with others working towards the Global Goals. More than half of our programmes are now being measured against these indicators, and within two years this should cover all programmes.

This year we also developed a new women's economic empowerment monitoring, evaluation and learning framework to be used throughout CARE to measure our impact and improve programme quality. We will be publishing an impact report on women's economic empowerment in the coming year.

Multiplying our impact

Our objective was to use evidence, learning and innovation from our humanitarian and development programmes to influence broader social change and scale up life-saving, poverty-fighting solutions to reach and benefit more people

The lessons learnt from the Zimbabwe cash transfer programme are a good example of how we share evidence, learning and innovation: we produced six briefing papers, published blogs on the CARE Insights website, and held a discussion event to share learning with the wider development community. Cash transfer programming is a growing area in humanitarian responses and sharing this learning will help to improve the quality and efficiency of cash transfer programming not just within CARE but across the humanitarian sector.

Women and girls remain the priority of our advocacy and policy work. At a global level, following CARE's high level event at the UN General Assembly in 2016 on reaching the 1.1 billion women without financial services, we invested significant effort on influencing the first ever UN report on women's economic empowerment. All our recommendations on financial inclusion were included in the High Level Panel report and toolkits. We continue to develop our commitment to growing a new global partnership to reach unbanked women.

Our first integrated campaign on refugees in July-Sept 2016 led to over 20,000 email letters from supporters to the UK Prime Minister Theresa May ahead of the UN Summit on Refugees and Migration. This helped support refugee participation in the summit itself and helped ensure that the gender-specific needs of women and girl refugees were reflected in commitments by states. In March 2017, the needs of women refugees were also a focus of our #March4Women campaign, and more than 600 Members of the UK Parliament were contacted by CARE supporters asking them to champion the protection needs of women and girl refugees.

Building on CARE's success in securing a significant gender focus at the World Humanitarian Summit in 2016, we launched our *She is a humanitarian* report championing women's roles in humanitarian action. This has led to new partnerships with local women's organisations responding in Syria and the Middle East region.

On behalf of CARE globally, CARE International UK hosted a coordinated effort to influence the Family Planning 2020 Summit to scale up provision of sexual and reproductive health rights in emergencies. Fifteen donors including DFID made specific commitments, in part in response to CARE's global advocacy outreach through country offices and members, to improve access to family planning in emergencies.

Mobilising funding

Our objective was to focus on securing bigger, more impactful grants from institutional donors, and invest in growing our income from individual supporters by providing our supporters with opportunities to meaningfully engage with us and our work

Institutional donor funding is driving our overall increase in total income. DFID remains our most significant donor, including funding large programmes in Zimbabwe, Yemen and the Syria region. At year end, 43% of our portfolio consisted of contracts over £1 million: larger contracts enable us to work at scale, be more efficient and cost-effective, and achieve greater impact.

This past year we have seen an increase in fundraising from individual supporters, with a 27% growth in donations since the last financial year. We ran a number of successful fundraising appeals and were one of the charities chosen by *The Times* newspaper for its Christmas appeal, which raised over £220k for our humanitarian work in Yemen and our refugee response in the Middle East.

We held a number of events for partners and supporters to engage more deeply with our work, from breakfast discussions on our Somaliland humanitarian response hosted by CARE staff, to talks from our Lendwithcare microfinance partners. Our gender equality campaign, #March4Women, held a major event in central London on 5 March 2017 to mark International Women's Day. The event, which included a march across Tower Bridge, was attended by around 5,000 supporters, who had the opportunity to hear about our work with women refugees and to enjoy inspiring speeches and performances from activists and artists including Annie Lennox, Mel C and Billy Bragg, amongst others.

Working effectively

Our objective was to become an employer and partner of choice for people, funders and partners committed to supporting people from the world's poorest and most excluded communities to overcome poverty and injustice

We want to attract the best people to work for CARE. Last year we focused on recruitment, induction and the quality of our people managers. We introduced online recruitment to make it easier for potential applicants and recruiting managers and to reduce unconscious bias; developed our people managers' selection skills so that we are using the best methods to select candidates; and improved our induction processes for new staff, for example by including a mandatory session on gender, equity and diversity. During the year we also trained all programme management staff on core standards for monitoring, evaluation, accountability and learning.

The world's poorest people come into contact with companies as customers, suppliers and employees. We partner with private sector companies to develop inclusive business models which deliver both social and business returns, and contribute to the Global Goals for Sustainable Development. During 2016-17, our 14 strategic private sector partners invested over £5 million in CARE's work, which directly supported over 400,000 people, and in seven emergency appeals.

We also facilitate socially-orientated business-to-business relationships by bringing together existing and new partners. In Bangladesh, we are collaborating with GSK and Marks & Spencer to improve health and working conditions for female garment workers, while in Zambia we are working closely with GSK and Barclays to build the business model for our health social enterprise, Live Well.

Our partnerships are catalysing business transformation. Mondelēz International, which owns Cadbury's, incorporated our recommendations for women's leadership in cocoa in their updated Women's Empowerment Approach. Our longstanding partnership with Barclays continued to spur new innovations to increase financial inclusion, including developing and piloting four banking products for savings groups in Uganda. We also shared our experience, learning and knowledge at various high level global fora, including the World Cocoa Forum, Business Fights Poverty Conference, Health International Conference and Business in the Community.

Lendwithcare (www.lendwithcare.org) is our peer-to-peer lending relationship between people in the UK and people in the developing world. It is an innovative way of raising microfinance to help entrepreneurs in developing countries to lift themselves out of poverty. During 2017 loans were made to entrepreneurs in 11 countries, through micro-finance partners. Since the scheme's inception in April 2010, 40,164 lenders have lent a total of £14.2m to 60,996 entrepreneurs. This includes both new funds from lenders and funds repaid to lenders and then re-loaned to another entrepreneur.

OUR PRIORITIES FOR 2017-18

We continue to focus on the following priorities:

Women's economic empowerment

We will develop and deliver a detailed implementation plan to enable CARE to achieve its goal of bringing about change in the lives of 30 million women by 2020.

Humanitarian response

We will strengthen our capacity to respond quickly to global emergencies, including by being able to deploy a wider range of staff to support our country offices.

Sharing expertise

We will lead CARE's work on inclusive governance and provide support to CARE's work on gender equality and resilience.

Understanding our impact

We will publish impact reports on women's economic empowerment and inclusive governance, including results from our innovations around tracing complex change, and feedback from project participants.

Multiplying our impact

We will continue to widen our partnerships with other people and organisations to campaign for gender equality and an end to sexual violence and harassment at work, in all countries, including the UK. We will establish a global partnership for financial inclusion and deliver an advocacy strategy for ensuring dignified work for women in Asia.

Mobilising funding

We will focus on securing bigger, more impactful commercial contracts from institutional donors, and matching funds from smaller trusts and foundations. We will pilot new ways to engage individual supporters in the history and work of CARE.

Working effectively

We will conduct a gender and diversity audit to identify further areas where we can improve our inclusiveness. We will set up a mentoring scheme and agree a model for career development for all staff.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing body and governance

CARE International UK is a private company limited by guarantee. The objects of the company, as set out in the Memorandum and Articles of Association, are to relieve poverty and sickness, to promote the preservation and protection of health and to advance education among the world's poor. The governing body of the Charity is the Board of Trustees. The Board meets formally four times a year. In addition there are four standing committees:

- Programme and Policy Committee
- Finance and Audit Committee
- Ethics and Risk Committee
- Nominations and Remuneration Committee

These committees are made up of members of the Board and other independent individuals with relevant experience under specific terms of reference from the Board.

