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Defending dignity.  
Fighting poverty.

# TOWARDS A SUSTAINABLE FUTURE

**CARE International UK**

Trustees' Report and Consolidated Financial Statements  
For the year ended 30 June 2007

Registered company number: 1911651 (England and Wales)  
Registered charity number: 292506

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## Charity details

### Registered office

CARE International UK  
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London  
SE1 0RB  
Tel: 020-7934-9334  
Fax: 020-7934-9335

### Website address

[www.careinternational.org.uk](http://www.careinternational.org.uk)

### Registered company number

1911651 (England and Wales)

### Registered charity number

292506

### Advisors

#### Auditors

Buzzacott LLP  
12 New Fetter Lane  
London  
EC4A 1AG

#### Bankers

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

#### Solicitors

Ashurst  
5 Appold Street  
London  
EC2A 2HA

## Chairman's Statement

The Year Ended 30 June 2007 was another busy one for CARE International UK (CIUK). Throughout the year CARE International (CI) worked in almost 70 countries around the world, with our efforts concentrated on ongoing conflict situations in, for example, Darfur and neighbouring Chad. CARE International UK was a major player in the Disasters Emergency Committee (DEC) appeal for Darfur and Chad, leading the media efforts on behalf of all the DEC members.

The tsunami rehabilitation programmes continued throughout 2006/7. We provided significant funding to India, Indonesia and Sri Lanka, with lower levels of funding to Thailand and Somalia. With the exception of Sri Lanka, all UK based funding - largely through the DEC appeal - is scheduled to be completed by the end of calendar year 2007. In the case of Sri Lanka, the conflict situation has made it impossible for many agencies to complete their work this year, and therefore the DEC Board has agreed an extension into 2008.

Other emergency operations that we worked on during the year include the earthquake in Northern Pakistan where we have a long term shelter programme, the African and Asian floods and the ongoing food crisis in the horn of Africa. In order to enhance our work in emergencies we now have a specialist shelter and reconstruction team and plan to build our resources and contributions in this area.

Alongside developing our capacity to respond to emergencies, we are continuously developing new skills to assist with long term solutions. In the case of post tsunami work in Indonesia for example, we focused on re-establishing people's livelihoods, including building two settlements inland from the coast as coastal communities were anxious to turn to farming.

Our expenditure rises and falls depending on the number and scale of emergencies, and this year was no exception. But the core of our business - longer term programmes and the DFID (Department for International Development) funded Programme Partnership Agreement - has developed strongly. We have also contributed significantly to flagship programmes such as the Girls' Education Project in northern India - targeted at providing high quality education to girls who have never before received formal education - which has largely been funded through UK based major donors and corporations.

The Board is delighted that the management of CARE International UK has significantly strengthened the financial position of the organisation over the past few years. Fundraising targets have been met, with exciting opportunities for growth over the next years. We are also very proud that our tight management and financial controls allow over 90% of our funds to be spent directly on our programme operations.

The Board is extremely optimistic about the future role of CARE International UK, both within CARE International and in the world. The new strategic plan will ensure an even greater impact, where we strive to overcome poverty and to allow people to live in dignity and security worldwide. Our commitment to battle against the injustice of world poverty will not waver, and we will continue to provide practical solutions worldwide.

  
Richard Greenhalgh, Chairman,  
22 October 2007

## Trustees' Biographies

The members of CARE International UK's board are:

**Richard Greenhalgh (chair)** Richard is a former chairman of Unilever UK; chairman of First Milk Ltd; chairman of the Council for Industry and Higher Education and deputy chairman of the Qualifications and Curriculum Authority. He is on the board of the Rank Group plc and British Youth Opera. He is also Vice Chairman of CARE International

**Andy Bearpark** A career civil servant, Andy has primarily worked at the Department for International Development and its predecessor, the Overseas Development Administration. He worked closely with CARE International while head of information and emergency aid from 1991 to 1997 at DFID. Since then he has worked for the UN on reconstruction in Sarajevo and Kosovo and for DFID in Iraq. He earlier worked as press secretary to Baroness Chalker and was a private secretary to the then Prime Minister Margaret Thatcher.

**Dr Alison Fielding** Alison is chief operating officer for Techtran and a director of its parent company IP2IPO, an intellectual property company specialising in commercialising university technology. She previously worked for the Axiomlab Group as investment manager, and at McKinsey and Co as engagement manager. She started her career at Zeneca plc (formerly ICI).

**Martin Hayman** Martin was formerly general counsel and company secretary at Cadbury Schweppes Plc and Standard Chartered Plc. Martin has been a trustee of the Institute of Business Ethics and chair of Mediation UK. He is now a director of Financial Objects PLC, a special adviser to Standard Chartered Bank Africa on its anti-malaria and sight programmes, and is on the steering committee of the Coalition against Malaria advocacy group.

**Stephen King** Stephen is Director of the BBC World Service Trust, a board member for Crown Agents and a steering group member of the Global Forum for Media Development, an association of Sector Organisations working on training initiatives worldwide. He was formerly Executive Council on Social Welfare, Montreal, Canada and London and regional representative (Asia) for HelpAge International, Thailand.

**Bill Lawes CA** Widely experienced in international banking, Bill recently retired as managing director of JP Morgan Chase. He was formerly with ANZ Bank (including Grindlays Bank) and Deloitte & Touche. He is a member of the Institute of Chartered Accountants of Scotland.

**Professor Steve Myint MD PhD** Steve is Chief medical officer at BTG plc. Formerly he was Dean of Medicine & Head of Postgraduate Medical School, University of Surrey and Scientific Adviser to the European Centre for Disease Control and Consultant in Microbiology and Molecular Diagnostics, Frimley Park and Royal Surrey County Hospitals.

**Rajan Pandhare** Rajan has wide experience in software services across USA, Europe and India. He has also been a director of the business to business ventures of a global oil and gas exploration firm and Head of Sales, Marketing and Product Management for an European Business Process Outsourcing company. Rajan has also been part of former President Clinton's HIV/AIDS Initiative as Deputy COO and Country Director across Africa, India and Cambodia.

**Michael Rogerson FCA** Michael was a partner in Grant Thornton, the chartered accountants, for 31 years. In his last six years he was head of the firm's charity and not-for-profit group which had more than 400 charities as clients. He is the past chairman of the London Regional Council of the CBI. His charitable work has included 15 years as a marriage guidance counsellor and he is on the board of eight other charities.

**Sangita Shah** Sangita is a director of Commonwealth Business Council Consulting. She was previously a director of the Leading Edge Strategy Company and worked for Ernst and Young, Mars and at Unilever where she undertook a number of assignments to Africa. She is also president of the Chartered Institute of Journalists, the world's oldest journalistic association.

**Richard Street** An independent adviser to international organisations on youth employment and employability, Richard has worked in business, civil society and government in more than 50 countries. Following twenty years in the security print industry, he was appointed CEO of the Prince's Youth Business Trust. In 1999 he founded Youth Business International, a network of youth business programmes based on the Prince's Trust model helping disadvantaged young people become entrepreneurs. He is currently a non-executive director of Streetkids International and a Governor of the City and Islington College of Further Education.

**Dr Fiona Thompson ACA** Fiona is a consultant focusing on investment issues for development, including liberalisation of local markets, state restructuring and government-business relations. During her career she has lived in India, Brazil and South Africa and her work has included advice, strategic support and analysis for multinationals, governments and state-owned entities. She previously worked for over ten years at the auditing firm Arthur Andersen and is currently a Research Associate at the University of London.

**Bowen Wells** Formerly Member of Parliament for Hertford and Stortford, the Secretary of All Party Overseas Development Group and chairman of the Select Committee on International Development.

**David Wright** Formerly with the Department for International Development as chief enterprise development adviser and head of the Enterprise Development department, David was responsible for advice to Ministers and top management on all matters relating to enterprise development, for the overall direction and supervision of enterprise development advisers, and representing DFID internationally including influencing the work of multilateral development institutions.

## Trustees' Report

The members of the Board, who are Directors of the charity for the purposes of company law and Trustees for the purposes of charity law (hereinafter "the Trustees"), submit their annual report and the audited financial statements for the year ended 30 June 2007. The members of the Board who served during the year are those listed on page 9.

The financial statements have been prepared in accordance with the accounting policies set out on pages 34 to 36 inclusive of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice (SORP), issued by the Charity Commission on 4 March 2005.

## Structure, Governance and Management

### Company Status

The charity is a company limited by guarantee and was established on 7 May 1985, and a registered charity. Its objects are to relieve poverty and sickness, to promote the preservation and protection of health and to advance education among the world's poor.

### Structure of CARE International

CARE International, of which CARE International UK is a member, is a global humanitarian organisation, working with over 55 million disadvantaged people each year in almost 70 of the world's poorest countries. Our goal is to promote sustainable development by securing positive and lasting change.

CARE International comprises twelve<sup>1</sup> member organisations, separate national bodies which work within the principles and guidelines of the CARE International confederation. Each is represented on the CARE International Board. They receive income from a range of donors, including national governments, international bodies, corporate donors, trusts and foundations, and thousands of individuals. All income, apart from that applied towards administrative support and marketing development costs, is directed towards anti-poverty programmes in the countries where CARE International works collectively to alleviate poverty and the causes thereof. The CARE International Secretariat based in Geneva provides coordination and administrative support to the confederation.

Together, the members implement programmes using the resources of Country Offices in almost 70 countries. Each Country Office is administered by one "lead" member (primarily, CARE International Australia, CARE International Canada and CARE International USA) on behalf of the membership. At the same time, individual members such as CARE International UK remain accountable for the direction and success of projects for which they have obtained funding and support. In the view of the Board and of the management, CARE International UK is an operational charity and is not a grant making body.

<sup>1</sup> Australia, Austria, Canada, Denmark, France, Germany, Japan, Netherlands, Norway, Thailand, UK, USA.  
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## Structure of CARE International UK

The governing body of the charity is the Board. The Board meets formally four times a year, with significant other ongoing involvement. In addition there are a number of board committees:

- Finance and Audit Committee (FAC)
- Programme Committee (PC)
- Marketing and Fundraising Committee (MFC)
- Nominations and Remuneration Committee (NRC)

These committees comprise members of the Board and other individuals with relevant experience. All committees operate under specific terms of reference which delegate certain functions from the Board.

Potential candidates for both Board and Committee are recruited through an open and transparent process, including by advertisement in the national press as well as full display on the CARE International UK web site. The Nominations and Remuneration Committee selects potential new members of the Board who then need to be approved by the full Board before appointment. Members of the Board serve for a three-year period and may be re-elected. There is a formal induction process for new Board and Committee members, comprising various meetings and presentations with executive staff.

CARE International UK is a non-sectarian and non-political organisation.



<b>Charity Administrative Information</b>
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**Board of Trustees**

	Changes during year	Board	Finance & Audit Committee	Programme Committee	Marketing & Fundraising Committee	Nominations & Remuneration Committee
Richard Greenhalgh <sup>^</sup> <i>[Chairman]</i>		✓*				✓*
Andy Bearpark		✓		✓		
Alison Fielding		✓			✓	
Martin Hayman		✓		✓*	✓	✓
Stephen King	Appointed 19/12/06	✓			✓	
Bill Lawes		✓	✓*			
Andrew Shingleton	Retired 19/12/06	✓			✓	
Steve Myint	Appointed 19/12/06	✓		✓		
Rajan Pandhare		✓				
Michael Rogerson		✓	✓			
Sangita Shah		✓				
Richard Street		✓			✓*	✓
Fiona Thompson	Appointed 01/08/06	✓	✓			
Bowen Wells <sup>-</sup>		✓		✓		
David Wright		✓		✓		

\* Committee Chair    ^ CI Board Member    - CI General Assembly Member

**Senior Management Team**

- |                 |   |  |
|-----------------|---|--|
| Geoffrey Dennis | - | Chief Executive  |
| Raja Jarrah     | - | Programme Director   |
| Carol Monoyios  | - | Marketing and Communications Director                      |
| Tim Morris      | - | Finance Director (resigned 8 <sup>th</sup> June 2007)      |
| Mark Salway     | - | Finance Director (appointed 22 <sup>nd</sup> October 2007) |
| Lucy Stoner     | - | Human Resources Director                                   |

**Additional Committee Members**

- |                           |   |                           |
|---------------------------|---|---------------------------|
| Michael Dyson             | - | Programme Committee       |
| David Sanderson           | - | Programme Committee       |
| Anne Siddell              | - | Finance & Audit Committee |
| Nick Edwards              | - | Finance & Audit Committee |
| Andrew Studd              | - | Finance & Audit Committee |
| Stephen Hoffman Womersley | - | Marketing Committee       |
| Jane Keightley            | - | Marketing Committee       |

## Statement of Trustees' Responsibilities

The charity's Trustees are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
4. prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring the maintenance and integrity of any audited information published on the charity's website or by other electronic means. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

The confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

## Internal Controls

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of control, financial and otherwise. They are also 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 1985.

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

1. a strategic and business plan, an annual operating plan and an annual budget all approved by the Board;
2. regular consideration by the Board of financial results and variance from budgets;
3. segregation of duties;
4. identification and management of risk; and
5. internal auditing, as carried out in accordance with CARE International UK Audit Charter focussing on overseas projects and CARE International UK processes and procedures.

As part of this process, Trustees continue to review the adequacy of the charity's internal controls.

## Risk Management

CARE International UK is committed to the Risk Management process and accordingly the position of Head of Internal Audit and Risk Management reports through the Chief Executive to the Finance and Audit Committee and the Board. The role ensures that a formal process to assess business risks and implement appropriate risk management strategies is carried out on a regular basis. Various types of risks faced by the charity are identified and prioritised in terms of their potential impact and likelihood of occurrence. Means of mitigation are addressed. In line with best practice, the overall 'Risk Register' is regularly monitored and is subject to formal review every three months.