Potential candidates for both the Board and committees are recruited through an open and transparent process, including by advertisement in the press, online and through trustee recruitment organisations, as well as on the CARE International UK website. The Nominations and Remuneration Committee selects potential new members of the Board who are then approved by the Board before appointment.

Members of the Board and committees serve for a three-year period and may be re-elected for normally one and a maximum of two further three-year terms. A formal induction process is followed for new Board and committee members. None of the members of the Board received any remuneration for their work as trustees.

The key management personnel of the charity are the Senior Management Team (as listed under Organisational Details above). The remuneration of the Chief Executive is set by the Nominations and Remuneration Committee, and the remuneration of the Senior Management Team is set by the Nominations and Remuneration Committee in consultation with the Chief Executive.

Trustees' responsibilities statement

The trustees (who are also directors of CARE International UK for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure,

of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (Financial Reporting Standard 102)
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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:

- strategic plan and budgets approved by the Board
- regular monitoring of Key Performance Indicators (KPIs) and progress against the strategic plan
- quarterly consideration by the Board of financial performance and variance from budgets
- the use of committees in meeting their duties and delegating certain functions of the Board
- appropriate identification, management and reporting of risks
- implementation of key policies and procedures
- structured delegated and financial authorities which are signed off by the Board

TRUSTEES' ANNUAL REPORT (INCLUDING THE STRATEGIC REPORT)

- internal auditing, carried out in accordance with the CARE International UK Audit Charter, that encompasses overseas projects and CARE International UK processes and procedures.

Trustees continue to review the adequacy of the Charity's internal control environment with the Senior Management Team and Head of Internal Audit and Risk Management. They consider whether controls are sufficient on an annual basis.

In accordance with the Audit Charter, a risk-based assessment internal audit approach is taken, and the annual audit plan is approved by the Finance and Audit Committee.

In the view of the Board, the Head of Internal Audit and Risk Management is sufficiently independent, with unrestricted access to the Finance and Audit Committee, the Ethics and Risk Committee and the Board of CARE International UK.

The Board believes that the Charity's internal controls conform with best practice and with guidelines issued by the Charity Commission.

Principal risks

CARE International UK has an established risk management process and the Head of Internal Audit and Risk Management reports through the Ethics and Risk Committee and directly to the Board (on an annual basis).

Strategic risks are reviewed and discussed quarterly by the Senior Management Team's Risk Management Committee. The Senior Management Team is responsible for the management of the key risks and ensuring effective mitigation is in place. The Ethics and Risk Committee, which meets three times per year, is responsible for oversight of the risk management framework. The Finance and Audit Committee and the Policy and Programmes Committee have oversight and review risks that relate to their areas of governance.

CARE International UK uses recognised risk management protocols and standards assessing financial, operational, regulatory, external and strategic risks.

The significant risks at this time can be summarised as:

- difficulties of achieving objectives in very challenging contexts, including war zones and ungoverned territories: we manage this through regular and detailed financial and project monitoring of programme implementation and risk management
- reliance on partner organisations to deliver programme activities effectively: this is managed through due diligence, capacity building where required, and ongoing monitoring of programme outcomes and financial management
- risk of fraud and corruption: robust fraud awareness and reporting requirements are in place, and improvements are made to reduce the risk of future similar incidents
- impact of changes in the legislative environment: for example, changes to fundraising and data protection standards which required a review of our procedures to ensure we are complying with the imperatives of data security while maintaining relationships with our donors and supporters
- ongoing uncertainty as a result of Brexit negotiations: foreign exchange fluctuations had an immediate impact on programme costs, and we are working with other international NGOs and partners to understand the potential longer term impact on our people, and our funding.

Frauds and losses

Our Frauds and Losses Policy requires all incidents or allegations of fraud, loss and bribery to be reported regardless of financial materiality. A specific fraud, loss and bribery question is included in every audit programme and an annual questionnaire is sent to all Country Directors.

In total the cost of matters related to fraud and losses after recovered amounts was 0.02% of CARE International UK's total annual expenditure (2016: 0.50%).

We work hard to minimise all fraud but the reality is that from time to time, despite our best efforts, we will be victims of fraud. We continue to take appropriate measures to manage this risk. Fifteen cases were reported and investigated during the year (2016: 10 cases). These included:

- incidents of theft by staff of stocks and office equipment in Zambia, Gaza and Rwanda – losses were recovered from the perpetrators or covered by the offices concerned
- an attempted theft by diverting cash during mobile money transfers in Zimbabwe – funds were recovered from the staff involved
- an incident of falsification of expenses by staff in Kenya
- attempted misuse of beneficiary funds by staff in Somalia and partner staff in Niger.

Action taken included termination of contracts, recovery of losses, withholding of payments to partners or suppliers, and tightening of controls, monitoring and due diligence. Cases have been reported to the relevant donors and UK bodies, including the Charity Commission, as appropriate.

Equal opportunities policy

CARE International UK is 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.

Modern Slavery statement

In our last Annual Report we welcomed the passing of the Modern Slavery Act 2015. Over the past year, a cross-organisational working group has completed a comprehensive risk assessment on compliance with the Act, and developed a detailed action plan to ensure that the necessary steps are taken to enhance due diligence and other procedures to address the issue of modern slavery across the following areas:

- procurement, both UK-based and international
- selection of programme partners
- human resources policies and procedures
- policies and procedures relating to fundraising and communications work.

From this risk assessment, two risks have been added to the overall CARE International UK Risk Register, reflecting the nature of our operation: the risk of direct non-compliance of our UK operations including our suppliers, and the indirect risk through our project implementation model (through CARE country offices, partners and suppliers). Changes to policies and procedures are being rolled out, and the risks relating to Modern Slavery incorporated into training where appropriate.

TRUSTEES' ANNUAL REPORT (INCLUDING THE STRATEGIC REPORT)

Within our programme strategy for Dignified Work (under our women's economic empowerment strategy) we have identified the International Labour Organisation's (ILO) suggested new convention on 'Ending violence and harassment against women and men in the world of work' as a key opportunity to push governments and businesses around the world to tackle effectively serious breaches of human rights which, to date, have been relatively invisible and lacking in priority. We are committed to working with a broad alliance of governments, employers, trade unions and wider civil society to support the ILO's suggested integrated approach to address violence and harassment in the world of work, and we will be supporting women to ensure that the framework properly addresses the specific gender elements that exacerbate violence and harassment.

Fundraising statement

CARE International UK would not be able to carry out our important work without the generosity of our supporters and the wider British public. We therefore seek to maintain the highest possible standards in our fundraising activities.

2016-17 has seen significant changes in the external fundraising environment and the regulatory framework. We are continuing to respond to these changes to ensure that we maintain the trust of our supporters and provide the highest standards of service in our relationships with them.

CARE International UK is registered with the Fundraising Regulator and bound by its Code of Fundraising Practice. We continue to engage with the Regulator as this code is revised to ensure all our fundraising activities are compliant and operating to the highest standards.

Over the last year we have reviewed our consent and privacy policies in order to be fully compliant with the General Data Protection Regulations (GDPR) by the time these become UK law in May 2018. This includes revised privacy policies which will be available to our supporters and the public during the first quarter of 2018, and fully comprehensive options to cover how supporters wish to be communicated with.

Some of our fundraising activities are delivered with the support of professional fundraising organisations. Before we work with any external organisation, including telephone agencies, we undertake a series of checks to ensure they are financially viable, and compliant with our own donor protection policies. In addition, we have clauses built in to all of our supplier contracts which cover the GDPR and CARE's own vulnerable persons policies. Our contracts are also being updated to include clauses on compliance with the Modern Slavery Act.

Supporter experience is at the heart of what fundraisers do at CARE – we are immensely proud of the stewardship service our dedicated and talented supporter care team deliver. During 2016-17 CARE International UK received a total of 42 complaints relating to fundraising. Given the reach of our fundraising activities, especially on TV and online, we are pleased with the small number of complaints we receive. We take all complaints very seriously: they are all investigated and supporters are responded to in the first instance within 24 hours.

Statement of Public Benefit

The trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'. That guidance addresses the need for all charities' aims to be, demonstrably, for the public benefit. The objects of the Company, as set out in the Articles of Association, are to relieve poverty and sickness, to promote the preservation and protection of health and to advance education among the world's poor.

CARE International UK's approach to fighting poverty in our outcome areas (humanitarian response; women's economic empowerment; maternal and child health; food and nutrition) through a focus on gender equality, inclusive governance and resilience and by advocating on behalf of the poorest and most vulnerable people, 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 human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity
- the relief of those in need, by reason of gender, age, ill-health, disability, financial hardship or other disadvantage
- the advancement of health and the saving of lives
- the advancement of education
- the advancement of environmental protection or improvement.

We are clear in our aims and objectives and adhere to codes of governance which reach across the wider humanitarian sector, including the Core Humanitarian Standards, the Sphere Handbook (a set of principles and standards agreed by the major humanitarian organisations, including CARE) and Red Cross codes of conduct. Our approach is to listen to the people we work for and take great care to 'do no harm'. We aim to help the poorest and most marginalised members of society, and no person is excluded on the grounds of race, religion, gender, sexual orientation or social position.

FINANCIAL REVIEW

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the accounting policies set out on pages 29-30 and comply with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) [Charities SORP (FRS102)] and the Charities Act 2011 (or) Companies Act 2006.

Results in overview

During this year overall income increased to £93m (2016: £78m) and the overall results show a deficit of £0.4m for the year (2016: surplus £11.3m) made up of:

- an unrestricted operating surplus of £0.8m (2016: £0.6m)
- net outgoing funds on restricted programmes (expenditure on project activities in 2017 exceeded funds received due to funds carried forward from 2016) of £1.2m (2016: £10.8m net incoming funds due to funds received in advance of activity on projects).

Total reserves stand at £28.5m (2016: £30m) made up of:

- unrestricted general fund of £3.0m (2016: £2.2m) which after deducting £475k (2016: £247k) tied up in fixed assets leaves a balance of free reserves of £2.5m (2016: £1.9m), which is within our Reserves Policy (see below)
- a designated innovation fund of £1.4m (2016: £1.5m), for specific initiatives in support of our strategic objectives
- restricted funds of £24.1m (2016: £25.3m) being programme funding received from donors and held at year end to be spent on current programmes in future years.

Income

The Charity's total income for the year was £93m (2016: £78m), an increase of 20% on the previous financial year. We secured increases in funding from all three of our main donors: primarily DFID, with small increases from the EU and ECHO.

Total income from donations fell, due to the end of some key corporate partnerships, but we succeeded in increasing donations from individuals as we continue to invest in this important source of funding. We have spent £5m and have generated £11.7m from donations and legacies from corporate partners and individuals. We continued to support the DEC through campaigns and deploying communications staff, receiving funding of £1.5m from DEC appeals.

Expenditure

Total expenditure was £94m (2016: £67m), with growth in humanitarian programmes in particular, which now accounts for 69% of our charitable expenditure (2016: 47%). The breakdown of programme-based expenditure by programme outcome area and by geographical region is shown in Note 4 to the accounts.

Financial risk

The Charity's unrestricted income is very sensitive to the external pressures on charity giving, and to the timely delivery of overseas programmes. We monitor these risks closely through the Senior Management Team and Finance and Audit Committee.

Cash flow risks are minimised by setting an appropriate reserves policy, including adequate levels of working capital, and close monitoring of funding flows from donors to country programmes. Exposure to foreign exchange risk arising from funding in Euros or US dollars is managed by holding restricted donor funds in that currency until transferred to the relevant country operation.

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 any designated funds and the value of tangible fixed assets.

The aim of a reserves policy is to ensure that a charity's ongoing and future activities are reasonably protected from unexpected financial risk. This includes:

- unexpected increase or decrease in funding streams or costs
- working capital required to meet cash-flow needs
- specific funds required to meet unexpected one-off expenditure impacts.

Following the annual review, the trustees endorsed reserves within a range of £1.5m to £2m, to provide against key risk items:

- hold a level of reserves to provide going concern continuity
- reserves to cover the known liability of the Pensions Trust Deficit Recovery Plan (see Note 20)
- volatility of unrestricted funding, including the end of DFID Programme Partnership Agreement funding
- mitigation against the financial risks arising from the changing nature of aid, especially the movement towards payments by results in both grants and contracts.

Currently our total reserves stand at £28.5m. Our net free reserves (defined as total unrestricted reserves less designated funds less tangible fixed assets) stand at £2.5m (2016: £1.9m), higher than the target range to enable us to manage volatility in unrestricted funding in 2018. The unrestricted investment fund that we have chosen to hold as a designated reserve stands at £1.4m (2016: £1.5m).

At 30 June 2017 our restricted reserves were £24.1m (2016: £25.3m). These are committed funds which will be spent on specific programmes in future years. In the event of such funds no longer being required for their intended purposes, any balance would be returned to the original donor. As most institutional donors require that funds are held as cash and cash deposits, the Board has taken the decision to keep these funds and our unrestricted reserves in cash, and focus on security of assets. As such we are not investing these for long-term returns.

After reviewing the Charity's forecasts and projections over the Strategic Planning period and its reserves, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operation for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

Trading subsidiary

The Charity's wholly owned subsidiary carries out trading activities for the Charity. These activities provided a profit before tax of £34k (2016: £91k), which is transferred to the Charity through the HMRC gift aid scheme.