In accordance with the CARE International UK Charter, a Risk Based Assessment of Audit Need (RBANA) is used to plan the annual internal audit. As part of this process the organisation has been divided into 17 business areas of various sizes and audit priority is given to each of these areas based on risk indicator. Some of the factors taken into account when determining risks are results of prior audits, volume of transactions, and total value of transactions.

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

## **Reserves Policy**

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

Following a review in June 2007 the Trustees have confirmed that the reserves policy should continue to have net free reserves equivalent to upto six months of unrestricted planned expenditure. This is to ensure that CARE International UK can continue to operate in times of a substantial income fluctuation.

Further details are given under the Financial Review on page 25.

## **Equal Opportunities Policy**

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

## **Auditors**

On 30 September 2007, Buzzacott, the charity's auditors, transferred their entire business to Buzzacott LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Trustees have consented to treating the appointment of Buzzacott as auditors as extending to Buzzacott LLP. In accordance with Section 385 of the Companies Act 1985, Buzzacott LLP will be proposed for reappointment as auditors of the charity.

## Objectives and Activities

### Vision and Mission

CARE International seeks a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security.

CARE international's mission is to serve individuals and families in the poorest communities in the world. Drawing on our diversity, resources and experience across the world, we promote innovative solutions and are advocates for global responsibility. We bring about lasting change by:

- Strengthening people's ability to help themselves
- Providing economic opportunity
- Delivering relief in emergencies
- Influencing policy decisions at all levels
- Addressing discrimination in all its forms

CARE International UK fully embraces the CARE International mission and vision.

### Objectives and Activities

#### How we work

CARE International UK's comparative advantage lies in our membership of CARE International, one of the largest international Non Governmental Organisations (INGOs) in the world. As part of a global confederation of aid agencies, we work in almost 70 countries, helping more than 55 million people a year lift themselves out of poverty.

Through the CARE International network of Country Offices, we continue to provide high quality programme delivery and project management with funding from various sources, including the British Government's Department for International Development (DfID), the European Community Humanitarian Office (ECHO), the European Union (EU) and a range of private funders. Geographically, we operate in all major areas of need in the developing world, with the most significant amounts of our programme expenditure in Asia (55%) and Africa (30%).

Drawing on the accumulated experience of working alongside partners and communities across the globe, we are placing increasing importance on capturing and sharing useful lessons from our practice.

In order to achieve the above, we are continually improving our fundraising, communications and support services required to achieve these goals.

## Our Approach to Poverty

We see a person's poverty as deriving from a combination of different factors. In our work we seek to identify and address the reasons that people are poor, rather than simply alleviating the symptoms of their poverty. As such, we aim to measure our impact on poverty in terms of the impact we are able to make on these factors:

- Human Condition (e.g. they are hungry, HIV positive...)
- Social Position (e.g. they are children, female...)
- Environment (e.g. their country is at war...)

A balanced response to poverty in any situation requires us to address needs at all levels and our overall portfolio of activities spans a spectrum of approaches.

An individual project will rarely fit neatly into any one of these categories, and often the boundaries between them are not hard and fast. Each project makes a contribution to our overall effort. By analysing the way the project has been designed and implemented, we are able to allocate a proportion of its results to each of the categories, and thus provide an aggregate picture of how we are spending our funds.

*We have found it useful to divide our aims and impact according to the following categories, and these are also reflected in the financial statements:*

### 1. Changing Lives by Improving the Human Condition

Our projects aim to improve the living conditions of people, including access to food, water, shelter, income, health and education, through a combination of self-help initiatives and outside resources. Examples might include microfinance schemes, community-run water management committees, and farmer field schools. In summary, this part of our work is about providing the goods and services people need to meet their basic needs.

### 2. Improving the Social Position by Addressing Inequality

People are often poor because of the position they occupy in society. Marginalised or socially excluded people do not have fair access to the resources that are available to others. Women are often in this situation; and the poorest people are those who suffer multiple discrimination (such as an HIV positive woman from a marginalised ethnic group). We place particular emphasis on empowering marginalised people to have more influence in the communities in which they live, and we work hard to improve the status of such people.

### 3. Improving the Enabling Environment by Influencing Policy

Poverty is often caused, exacerbated or maintained by factors outside people's immediate control. This can be because of government policies, armed conflict, or social and cultural norms. Failing to address these bigger issues can undermine the good work done at project levels. Thus an increasing aspect of our work is to seek to influence the policies, attitudes and behaviours that perpetuate poverty in societies where we work. In other words, this part of our work looks at how we can affect the context which keeps poor people poor.

We know that our vision will only be realised if deep structural changes occur at national and global level. Within the limited resources available, CARE International UK is an active member of various lobbying groups, and we continue to see our advocacy and campaigning work as a vital part of the battle against global poverty. We advocate on behalf of those who have no voice of their own, making development agencies and other actors within our sector more effective.

#### **4. Saving Lives and Relieving Immediate Suffering in times of Emergency & Crisis**

A core part of our mandate includes saving lives and relieving immediate suffering in times of emergency and crisis, responding immediately to natural and man-made disasters. By their very nature, crises overwhelm the capacities of local societies to cope, and outside help is needed. Wherever possible we respond with an eye to the longer term needs, so that our emergency response makes people less vulnerable to disasters in future.

We provide emergency assistance to survivors of natural disasters, wars and conflicts to enable people to rebuild their lives in the aftermath. We remain with communities after the initial relief efforts are completed and support initiatives to enable people to face the future with renewed confidence.

CARE International UK remains committed to its role as a member of the UK Disasters Emergency Committee (DEC) of which our Chief Executive, Geoffrey Dennis, is a Trustee.

#### **5. Improving Development Practice by Sharing Knowledge**

Our global reach and long history gives us both the opportunity and the responsibility to learn from our experience of what works best. We take this responsibility seriously, and dedicate a significant part of our effort to learning from practice, and sharing our knowledge with other agencies to improve the effectiveness of the sector as a whole.

We believe these five categories give a powerful insight into why we exist and what we aim to do. By examining the impact of our work in this way, we hope that this analysis will offer the reader a fuller and more transparent picture as to how we are making a difference.

## Achievements and Performance against Objectives

Our priority during the last year was to continue to address the underlying causes of poverty by making progress against the five impact categories defined above. We also identified a number of priorities and enablers. Together, these formed the basis of the organisational workplan against which the Senior Management Team and Board measured progress.

### Objective 1: Changing lives by Improving the Human Condition

#### *Achievements against Objective:*

Millions of people die from hunger and malnutrition every year. Around 40 million people are living with HIV – the majority of them in poor countries, where they do not have enough food and cannot get the treatment they need. More than a billion people around the world do not have clean water to drink. We tackle poverty head-on by meeting people's most basic needs and improving the conditions they live in. We help by providing food, water, housing, and helping people get an education and the opportunity to earn an income.