The Trustees' Report, including the Strategic Report, was approved by the Board on 6 December 2017 by:



Oliver Stocken CBE
Chair of Trustees



Laurie Lee
Chief Executive

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE INTERNATIONAL UK

Opinion

We have audited the financial statements of CARE International UK ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 30 June 2017 which comprise the consolidated statement of financial activities, the Group and Charity balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 30 June 2017 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises the Message from the Chair, Trustees' Annual Report and Strategic Report, and Thanks to our Supporters. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic Report or the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick

13 December 2017

BDO LLP is a limited liability partnership registered in England and Wales
(with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an Income and Expenditure Account)

For the year ended 30 June 2017

		2017	2017	2017	2016	2016	2016
	Notes	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Income from:							
Donations and legacies	2	5,675	6,009	11,684	4,891	7,506	12,397
Charitable activities	2	6,347	75,024	81,371	5,380	60,018	65,398
Other trading activities		252	-	252	238	-	238
Investments		29	-	29	43	-	43
Other income		78	-	78	96	-	96
Total income	11	12,381	81,033	93,414	10,648	67,524	78,172
Expenditure on:							
Raising funds	3	5,569	87	5,656	4,658	36	4,694
Trading costs		218	-	218	147	-	147
Sub total		5,787	87	5,874	4,805	36	4,841
Charitable activities							
Humanitarian response	4	3,222	57,410	60,632	2,029	27,012	29,041
Development work		1,895	24,751	26,646	2,609	29,559	32,168
Advocacy		699	-	699	644	128	772
Sub total		5,816	82,161	87,977	5,282	56,699	61,981
Total expenditure	11	11,603	82,248	93,851	10,087	56,735	66,822
Net income/ (expenditure)		778	(1,215)	(437)	561	10,789	11,350
Funds balances brought forward		3,657	25,313	28,970	3,096	14,524	17,620
Funds balances carried forward		4,435	24,098	28,533	3,657	25,313	28,970

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.

GROUP AND CHARITY BALANCE SHEET

For the year ended 30 June 2017

Registered company number: 1911651

	Notes	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Fixed assets					
Tangible assets	7	475	247	475	247
Investments	8	39	39	39	39
		514	286	514	286
Current assets					
Debtors	9	11,959	18,730	11,912	18,868
Cash at bank and in hand – general funds		6,357	7,308	6,150	7,163
Cash at bank and in hand – overseas projects		19,495	13,002	19,495	13,002
		37,609	39,040	37,559	39,033
Creditors	10	(9,145)	(9,866)	(9,093)	(9,859)
Amounts falling due within one year					
Net current assets		28,464	29,174	28,464	29,174
Creditors		(445)	(490)	(445)	(490)
Amounts falling due after more than one year					
Net assets		28,019	28,684	28,019	28,684
Total assets		28,533	28,970	28,533	28,970
Represented by					
Restricted funds	11	24,098	25,313	24,098	25,313
Unrestricted funds					
- General Reserves		3,016	2,178	3,016	2,178
- Designated		1,419	1,479	1,419	1,479
Unrestricted funds total	11	4,435	3,657	4,435	3,657
Total	12	28,533	29,970	28,533	28,970

The accompanying notes on pages 29 to 44 form an integral part of these Financial Statements.

Approved by the Board and authorised for issue on 6 December 2017:



Oliver Stocken CBE
Chair of Trustees



Carolyn Clarke
Chair, Finance and Audit Committee

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	<i>Notes</i>	<i>Group 2017 £'000</i>	<i>Group 2016 £'000</i>
Net cash flows provided by/(funded by) operating activities	16a	5,858	8,834
Net cash flows provided by/(funded by) investing activities	16b	(316)	(58)
Increase/(Decrease) in cash and cash equivalents in the year		5,542	8,776
Reconciliation of net cash flow to movement in cash and cash equivalents			
Increase/(Decrease) in cash and cash equivalents in the year		5,542	8,776
Movement in cash and cash equivalents in the year		5,542	8,776
Cash and cash equivalents at the beginning of the year		20,310	11,534
Cash and cash equivalents at the end of the year	16c	25,852	20,310

NOTES TO THE ACCOUNTS

For the year ended 30 June 2017

1. Accounting policies

a) Basis of preparation

The financial statements of the Charity, which is a public benefit entity under Financial Reporting Standard 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)) and the Charities Act 2011 and Companies Act 2006.

The Consolidated 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 Statement of Financial Activities has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006. The charity has also taken the exemption under FRS102 1.12(b) to not include a parent only cash flow statement in these accounts.

The Accounting Policies are consistent with the previous year. After reviewing the group's forecasts and projections, the trustees (who are the directors for the purposes of company law) have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

b) Income

Income is included in the SoFA when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy and receipt is probable.

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, and recorded as unrestricted income and expenditure in the Statement of Financial Activities.

d) Expenditure

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 measured by direct cost.

CARE International UK (CIUK) sub-contracts programme implementation to CARE country offices, but continues to provide effective management and oversight of its work held there. As such we account for our project work as an operational charity, and our expenditure reflects funds utilised by country offices.

Fundraising costs are those incurred in seeking voluntary contributions and 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. Included within this category are costs associated with the strategic management of the Charity's activities, and all trustee and committee costs. In accordance with FRS102, these costs are classified as Support Costs.

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
- Business systems: 5 years

FINANCIAL STATEMENTS

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.

g) Fund accounting

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

Designated funds are unrestricted funds that have been ring-fenced for specific initiatives supporting our strategic objectives. Expenditure against these initiatives is included as Unrestricted Expenditure in the SoFA and a corresponding adjustment made between General and Designated Funds at Year End.

Restricted funds are 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. Both the functional and presentational currencies of the charity are sterling.

j) Financial instruments

Financial assets and liabilities are defined as basic financial instruments under FRS102. These are measured at amortised cost.

k) Areas of significant judgement and estimates

Cost Allocation methodology: The cost allocation methodology requires a judgement as to the most appropriate basis to use to apportion support costs; these are reviewed annually for reasonableness. Support costs are allocated on a pro-rata basis, based on total expenditure.

Pensions Trust scheme deficit: The details of the potential liability relating to withdrawal from the Pensions Trust scheme are set out in Note 20. The trustees consider the chance of this liability crystallising to be extremely unlikely.

The trustees do not consider there to be any other areas of judgement or estimates.

l) 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. The scheme is subject to the funding legislation outlined in the Pensions Act 2004. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed a deficit, and to eliminate this funding shortfall, the pension trustees have asked for the participating employers to pay additional contributions to the scheme. These recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities. The liability recognised for this obligation is the net present value of the deficit reduction contributions payable under the plan, and is held as a provision in the Balance Sheet.

The current overall position of the fund and the assumptions made are provided in note 20.

m) Taxation

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

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.

2a. Consolidated income

	2017 <i>Unrestricted funds</i> £'000	2017 <i>Restricted funds</i> £'000	2017 <i>Total funds</i> £'000	2016 <i>Unrestricted funds</i> £'000	2016 <i>Restricted funds</i> £'000	2016 <i>Total funds</i> £'000
Donations and legacies						
Individuals (including legacies and events)	4,685	481	5,166	3,732	143	3,875
Corporate donors	907	4,128	5,035	1,070	5,922	6,992
Disasters Emergency Committee (DEC)	83	1,400	1,483	89	1,441	1,530
Total	5,675	6,009	11,684	4,891	7,506	12,397
Charitable activities						
Department for International Development (DFID)	4,315	58,934	63,249	3,162	37,976	41,138
DFID Programme Partnership Arrangement (PPA)	684	944	1,628	550	2,135	2,685
European Union (EU)	426	8,488	8,914	511	8,025	8,536
European Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO)	348	6,241	6,589	268	5,449	5,717
Others	574	417	991	889	6,433	7,322
Total	6,347	75,024	81,371	5,380	60,018	65,398

2b. Included in the above are the following projects

Donor	Project name	2017 <i>Unrestricted funds</i> £'000	2017 <i>Restricted funds</i> £'000	2017 Total funds £'000	2016 <i>Unrestricted funds</i> £'000	2016 <i>Restricted funds</i> £'000	2016 Total funds £'000
DFID	Adaptation Learning Programme (ALP) for Africa	113	1,037	1,150	-	1,150	1,150
DFID	Adolescent Sexual and Reproductive Health in Goma, DR Congo	-	113	113	-	112	112
DFID	Agents of Change VAWG Rwanda	76	791	868	-	-	-
Start Fund	Bangladesh – 2016	6	64	71	-	-	-
DFID	Bangladesh Needs Assessment Support Project	3	25	28	1	16	17
DFID via KPMG	BRACED (Building Resilience and Adaptation to Climate Extremes and Disaster) Project – Niger	94	1,324	1,418	116	1,338	1,454
DFID via Save the Children	CHANGES – Somalia	12	144	156	-	-	-
DFID	Community Based Resilience in Grand Anse – Haiti	19	400	419	53	604	657
DFID via Save the Children	COSACA Drought Response 2016 – Mozambique	243	2,893	3,136	-	-	-

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Donor	Project name	2017	2017	2017	2016	2016	2016
		Unrestricted funds £'000	Restricted funds £'000	Total funds £'000	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
DEC	DEC East Africa Crisis Appeal	13	675	688	-	-	-
DFID	DFID Nepal Wash Recovery	76	2,448	2,524	-	-	-
DEC	Earthquake Appeal Phase 2 – Nepal	28	424	452	7	92	99
DFID	Emergency Assistance Jordan	45	460	505	-	-	-
Start Fund	Emergency response to Cyclone Vardah – India	4	49	54	-	-	-
DFID via Christian Aid	Enhancing Community Resilience Programme – Malawi	-	575	575	-	1,037	1,037
DFID via DAI	Financial Sector Deepening Zambia	6	-	6	-	27	27
Start Fund	Flood 2015 – India	0	-	0	2	22	24
DFID via Save the Children	Girls Education Challenge: Pastoralist Afar Girls' Education Support Project (PAGES) – Ethiopia	8	129	137	8	87	95
DFID via PWC	Girls Education Challenge: Somali Girls Education Promotion Programme (SOMGEP)	274	2,517	2,791	247	3,996	4,343
DFID via PWC	Girls Education Challenge: Somali Girls Education Promotion Programme (SOMGEP) – Transition	17	428	445	-	-	-
DFID via Aga Khan	Girls Education Challenge: Steps Towards Afghan Girls Education Success (STAGES)	176	1,388	1,564	262	2,354	2,616
DFID via Aga Khan	Girls Education Challenge: Steps Towards Afghan Girls Education Success (STAGES) – Transition	-	658	658	-	-	-
DFID via World Vision	Girls Education Challenge: Girls Access through Transforming Education (IGATE) – Zimbabwe	4	56	60	-	-	-
DFID	Hurricane Matthew Response – Haiti	126	1,224	1,350	-	-	-
DFID via GIZ	Initiative Rural Rehabilitation (Livelihoods) – Jordan	4	-	4	12	98	110
DFID via GIZ	Initiative Rural Rehabilitation (Peacebuilding) – Jordan	3	-	3	11	89	100
DFID	Multisector Response – Yemen	1	-	1	-	-	-
DFID	Safe Justice – Nepal	10	287	297	-	-	-
Big Lottery Fund	Security for Women – Ghana	-	141	141	-	141	141
DFID via Save the Children	SNS H&N Consortium in Somalia	21	501	523	-	-	-
Start Fund	Start Fund Afghanistan 2016	14	87	100	-	-	-
Start Fund	Start Fund Alert 06 – Serbia	10	101	111	-	-	-
Start Fund	Start Fund Alert 93 Chad	0	124	124	-	-	-
Start Fund	Start Fund India Floods 2016	11	109	120	-	-	-
Start Fund	Start Fund Malawi – Shelter Support	-	4	4	-	-	-
Start Fund	Start Fund Niger	14	0	14	15	135	150

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Donor	Project name	2017	2017	2017	2016	2016	2016
		Unrestricted funds £'000	Restricted funds £'000	Total funds £'000	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Start Fund	Start Fund Peru Flooding	9	92	101	-	-	-
Start Fund	Start Fund Somalia Drought 2016	-	(3)	(3)	15	135	150
Start Fund	Start Fund Syria Alert 67	6	-	6	10	90	100
Start Network via ACF	Start Network – Cameroon	32	-	32	38	341	379
Start Fund	Start Network Refugees Balkans	-	-	-	56	445	501
DFID	SUBARNA – BD	1	-	1	-	-	-
Start Network via Action Aid	Surge Capacity Project – UK	0	53	53	-	-	-
DFID	Syria Crisis Response '17	145	2,664	2,810	-	-	-
DFID	Syria Crisis Response Programme in Jordan	46	557	603	-	2,118	2,118
Start Fund	Timor-Leste Drought	4	45	49	-	-	-
DFID UK Aid Match	UK Aid Match – Ethiopia	-	40	40	-	-	-
DFID via Met Office	Weather and Climate Informations Services for Africa (WISER)	20	209	229	5	71	76
DEC	Yemen Appeal	-	4	4	-	-	-
DEC	Yemen Crisis Appeal Phase	22	343	365	-	-	-
DFID	Yemen Humanitarian Resilience Programme (IRP)	334	7,817	8,151	222	2,948	3,170
DFID	Zimbabwe Humanitarian Response	1,778	27,822	29,600	1,402	11,226	12,638

The table above provides details of income for projects where the contractual terms require such disclosure.

3. Expenditure on raising funds

	2017	2017	2017	2016	2016	2016
	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000	Unrestricted funds restated £'000	Restricted funds £'000	Total funds restated £'000
Individuals	3,507	87	3,594	3,122	36	3,158
Institutional donors and foundations	639	-	639	483	-	483
Corporate donors	709	-	709	319	-	319
Fundraising events	357	-	357	339	-	339
Communication costs	160	-	160	168	-	168
Support costs (note 5)	197	-	197	227	-	227
Total	5,569	87	5,658	4,658	36	4,694

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4. Expenditure on charitable activities

Programme expenditure by predominant outcome area:	<i>2017</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>
Humanitarian response by outcome area:		
Food and nutrition security and resilience to climate change	33,415	11,993
A life free from violence (gender-based violence)	65	96
Sexual, reproductive and maternal health	233	144
Access to and control over economic resources	16,224	7,733
Other	7,473	8,549
Total	57,410	28,515
Development expenditure by outcome area:		
Food and nutrition security and resilience to climate change	8,706	3,769
A life free from violence (gender-based violence)	1,859	1,761
Sexual, reproductive and maternal health	5,312	10,799
Access to and control over economic resources	8,350	10,174
Other	524	1,681
Total	24,751	56,699
Other direct costs	2,749	2,298
Support costs	3,067	2,984
Total	87,977	61,981
Programme expenditure by geographical region:	<i>2017</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>
Africa	50,156	26,885
Asia	17,119	20,430
Middle East and North Africa	11,521	7,413
Latin America	117	294
Global projects	3,248	1,677
Other direct costs	2,749	2,298
Support costs (Note 5)	3,067	2,984
Total	87,977	61,981