Although this objective is about providing basic needs, such as food and water, our work is always focused on ensuring a long term and sustainable impact and reducing vulnerability for the future.

#### **Impact:**

Last year CARE International UK spent £6.1 million on changing lives by improving the human condition, accounting for 14% of our total programme expenditure.

Last year we achieved the following:

- Enabled 4,000 Palestinians to earn a decent living by helping them to improve farming techniques and ensuring they are able to provide for themselves and their families in the long term, and with independence.
- Provided money to more than 10,000 people affected by HIV and AIDS in Zambia, many unable to work, to build a better future through our innovative cash transfer scheme. This scheme allows people autonomy to look after their families with dignity.
- Helped ensure 110,000 women and children, particularly marginalised girls, in India to receive a quality education, transforming their and their families' opportunities for the future.

And as part of the global CARE International confederation we:

- Ensured access to safe water for 1.5 million people around the world, principally through the development of community-owned water facilities to ensure future sustainability.
- Helped feed 10 million of the world's most malnourished people, focusing on reducing food insecurity and vulnerability to end the cycle of poverty.



### Case Study: Water in Kenya's Drought Regions

Ibrahim Dubat used to graze his 50 cows and 60 goats in the North Eastern Province of Kenya. But severe droughts in the region left his herd with no water to drink or land to graze. All he had left was one calf and 20 goats – the rest died because of the drought – and his children were getting thin as the family lost its source of meat and milk.

"The only way we managed to stay alive was through the food donated to us by CARE International UK – maize, rice, porridge, beans and oil. But the biggest problem is the lack of rain: we are reliant on the borehole CARE International UK built. There is no certainty in herding animals any more. Another drought could take it all away again."

Ibrahim's story reflects the experience of the nearly 80,000 people we work with in North Eastern Province. The arid lands here, inhabited by poor pastoralists (cattle herders), suffer regular droughts and only a third of people have safe water sources for their families and animals. CARE International UK is focusing on providing more durable and safer water sources for both people and animals by mending existing boreholes and wells and digging new ones; maintaining wells; teaching communities about hygiene and safe water use to prevent water-borne diseases; building latrines and tanking water to the most vulnerable and isolated individuals.

We also established Water Users Associations – in which communities themselves decide what water sources they need, where they need them, and then they themselves construct them. Significantly the percentage of women involved in community groups rose to almost 50%: a big achievement in a traditional Muslim society.

## Objective 2: Improving the Social Position by Addressing Inequality

### *Achievements against Objective:*

Women are some of the most marginalised people on earth. More than 70 per cent of the 1.3 billion people who struggle to survive on less than 60p each day are women. Many are denied an education, healthcare, the ability to earn money, and have their opinions heard, simply because of who they are. We work to ensure all marginalised people – those discriminated against because of gender, race, background or HIV status – have the power to influence the communities in which they live and to improve their status within those communities.

We help communities identify their own solutions and then link them up with local or national government so the authorities can better respond to the needs of the citizens for services such as clean drinking water, working sewage systems and rubbish collection.

### **Impact:**

Last year CARE International UK spent £3.9 million on addressing inequality by improving the social position of marginalised people, accounting for 9% of our total programme expenditure.

Last year we achieved the following:

- Helped 500 people at sexual and gender based violence victim support centres in Lusaka and Chipata, and worked with the police, judges and health workers to address the root causes of this violence.
- Continued our work helping 13,500 of Rwanda's most marginalised people overcome discrimination by helping them learn to read, write and claim their rights.

- Helped run 90 girls' schools in Afghanistan, helping to send 60,000 marginalised students to school to ensure a more hopeful future.

And as part of the global CARE International confederation we:

- Worked with 34 million of the world's poorest women to enable them to lift themselves, their families and communities out of poverty, through livelihood and microfinance projects and other programmes focused on long term sustainability.
- Focused on empowering marginalised people in one in every four of our projects around the world, so that the deep-seated causes of poverty and inequality are addressed.

#### **Case study: Saving Money for the Future**

When he visited the project in January 2007, then Chancellor Gordon Brown said:

"CARE International UK's CASHE project has successfully transformed the lives of some of the world's poorest women, helping them to break out of the cycle of poverty by accessing markets and financial institutions, gaining negotiation skills and initiating successful micro-enterprises."

Islavathi, a poor Banjara tribal woman from Andhra Pradesh, is among the half a million Indian women whose lives have been transformed by a simple savings and loans scheme. Islavathi lost her husband in a tractor accident and is raising her three children on her own. Because of CASHE, CARE International UK's microfinance programme, Islavathi was able to afford a special insurance product which cost her only around 50p as an annual premium.

CASHE has helped 592,000 women in four states across India over the past seven years, to form and use self-help groups to save money which they can then loan out to buy essentials, such as food and household goods, or pay for healthcare and schooling. As the groups grow, the women are able to save more money which they can then invest in starting up small businesses, such as breeding chickens for eggs, or selling shelled peanuts. In total, the women in the CASHE project have saved nearly £7.37 million and had access to £27.13 million of formal credit with banks and other financial institutions.

The microfinance project has not only given these women a bit of extra spending money but has also demonstrated it is a sustainable route out of poverty.

### **Objective 3: Improving the Enabling Environment by Influencing Policy**

#### ***Achievements against Objective:***

People are often trapped in poverty because of the decisions, attitudes and actions of world leaders and policy makers in the northern hemisphere. In order to truly have an impact on poverty, our work must address and challenge the international and national policies that are weighted against those who are most in need.

We have brought evidence to decision-makers on how aid can effectively meet the needs of people caught up in disasters and conflict, by sharing the perspectives of the people we work with and our staff in the field. This has put the rights and perspectives of people living in poverty at the heart of efforts to reform the United Nations (UN) – a top political priority for the UK government over the past year.

#### **Impact:**

Last year CARE International UK spent £9.8 million on influencing policy, accounting for 22.5% of our total programme expenditure.

Last year we achieved the following:

- Involved another 10,000 young people in our youth parliament project in Haiti, helping them use their voice to create lasting change in their society.
- Worked with aid agencies in Afghanistan and Sudan to negotiate with fighting forces to deliver aid safely and effectively to thousands of people living in conflict situations.
- Lobbied the United Nations to ensure aid is adequate, timely and responds to the needs of people affected by crisis so that we can fight poverty effectively and sustainably.

And as part of the global CARE International confederation we:

- Helped people participate in decision-making processes that affect their lives in at least one third of our projects.
- Partnered with 60,000 organisations worldwide to fight local causes of poverty, ensuring the root causes are addressed with those who are able to create long term change.

#### **Case study: Reducing Malnutrition in Peru**

In Peru's poorest and most remote regions – mostly populated by marginalised indigenous groups – more than half of children under five are malnourished. Malnutrition irreversibly affects how your brain develops and can cause physical, emotional and intellectual stunting in the early years.