5. Support costs

2017	<i>Management</i>	<i>Office costs</i>	<i>Finance and IT</i>	<i>Human resources</i>	<i>Governance</i>	<i>Total 2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Charitable activities						
Humanitarian response	785	424	465	279	161	2,114
Development work	345	186	204	123	71	929
Advocacy	9	5	5	3	2	24
	1,139	615	674	405	234	3,067
Fundraising						
Fundraising costs	73	40	43	26	15	197
Total	1,212	655	717	431	249	3,264

2016	<i>Management</i>	<i>Office costs</i>	<i>Finance and IT</i>	<i>Human resources</i>	<i>Governance</i>	<i>Total 2016</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Charitable activities						
Humanitarian response	310	268	496	274	109	1,457
Development work	317	273	506	280	111	1,487
Advocacy	8	7	14	8	3	40
	635	548	1,016	562	223	2,984
Fundraising						
Fundraising costs	48	42	77	43	17	227
Total	683	590	1,093	605	240	3,211

Included in Support Costs are the following:

	<i>Total 2017</i>	<i>Total 2016</i>
	<i>£'000</i>	<i>£'000</i>
Auditor's remuneration	44	44
Depreciation charges (see note 7)	117	75
Operating lease – rent	365	362

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6. Staff costs

	<i>Total</i> 2017 £'000	<i>Total</i> 2016 £'000
Wages and salaries	5,117	4,187
Social security costs	567	425
Pension costs	221	233
Termination costs	23	3
Other staff costs	496	316
Total	6,424	5,161

The average number of UK employees was:	<i>2017</i> <i>Number</i>	<i>2016</i> <i>Number</i>
Charitable activities	72	54
Fundraising	48	39
Support	26	19
Total CIUK employees	146	112
Staff seconded to other CARE members	5	5
Total	151	117

Included in total staff costs above are the wages and other staff costs relating to five staff employed by CARE International UK and seconded to other members of the CARE confederation. The costs relating to these staff are £348,001 (2016: £156,040) which are fully reimbursed by the relevant CARE member.

In addition to full-time permanent staff, CIUK employed temporary staff at a cost of £188,000. This was due to some key positions being filled on an interim basis through consultancy and agency contracts (2016: £120,000). Termination payments totalling £23,000 were made during 2017 (2016: £3,000), relating to two positions made redundant; the costs were fully expensed during the year.

The number of CIUK employees whose remuneration (wages and employer pension contribution) during the year amounted to over £60,000 was as follows:

	<i>2017</i> <i>Number</i>	<i>2016</i> <i>Number</i>
£60,001-£70,000	1*	2
£70,001-£80,000	2*	3*
£80,001-£90,000	2	1
£90,000-£100,000	1*	-
£130,001-£140,000	1	1

* This includes one member of staff seconded to CARE International in a global role.

The highest paid individual in the organisation is the Chief Executive Officer. In 2017 the Chief Executive's remuneration (pay and pension) placed him in the £130,001-£140,000 band (2016: £130,001-£140,000 band).

CIUK has formal pay scales in place for all levels of staff. We benchmark our salaries each year against similar organisations in the NGO sector and pay at the median of salaries for each grade, and we are a London living wage employer.

The remuneration of the Chief Executive is set by the Nominations and Remuneration Committee, and the remuneration of the Senior Management Team is set by the Nominations and Remuneration Committee in consultation with the Chief Executive.

Our pay ratio (the ratio between the highest paid member of CIUK staff and the median) is 3.37 (2016: 3.62), and this ratio is one of the indicators used to monitor the organisation's approach to pay.

Employer contributions are made to a defined contribution pension scheme in respect of four higher paid employees (2016: six). Total employer contributions in respect of higher paid employees during the year amounted to £27k (2016: £37k).

The key management personnel of the charity are the trustees and the Senior Management Team (as listed under Organisational Details in the Annual Report). The short term employee benefits (as defined in FRS102 28.4: wages, pension and social security contributions) for the Senior Management Team for 2017 was £493k (2016: £502k). None of the members of the Board received any remuneration for their work as Trustees (2016: Nil). Expenses reimbursed to trustees for travel undertaken on the Charity's behalf amounted to £5,361 for seven trustees (2016: £7,305 for 4 trustees). The Charity paid £4,725 (2016: £4,505) for Trustees' Indemnity Insurance cover. Trustees' donations were £12,287 (2016: £12,882).

7. Tangible fixed assets

Group and Charity	<i>Leasehold improvements</i> £'000	<i>Office equipment</i> £'000	<i>IT equipment</i> £'000	<i>Total 2017</i> £'000
Cost				
At 1 July 2016	201	139	329	669
Additions	4	92	249	345
Disposals	-	-	-	-
At 30 June 2016	205	231	578	1,014
Depreciation				
At 1 July 2016	100	63	259	422
Charge for the year	21	30	66	117
Disposals	-	-	-	-
At 30 June 2017	121	93	325	539
Net book values				
At 30 June 2017	84	138	253	475
At 30 June 2016	101	76	70	247

Group and Charity	<i>Leasehold improvements</i> £'000	<i>Office equipment</i> £'000	<i>IT equipment</i> £'000	<i>Total 2016</i> £'000
Cost				
At 1 July 2015	201	89	278	568
Additions	-	50	51	101
Disposals	-	-	-	-
At 30 June 2016	201	139	329	669
Depreciation				
At 1 July 2015	79	50	218	347
Charge for the year	21	13	41	75
Disposals	-	-	-	-
At 30 June 2016	100	63	259	422
Net book values				
At 30 June 2016	101	76	70	247

8. Investments

Group and Charity	<i>2107</i> £'000	<i>2016</i> £'000
Market value		
At 1 July 2016	39	39
Movement in year	0	0
At 30 June 2017	39	39

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

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a) Subsidiary company

Investments held by the Charity include a £2 (2016: £2) investment in the subsidiary company at cost. The Charity holds 100 per cent 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 2017 is given in note 14.

b) CARE International

During the year, the Charity participated in the Revolving Fund established with other members of the CARE International confederation, maintaining its investment of Euros 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.

9. Debtors

	<i>Group</i> <i>2017</i> <i>£'000</i>	<i>Group</i> <i>2016</i> <i>£'000</i>	<i>Charity</i> <i>2017</i> <i>£'000</i>	<i>Charity</i> <i>2016</i> <i>£'000</i>
Due from EU/ECHO	1,627	641	1,627	641
Due from DFID	723	4,139	723	4,139
Due from other donors	1,358	2,005	1,358	2,005
Due from other CARE International offices	102	54	102	54
Sundry debtors	907	559	781	505
Due from subsidiary undertaking	-	-	284	196
Prepayments and accrued income	246	123	243	119
Project balances held overseas in country offices	6,794	11,209	6,794	11,209
Total	11,757	18,730	11,912	18,868

Project balances held overseas are funds transferred to other CARE International offices but not yet spent on programme activities. A programme debtor is where money has been expended by CARE International in advance of funding having been received from the donor, and is therefore due from the relevant donor as we are entitled to recover this money under the terms of the donor agreement.