Crucially, tackling malnutrition is not simply about providing more food. In our Redesa programme, we were able to show that educating people about hygiene and sanitation, good nutrition and clean water is also essential to successfully combat malnutrition levels. We were able to reduce chronic malnutrition in under-threes among 60,000 households in remote regions of Peru by two per cent in a year.

Encouraged by this success, we joined forces with other organisations in Peru to try to change the government's attitude to child malnutrition and its policies for addressing it. After a concerted campaign, we successfully influenced the new Government of Peru to put chronic malnutrition at the top of the national agenda and to set a target to reduce malnutrition by five percentage points in five years.

Now we are helping the government develop and put in place strategies to reduce chronic malnutrition and we are supporting the World Bank to design a new loan to fight malnutrition in creative and effective ways.

## Objective 4: Saving Lives and Relieving Immediate Suffering in Times of Emergency and Crisis

### *Achievements against Objective:*

Responding to humanitarian disasters is an essential part of our work because it is so crucially linked to fighting poverty and injustice. When disaster strikes, we are among the first to respond with water, shelter, food and other essentials, and we help people recover and reduce their vulnerability to future disasters.

Helping communities to become less vulnerable to disaster is a big part of our work. We help people to rebuild their lives in the aftermath in an environmentally sustainable way and take into account their longer-term needs, helping families and communities into a better position than they were in before. We help them set up small businesses for example, and help them predict, plan for and respond to threats of disaster.

### **Impact:**

Last year CARE International UK spent £20.7 million on our emergency response work, accounting for 47.5% of our total programme expenditure.

Last year we achieved the following:

- Helped vulnerable communities in Lebanon recover from conflict, including building irrigation and waste water systems and helping fishermen get back to work.
- Initiated a project to help more than 30,000 people in Niger gain reliable and sustainable sources of food.
- Continued to assist more than 600,000 people affected by the Boxing Day tsunami to rebuild their lives.
- Provided blankets, shelter, water containers and mosquito nets, among other essential items, to 300,000 people across Darfur, as part of our work managing all of the United Nations operations in the region.

As part of the global CARE International confederation we:

- Worked with our local partners to help 13 million of the world's poorest people recover from disaster and rebuild their lives.

### Case study: Providing a Life for Refugees in Darfur and Chad

Hawa Suleiman is just one of many millions of people who have fled the military attacks in Sudan, in a humanitarian crisis that has become one of the worst in the world. She lost her husband and lives with four of her six children in Toulum refugee camp in Chad, which has a population of more than 22,500. Violence and suffering has spilled over into Chad and the Central African Republic.

"People's health is not good, few of the villages have a health centre and people have to go on a donkey or horse to get care. The lack of water affects people's health because they can't wash and keep clean."

With money raised by the DEC appeal, we are managing three refugee camps in Chad. We provided food, shelter, water and sanitation and what we call 'psychosocial' – or psychological – support to around 60,000 people. We have prioritised getting safe drinking water to these different groups of people, who currently do not even have the recommended minimum of 10 litres each per day.

In Darfur, we are building on the work we have been doing since the crisis erupted in 2003. We are providing primary healthcare – particularly feeding centres for malnourished children and pre-and post-natal CARE International UK for mothers. We aim to reach 15,000 people in two areas and help 1,500 children and 500 pregnant and new mothers improve their diets.

### Objective 5: Improving Development Practice by Sharing Learning

#### *Achievements against Objective:*

CARE International is one of the world's largest development agencies, working as a confederation in nearly 70 countries around the world. We have a 60 year history of emergency response and long-term sustainable development and we focus on eradicating the underlying causes of poverty, not on simply treating the symptoms. In the UK we prioritised turning our learning into good working practice so that all of CARE International and other agencies can become more effective at development and relief work around the world. To this end we track and monitor our progress, and are self-critical, ensuring we consolidate our good reputation by seeking to learn from our mistakes and excel in the work we do.

#### **Impact:**

Last year CARE International UK spent £3 million on influencing development practice, accounting for 6.9% of our total programme expenditure.

Last year we achieved the following:

- Pioneered the 'Good Enough Guide' with seven other international non governmental organisations. Written through the eyes of a field practitioner, it is a 'How to' pocket guide to help field staff with the reality of responding to an emergency during the highly pressurised early stages.
- To improve how we fight poverty and injustice, we reviewed how we use the 'Do No Harm' (DNH) tool across several areas of our work. This tool helps ensure development projects do not unintentionally trigger or intensify tensions in countries gripped by conflict.

- Undertook a review of our work in Nepal, a country blighted by ten years of fighting, to see how we could improve the conflict sensitivity and quality of our work.
- Ran workshops for CARE International staff across the world on urban poverty and governance, HIV & Aids, private sector engagement, influencing international financial institutions and strengthening the voice of civil society in public policy.

#### **Case study: Partnering with Governments and other Organisations to Improve Water Rights**

Villagers in Talalmantah in the Jordan Valley have to ration their water carefully. Their pipe network is old and leaky, water pressure is low and the supply is often switched off. Harbi Shehadat, an imam at the mosque, is also head of the local water committee, set up by CARE International UK: "The local community analysed the causes of our water problems and we shared our findings with the government. We were able to solve problems like when the water is switched on and, more importantly, we now know our rights. We get on average 35 litres of water each a day. Our vision is to get between 45 and 90 litres by 2015." The average European uses around 200 litres every day.

Rather than building infrastructure, such as water pipes and irrigation channels, EMPOWERS had a more sustainable vision: to help the communities help themselves by voicing their opinions on how their water is managed. We helped villagers set up committees to assess the problems and create their own solutions. Villagers shared information with government officials and got involved in decision-making and we trained officials to provide a more equitable and sustainable water service.

CARE International UK and its partners have successfully developed and tested a methodology – or tool kit – that communities and officials can use together to manage water sources in a genuinely participatory way. The model is replicable throughout the region and has demonstrated that change is achievable. The Ministries of Water in Oman and Yemen have now approached the EMPOWERS partnership for training in how to use the methodology.

#### **Enablers**

In addition to progressing our programmatic impact, we identified the following enablers and priority areas of development:

#### **Objective 6: Maintain and Continue to Improve the Financial Health of the Charity**

##### ***Achievements against Objective:***

- Increased CARE International UK's net income from unrestricted sources, enabling us to provide more flexible funds to our country operations. The Board agreed to a major fundraising investment to double our private income over the next five years.
- Increased unrestricted reserves thereby building financial stability in order to secure CARE International UK's future and investment options.
- Met increasing European Commission (EC) match funding requirements, enabling us to leverage significant funds for major programmes.

## **Objective 7: Continue to Raise our Profile and Ability to Influence Through Advocacy and Campaigning**

### ***Achievements against Objective:***

- Launched a major new campaign, *Living on the Edge*, to tackle the problems associated with chronic poverty in Africa, and signed up more than 35,000 people to take action with us.
- Engaged key stakeholders, including the Secretary of State and the European Union (EU), in dialogue around humanitarian funding policies which contribute to the cycle of poverty.
- Achieved major publicity for the campaign, including 10 million "opportunities to see" and major broadcast and print publicity.
- Successfully lobbied a private pharmaceutical company to ensure anti-viral drugs and other essential medicines are available to millions of vulnerable and sick people in India.
- Completed and launched communications and brand strategy to ensure a stronger and more consistent presence in the public and funding arenas.

## **Objective 8: Contribute to the Strategic Priorities of the CARE International confederation**

### ***Achievements against Objective:***

- Contributed significantly to the development of a CARE International Strategic Plan, ensuring a strong focus for the development of the confederation and a secure future.
- Centre of expertise for conflict and peace building underway, which will provide technical assistance to our country offices to enable them to achieve programme excellence.
- Taken the lead in shelter and reconstruction on behalf of CARE International. Since February 2007, we have provided shelter and reconstruction expertise in Mozambique, Indonesia, Pakistan and Peru.
- Provided audit services for major programmes in 10 countries, in order to improve the effectiveness of our projects and ensure contract compliance.

## **Objective 9: Strategic Change and Organisational Development**

### ***Achievements against Objective:***

- Commenced work on a new strategic plan for CARE International UK, which will ensure we are able to add the most value and impact to the worldwide CARE International confederation.
- Completed a major management and leadership programme for all managers in the organisation to ensure our staff have the skills to achieve excellence and progress.
- Committed to invest in our future by building up strategic reserves in order to accommodate essential fundraising investment in 2008 and beyond.

**Financial Review**

**Financial Review**

The charity's total income for the year was £45 million (2006: £50.7 million), a decrease of 11% on the previous financial year. The decrease was due to the predicted reduction of income from institutional donors as they shift towards providing aid directly to countries in the South and a reduction in the number of emergencies and associated funding. We have reflected this trend in our preliminary budget for the next financial year, predicting a turnover of approximately £33 million, and are confident our strategic plan for the next 5 years will address these issues.

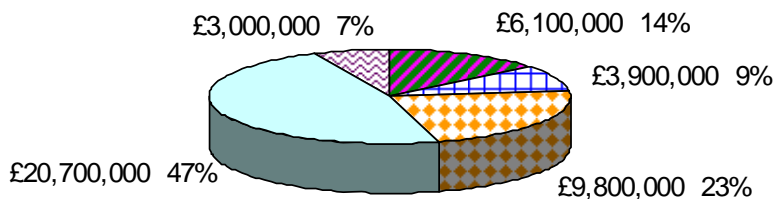
A key distinction in the charity sector is between Restricted income, given for the purpose specified by the donor, and Unrestricted income, which may be used by the charity for its general purposes to fulfill its charitable objectives.

Emergencies including the Boxing Day Tsunami have an impact on our programme expenditure and can cause large fluctuations thus having a major effect on the overall income and expenditure as illustrated below

	<b>FY06 Actual £'000</b>	<b>FY07 Actual £'000</b>	<b>FY08 Planned £'000</b>
<b>Project Expenditure</b>			
Tsunami	11,800	12,000	7,500
Other Emergencies	10,900	8,700	1,300
Other	<u>24,000</u>	<u>22,800</u>	<u>23,200</u>
	<b><u>46,700</u></b>	<b><u>43,500</u></b>	<b><u>32,000</u></b>

Expenditure on Programme delivery is our priority. We dedicated £43.5 million (2006: £46.7 million) towards our work of providing high quality programmatic support overseas across more than 100 different projects. This amounted to over 90% (2006 over 90%) of the total expenditure of £45.7million (2006: £49.4 million).

**CIUK Charitable Expenditure FY07 by Impact Category**



**Impact Categories:**

- Changing Lives by Improving Human Condition
- Improving Social Position by Addressing Inequality
- Improving the Enabling Environment by Influencing Policy
- Saving Lives and Relieving Immediate Suffering in Times of Emergency and Crisis
- Improving Development Practice by Sharing Knowledge

Restricted income from institutional donors such as DFID and the European Union amounted to over 61% (2006: over 62%) of our total restricted income. We received £3.2 million from DFID for the Partnership Programme Agreement, an important strategic element of our work, to understand better some of the root



causes of poverty. We share with DFID a number of key focus areas including civil society and governance, private sector engagement, urban governance, HIV & AIDS and conflict. We continue to see these issues in the context of a Rights-Based approach.

Through DEC appeals we received £14.1 million (2006: £16.1 million) from the public for a variety of projects including tsunami related projects across the world.

The restricted deficit of £1.4 million (2006 surplus: £0.7 million) results from timing differences. We continued to grow our income from private donors, which is the main source of unrestricted funding for CARE International UK. We raised £2.4 million (2006: £2.5 million) from individual donors to whom we extend our grateful thanks for their continuing support. We continued to invest in face-to-face fundraising as this form of fundraising still delivers the best return on investment.

In recognition of the need to dramatically grow our private funding, the Board agreed an investment plan to grow our private funding through the development of individual donors. CARE International UK will be investing an additional £1.2 million unrestricted funds in financial year 2008 in direct marketing. This is part of a five year investment plan to double our donor base and private income. For the financial year 2008 we budgeted an initial surplus income of £217,000 before taking into account the effects of the additional investment. However due to the time lag between the investment outlay and the donor income we have budgeted a final deficit of £602,000 after this investment. See note on reserves below.

CARE International UK Challenge events raised £1.3 million (2006: £1.2 million), an increase of 8% on the previous year. The events provided CARE International UK with the opportunity to foster relationships with donors and encourage increased involvement, designed to promote awareness of CARE International and the work of CARE International UK, whilst raising funds.

In addition we raised £1.4 million (2006: £1.1 million) from trusts, foundations, major donors and corporations, 90% of which goes to our overseas operations.

Our unrestricted surplus was £0.69 million (2006: £0.68 million).

## **Reserves**

Our unrestricted reserves at 30 June 2007 were £2.8 million (2006: £2.1million). Net free reserves were £2.5 million (2006: £1.7 million) which amounts to more than 6 months planned unrestricted expenditure. The additional amount in excess of the 6 months requirement will enable CARE International UK to finance the direct marketing investment in financial year 2008 and still maintain its reserves policy.

The Board is encouraged by the strength of the financial position of CARE International UK. The Trustees will monitor the additional investment and 5 year strategic plan to ensure the financial position continues to strengthen in the coming years, enabling CARE International UK to be a global force dedicated to ending poverty for the foreseeable future.

At the year end, our restricted reserves at 30 June 2007 were £8.2 million (2006: £9.7million). This represents committed funds en-route to their final destination in the communities in which CARE International UK works. This money is only available for the activity for which the funding was originally intended. In the highly unlikely event of any such funds not being able to be used for their intended purposes in their entirety, any balance would be returned to the original donors.