10. Creditors

	<i>Group</i> <i>2017</i> <i>£'000</i>	<i>Group</i> <i>2016</i> <i>£'000</i>	<i>Charity</i> <i>2017</i> <i>£'000</i>	<i>Charity</i> <i>2016</i> <i>£'000</i>
Amounts falling due within one year				
Programme creditors and amounts owed to other CARE offices	7,676	7,195	7,676	7,195
Trade creditors	643	1,030	598	1,030
Taxation and social security	171	251	171	251
Provision for pension deficit recovery plan	58	56	58	56
Other creditors	54	241	52	241
Accruals	517	1,089	512	1,086
Deferred income	26	4	26	-
Total	9,145	9,866	9,093	9,859
Amounts falling due after one year				
Provision for pension deficit recovery plan	445	490	445	490
Total	445	490	445	490

A Programme Creditor is where programme partners or CARE offices have spent more on programme activities than the funds transferred from CARE International UK, and therefore the funds are owed to the relevant CARE office or partner.

11. Consolidated statement of funds

2017	1 July 2016	Income	Expenditure	Transfer between funds	30 June 2017
	£'000	£'000	£'000	£'000	£'000
Africa	5,687	46,203	(50,156)	-	1,734
Asia	10,458	15,565	(17,119)	-	8,904
Europe & Middle East	(537)	14,256	(11,521)	-	2,468
Latin America	(24)	126	(117)	-	(15)
Multiple countries	9,729	4,613	(3,335)	-	11,007
Restricted funds	25,313	81,033	(82,248)	-	24,098
Unrestricted funds					
General funds	2,178	12,381	(11,603)	60	3,016
Designated funds	1,479	-	-	(60)	1,419
Total unrestricted funds	3,657	12,381	(11,603)	-	4,435
Total funds	28,970	93,414	(93,851)	-	28,533
2016	1 July 2015	Income	Expenditure	Transfer between funds	30 June 2016
	£'000	£'000	£'000	£'000	£'000
Africa	2,234	30,295	(26,843)	-	5,687
Asia	7,405	23,424	(20,371)	-	10,458
Europe & Middle East	1,815	5,076	(7,427)	-	(537)
Latin America	34	263	(321)	-	(24)
Multiple countries	3,036	8,466	(1,773)	-	9,729
Restricted funds	14,524	67,524	(56,735)	-	25,313
Unrestricted funds					
General funds	1,596	10,648	(10,087)	21	2,178
Designated funds	1,500	-	-	(21)	1,479
Total unrestricted funds	3,096	10,648	(10,087)	-	3,657
Total funds	17,620	78,172	(66,822)	-	28,970

Restricted funds are those project balances held on behalf of institutional donors, corporate partners and foundations for future work. Designated funds are unrestricted funds that have been ring-fenced for specific initiatives supporting our strategic objectives. Expenditure against these initiatives is included as Unrestricted Expenditure in the SoFA, and a corresponding adjustment made between General and Designated Funds at Year End.

12. Analysis of net assets between funds

Group 2017	<i>Fixed assets £'000</i>	<i>Current assets £'000</i>	<i>Current liabilities £'000</i>	<i>Long Term liabilities £'000</i>	<i>Total 2017 £'000</i>
Restricted funds	-	31,006	(6,908)	-	24,098
Unrestricted funds	514	5,184	(2,237)	(445)	3,016
Designated funds	-	1,419	-	-	1,419
Total	514	37,609	(9,145)	(445)	28,533

Group 2016	<i>Fixed assets £'000</i>	<i>Current assets £'000</i>	<i>Current liabilities £'000</i>	<i>Long Term liabilities £'000</i>	<i>Total 2016 £'000</i>
Restricted funds	-	32,525	(7,212)	-	25,313
Unrestricted funds	286	5,036	(2,654)	(490)	2,178
Designated funds	-	1,479	-	-	1,479
Total	286	39,040	(9,866)	(490)	28,970

13. Commitments

	Land and buildings		Equipment	
	<i>Group and Charity 2017 £'000</i>	<i>Group and Charity 2016 £'000</i>	<i>Group and Charity 2017 £'000</i>	<i>Group and Charity 2016 £'000</i>
Operating leases expiring				
- within one year	264	264	8	9
- within two to five years	759	1,023	25	25
Total	1,023	1,287	33	34

The lease agreement for office space runs to May 2021, so expires within five years.

14. 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) and whose registered address is 9th Floor, 89 Albert Embankment, London SE1 7TP.

The subsidiary is used for trading activities to provide income for the Charity. The activities during the year were the provision of IT support to five European CARE International offices and one external charity, fees charged to corporate partners for use of the CARE name and logo, and receiving donated royalties from book sales.

	<i>2017</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>
CI Enterprises Ltd		
Total trading income	252	238
Cost of sales	(213)	(145)
Gross profit	39	93
Administrative expenses	(5)	(2)
Profit before charitable donations and taxation	34	91
Interest receivable	0	0
Profit before charitable donations and taxation	34	91
The aggregate of the assets and liabilities were:		
Assets	336	210
Liabilities	336	(202)
Funds	Nil	8

15. Lendwithcare

Lendwithcare (www.lendwithcare.org) is a peer-to-peer lending relationship between people in the UK and people in the developing world. It is an innovative way of raising microfinance to help entrepreneurs in developing countries to lift themselves out of poverty.

We disclose the value of funds loaned to entrepreneurs, through micro-finance partners, which includes new funds from lenders and funds repaid to lenders and then re-loaned to another entrepreneur.

The total number of lenders, since the scheme's inception in April 2010, is 40,164. The total value of loans made to entrepreneurs is £14.2m. This has supported 60,966 entrepreneurs.

The total value of loans during the year is:

	<i>2017</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>
Loans during the year	4,135	3,420

The value of new funds added to the scheme during the year, by existing and new lenders, is:

	<i>2017</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>
Added to the scheme	1,562	1,504
Withdrawn	(158)	(106)
Net additions	1,404	1,398

The amount of loan capital held by microfinance partners and entrepreneurs is:

	<i>2017</i>	<i>2016</i>
	<i>£'000</i>	<i>£'000</i>
Amounts at year end	2,652	2,114

Loan capital does not form part of the assets of CIUK and is therefore not consolidated within the financial statements.

The operating costs of the scheme of £604k are included in expenditure on raising funds (individuals) within the financial statements and in Note 3. These are the costs of managing the scheme and raising loan capital.

16. Notes to the consolidated statement of cash flows

	2017 £'000	2016 £'000		
a) Reconciliation of net income to net cash flow provided by/(used in) operating activities				
Net income	(437)	11,350		
Interest receivable	(29)	(43)		
Depreciation charges	117	75		
Increase in debtors	6,973	(5,935)		
(Decrease) in creditors and provisions	(766)	3,387		
Net cash flow from operating activities	5,858	8,834		
b) Investing activities				
Interest received	29	43		
Purchase of tangible fixed assets and investments	(345)	(101)		
Net cash flow from investing activities	(316)	(58)		
c) Analysis of changes in cash and cash equivalents				
2017	<i>At 30 June 2016 £'000</i>	<i>Cash Flow £'000</i>	<i>Foreign Exchange £'000</i>	<i>At 30 June 2017 £'000</i>
Cash at bank and in hand	20,310	4,406	1,136	25,852
Total cash and cash equivalents	20,310	4,406	1,136	25,852
2016	<i>At 30 June 2015 £'000</i>	<i>Cash Flow £'000</i>	<i>Foreign Exchange £'000</i>	<i>At 30 June 2016 £'000</i>
Cash at bank and in hand	11,534	7,780	996	20,310
Total cash and cash equivalents	11,534	7,780	996	20,310

17. Financial Instruments

Group	<i>At 30 June 2017 £'000</i>	<i>At 30 June 2016 £'000</i>
Financial assets measured at amortised cost		
Cash at bank and in hand	25,852	20,310
Debtors	11,757	18,730
Creditors	(9,590)	(10,356)
	28,019	28,684

18. Related party transactions

The Charity is a member of the Disasters Emergency Committee (DEC) and in the year paid a subscription of £31,582 (2016: £26,714). As an automatic part of membership, CIUK'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 £1.5m (2016: £1.5m).