## **Trading Subsidiary**

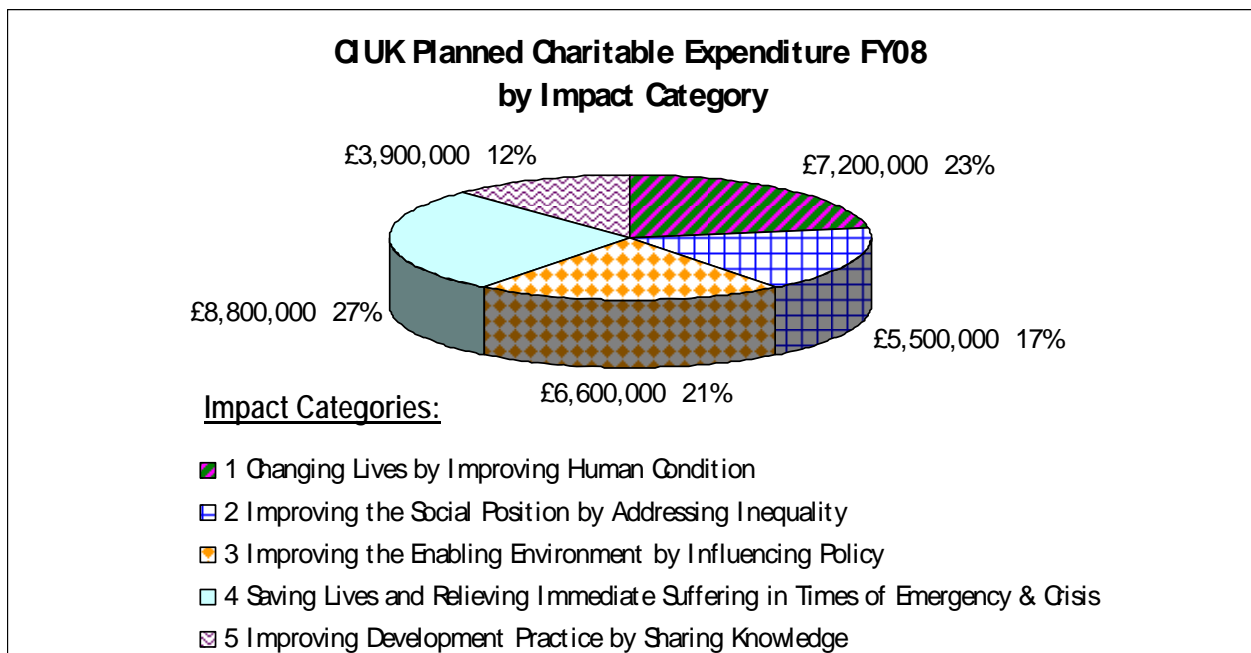
The charity's wholly owned trading subsidiary carries out non-charitable trading activities for the charity.

During the year, the company's main activity related to the provision of IT services to other parts of CARE International in Europe. These activities provided a small surplus of £24k (2006: £23k).

## Plans for Future Periods

### Goals

Over the next 12 months we will complete our strategic plan to enable us to make an even bigger impact in the fight against poverty. We will continue to listen to the voice of the poor to provide lasting, field-led solutions, enabling local communities to drive the agenda for reform rather than merely participate in it. Until the new strategic plan is fully implemented, we plan to allocate our resources for the financial year 2008 as outlined in the table below.



Our new strategic plan has identified six core areas where CARE International UK is able to achieve the greatest impact on poverty as part of a global confederation. Our efforts and resources will therefore be focused on the following:

- Raising funds and resources that enable us to address the underlying causes of poverty, particularly unrestricted sources of funds, private income and innovative funds such as the DfID PPA funds, DEC income and emergency response funds.
- Enhancing the quality and impact of programmes from start to finish, including continuing to address the underlying causes of poverty through the five programme impact areas (see above) and providing expertise in selected areas to the rest of CARE International.
- Being an active member of CARE International to strengthen it and capitalise on its scale and influence. We will continue to invest in CARE International UK's emergency response work and actively contribute to the CARE International strategic plan.
- Influencing policies which affect our ability to impact on poverty, including growing our policy and advocacy work in the UK and being an active member of coalitions.
- Raising CARE International UK's profile and the public's awareness of global poverty issues, including better promotion of our work, strengthening our brand and growing our public campaigning.

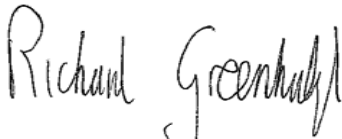
- Increasing organisational efficiency and focus, including better cross working across departments and more efficient internal systems.

In addition, our workplan for the year includes the following:

- Total programme income and expenditure of approximately £32 million, including the completion of most of the tsunami emergency and rehabilitation work.
- Total private income of £2.9 million, as part of the first year of a five year plan to double private income.
- Maintaining a reserves level to cover six months unrestricted expenditure.
- Developing our flagship corporate partnerships, for example the already successful relationship with Starbucks, Anglo American, and innocent foundation, as well as building new partnerships with companies that share our vision.
- Enhance our emergency response capacity in order to better support CARE International's increasing aspirations in this area.
- Launching a centre of expertise on how to work in conflict areas, as a resource across CARE International.

We will continue to promote lasting change in poor communities around the world. Again this year, CARE International expects to touch the lives of over 50 million people. We will continue to concentrate on the deep-seated causes of poverty to ensure lasting change.

By order of the Board.



Richard Greenhalgh, Chairman,  
22 October 2007

## Report of the Independent Auditors to the Members of CARE International UK

We have audited the Financial Statements on pages 31 to 46 which have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and the accounting policies set out on pages 34 to 36.

This report is made solely to the charitable company's members, as a body in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Board and Auditors

As described on page 9 the Board, members of which are Trustees for the purposes of charity law and the directors of CARE International UK for the purposes of company law, are responsible for the preparation of the Trustees' Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding remuneration of members of the Board and transactions between them and the charitable company is not disclosed.

We report to you whether in our opinion the information given in the Trustees' Report on pages 7 to 28 is consistent with the Financial Statements. We read other information contained in the Trustees' Report and Consolidated Financial Statements and consider whether it is consistent with the audited Financial Statements. This other information comprises the Chairman's Statement, Trustees' Biographies and Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

### Basis of Opinion


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

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

## Opinion

In our opinion:

- In accordance with United Kingdom Generally Accepted Accounting Practice, the Financial Statements give a true and fair view in accordance with United Kingdom General Accepted Practice of the charitable company's and group's state of affairs as at 30 June 2007 and of their incoming resources and application of resources, including their income and expenditure, for the year then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the Financial Statements.