Angela Cluff is an employee of the Management Centre and a trustee of CIUK. The Management Centre provided training for CARE during the year, to the value of £8,477 (2016: £6,251). William Macpherson is the CEO of QA Ltd and a trustee of CIUK. QA Limited provided specialist IT training relating to a major upgrade of our IT systems to the value of £17,313 (2016: £1,489).

19. Taxation

As a registered charity, CIUK benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income or gains falling within those exemptions. Recovery is made of tax deducted from income and from receipts under Gift Aid. The charity is also able to partially recover Value Added Tax (VAT). Expenditure subject to VAT that is not recoverable is recorded in the Accounts inclusive of VAT.

The organisation is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Para 11 of the Corporate Tax Act 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 subsidiary trading company makes qualifying donations of taxable profit to the charity to the full extent allowable. Unless material any corporation tax liability arising in the subsidiary is included within the resources expended by the Group.

20. Pension costs

We comply fully with auto-enrolment legislation, from April 2014 enrolling new employees into a Group Personal Pension Plan with Royal London (formerly Scottish Life) comprising an employer payment of 3% against a 2% employee contribution. Following benchmarking of employee benefits, contributions will rise to 5%:3% in 2018 in order to remain in line with peer organisations. Contributions to the scheme for the year were £207k (2016: £136k) and at the end of June 2017 there were 102 members in the scheme (2016: 68).

The Charity also participates in a multi-employer defined benefit scheme administered by The Pensions Trust. This scheme was closed to new members at the end of April

2014, and existing members continue to benefit from a 7.5% employer contribution against a 4% employee contribution.

Contributions to the scheme for the year were £93k (2016: £216k) and at the end of June 2017 there were 28 members in the scheme (2016: 34).

Contributions to the multi-employer scheme paid into The Pensions Trust's 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 CIUK, applicable to employers with pre-October 2001 liabilities in the Plan: when an employer withdraws from a pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). If Plan liabilities exceed assets, a buy-out debt will exist if CIUK 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 estimates that the cost of withdrawal from the Plan would be £1.2m based on the financial position of the Plan at 30 September 2015. 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 chance of this debt crystallising is therefore considered extremely unlikely.

Under the Pensions Trust recovery plan, deficit contributions made by CIUK during the year were £56k (2016: £49k). This recovery plan took effect in April 2016 and is intended to run for 10 years.

In compliance with the Charity Statement of Recommended Practice (FRS102), the provision for the net present value of the future contributions to the deficit recovery plan is held in the Balance Sheet, with a corresponding adjustment made to Unrestricted Funds in Opening Reserves in financial year 2016. Details of this provision are given in Note 10, Creditors.

ADVISORS

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick RH6 0PA
[appointed 25 May 2017]

Bankers

Barclays Bank plc
Level 28
1 Churchill Place
London E14 5HP

HSBC plc
UK City of London Commercial Centre
60 Queen Victoria Street
London EC4N 4TR

Solicitors

Ashurst LLP
5 Appold Street
London EC2A 2HA

Lendwithcare advisors

Julian Bashford
Alison Fielding
Theresa Lloyd
Rebecca Ryan
Fiona Thompson
Neville Wright

THANKS TO OUR SUPPORTERS

Thank you to everyone who has supported CARE in the last year. This includes all those people who have taken part in fundraising events and campaigns, as well as those regular supporters who we rely on to fund our ongoing work. Your donations are invaluable in helping us to fight poverty around the world.

A list of larger value donors and individuals who have supported CARE International UK this year is provided here:

Statutory donors

Department for International Development (DFID)
Disasters Emergency Committee (DEC)
European Union (EU)
European Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO)

Trusts, foundations and charities

Action Aid UK
Aga Khan Foundation
Beatitudes Fund
Big Lottery Fund
The Brown Source Trust
Cherie Blair Foundation for Women
The Cheruby Trust
Christian Aid
Comic Relief
DAI Europe
DANIDA
Elizabeth Violet Annie Rouse Settlement
Halcrow Trust
International Institute for Environment and Development
International Organization for Migration
International Rescue Committee UK
Islamic Relief Worldwide
The Jimmy Choo Foundation
The Lord Deedes of Aldington Charitable Trust
The MacDaibhidh Charitable Trust
Mercy Corps
Oxfam GB
Pilkington Charities Fund
Plan International UK
The Positive Action for Children Fund
Save the Children GB
Start Fund
Start Network
St Clare & St Francis Trust
Tisbury Telegraph Trust
The Trelix Charitable Trust
ViiV Healthcare
World Vision

Companies

Anglo American
Bank ABC
Barclays
Beazley Group
Diageo
Experian
EY
GlaxoSmithKline (GSK)
Grant Thornton
Hogan Lovells
IHG (InterContinental Hotels Group)
KPMG
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The Met Office
Mondelēz International, Inc.
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Stars Group Ltd
SAB Miller
Twinings

Key supporters

David Allen
Bonnie Balfry
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Michael Kerrigan
G D Le Flem
Malcolm McIllmurray
Emily Nash
Mohammed Qasim
Eric and Margaret Sergeant
Daniel Smee
Yvann Stephens
Susan Taylor
Fiona Thompson

Thank you to all those who donated to the Disasters Emergency Committee. As a member of the DEC, we received vital funds from the disaster appeals to assist people recovering from the Philippines typhoon, the Nepal earthquakes, the Ebola crisis in West Africa, and the continuing crisis in Gaza.



Vision

We seek a world of hope, tolerance, and social justice, where poverty has been overcome and all people live with dignity and security.

Mission

CARE works around the globe to save lives, defeat poverty and achieve social justice.

Focus

We put women and girls in the centre because we know that we cannot overcome poverty until all people have equal rights and opportunities.

Registered office

CARE International UK

89 Albert Embankment

London SE1 7TP

Tel: 020 7091 6000

Fax: 020 7582 0728

careinternational.org.uk

lendwithcare.org

insights.careinternational.org.uk

Registered charity number: 292506

Private company limited by guarantee number (England and Wales): 1911651

PHOTOS

Front cover (top): A member of the Phindu Group in Kasungu, Malawi. The group comprises 25 women aged between 18 and 55 who have received loans through CARE's Lendwithcare.org programme to set up or expand their small businesses (photo © Peter Caton / CARE 2016)

Front cover (bottom): A young woman in Yemen, who received support from CARE through a women's economic empowerment programme, supervising the construction of her planned pastry shop (photo © CARE 2017)