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

23 October 2007

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)

For the year ended 30 June 2007

Income and expenditure	Notes	2007 Unrestricted funds £'000	2007 Restricted funds £'000	2007 Total funds £'000	2006 Total funds £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		2,469	883	3,352	3,476
Donations and sponsorships	2	2,250	877	3,127	3,402
Legacies		219	6	225	74
Activities for generating funds		1,588	95	1,683	1,474
Fundraising events		1,260	80	1,340	1,208
Rental income		77	-	77	77
Trading income		42	-	42	36
Investment income		209	15	224	153
<b>Incoming resources from charitable activities</b>	2	1,454	38,406	39,860	45,676
Other income		55	-	55	122
<b>Total incoming resources</b>		<b>5,566</b>	<b>39,384</b>	<b>44,950</b>	<b>50,748</b>
<b>Cost of generating funds</b>					
Fundraising costs	3	1,965	7	1,972	2,524
Trading cost		42	-	42	36
<b>Total cost of generating funds</b>		<b>2,007</b>	<b>7</b>	<b>2,014</b>	<b>2,560</b>
<b>Net Income available for charitable activities</b>		<b>3,559</b>	<b>39,377</b>	<b>42,936</b>	<b>48,188</b>
<b>Charitable activities</b>					
	4/5				
Changing Lives		372	5,700	6,072	8,383
Addressing Inequality		241	3,680	3,921	4,693
Influencing Policy		599	9,175	9,774	8,685
Emergency Response		1,269	19,421	20,690	22,696
Sharing Knowledge		184	2,819	3,003	2,216
<b>Total charitable activity costs</b>		<b>2,665</b>	<b>40,795</b>	<b>43,460</b>	<b>46,673</b>
<b>Governance</b>	6	<b>203</b>	<b>-</b>	<b>203</b>	<b>170</b>
<b>Total resources expended</b>		<b>4,875</b>	<b>40,802</b>	<b>45,677</b>	<b>49,403</b>
<b>Net incoming/(outgoing) and net expenditure</b>		<b>691</b>	<b>(1,418)</b>	<b>(727)</b>	<b>1,345</b>
Total funds brought forward		2,125	9,666	11,791	10,446
<b>Totals funds carried forward</b>		<b>2,816</b>	<b>8,248</b>	<b>11,064</b>	<b>11,791</b>

There are no recognised gains or losses for the year other than those shown above.

There is no material difference between the net income / (expenditure) for the year as stated above and that calculated on a historical cost basis.

The results for the year shown above all derive from continuing operations.

**CONSOLIDATED AND CHARITY BALANCE SHEET**  
For the year ended 30 June 2007

	Notes	Group 2007 £'000	Group 2006 £'000	Charity 2007 £'000	Charity 2006 £'000
<b>Fixed Assets</b>					
Intangible assets	9	-	50	-	50
Tangible assets	10	311	388	311	388
Investments	11	30	30	30	30
		<b>341</b>	<b>468</b>	<b>341</b>	<b>468</b>
<b>Current assets</b>					
Debtors	12	6,472	10,741	6,534	10,785
Cash at bank and in hand-general funds		2,563	1,132	2,497	1,086
Cash at bank and in hand-overseas projects		4,252	5,461	4,253	5,461
		<b>13,287</b>	<b>17,334</b>	<b>13,284</b>	<b>17,332</b>
Creditors: amounts falling due within one year	13	(2,564)	(6,011)	(2,561)	(6,009)
<b>Net current assets</b>		<b>10,723</b>	<b>11,323</b>	<b>10,723</b>	<b>11,323</b>
<b>Total assets less current liabilities</b>		<b>11,064</b>	<b>11,791</b>	<b>11,064</b>	<b>11,791</b>
Creditors: amounts falling due after more than one year		-	-	-	-
<b>Net assets</b>		<b>11,064</b>	<b>11,791</b>	<b>11,064</b>	<b>11,791</b>
<b>Represented by</b>					
Restricted funds	14	8,248	9,666	8,248	9,666
Unrestricted funds	14	2,816	2,125	2,816	2,125
<b>Total</b>	15	<b>11,064</b>	<b>11,791</b>	<b>11,064</b>	<b>11,791</b>

Signed on behalf of the Board of the Trustees by:

  
Richard Greenhalgh – Chairman

  
Bill Lawes – Chairman Finance and Audit Committee

22 October 2007

The accompanying notes form an integral part of this Balance Sheet.



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2007**

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activity	18a	51	1,304
Returns on investment and servicing of finance	18b	222	143
Capital expenditure and financial investment	18c	(51)	(80)
		<u>222</u>	<u>1,367</u>
Financing	18d	-	(304)
Increase in cash in the year		<u>222</u>	<u>1,063</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year		222	1,063
Loan from CARE International USA		-	263
Foreign exchange (loss) on loan		-	(13)
Cash outflow from repayment of finance leases		-	41
Movement in net funds in the year		<u>222</u>	<u>1,354</u>
Net funds at the beginning of the year		6,593	5,239
Net funds at the end of the year		<u>6,815</u>	<u>6,593</u>

## NOTES TO THE ACCOUNTS

For the year ended 30 June 2007

### 1 Accounting policies

#### a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", published in March 2005, and applicable UK accounting standards.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985.

#### b) Incoming resources

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

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

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

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

#### c) Contributions in kind

Agricultural commodities and medicines received at no cost for distribution under contracts related to special relief programmes are recorded at an ascribed amount representing the valuation at the date of distribution.

Other contributions/donations in kind are recorded at fair values on the date of contribution. No amounts are included in the financial statements for services donated by volunteers.

#### d) Resources expended

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

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

## NOTES TO THE ACCOUNTS

### For the year ended 30 June 2007

Governance costs are the costs associated with the governance arrangements of the charity which relate to the provision of the governance infrastructure of the charity as opposed to those costs associated with fund raising or charitable activity. Included within this category are costs associated with the strategic as opposed to day-to-day management of the charity's activities.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

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

#### e) Intangible assets

Intangible fixed assets represent the cost of purchasing the Challenge team, which has been capitalised and is being amortised over a period of 5 years which is the Board's estimate of the minimum useful economic life of the asset subject to impairment reviews.

#### f) 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

#### g) Finance and operating leases

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

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

#### h) Fund accounting

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

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

## NOTES TO THE ACCOUNTS

### For the year ended 30 June 2007

#### i) 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.

#### j) 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.

#### k) Pensions

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

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

## 2 Consolidated incoming resources

	Unrestricted 2007 £'000	Restricted 2007 £'000	Total 2007 £'000	Total 2006 £'000
<b>Donations and sponsorship</b>				
Individuals	2,054	324	2,378	2,535
Charitable foundations	128	375	503	438
Corporate donors	68	178	246	429
<b>Total</b>	<b>2,250</b>	<b>877</b>	<b>3,127</b>	<b>3,402</b>
<b>From Charitable activities</b>				
Dept for International Development (DFID)	347	13,185	13,532	17,651
DFID Partnership Programme Agreement (PPA)	245	2,980	3,225	3,309
EU	250	4,415	4,665	5,973
ECHO	259	3,370	3,629	2,342
Disasters Emergency Committee (DEC)	343	13,760	14,103	16,124
Big Lottery Fund-Afghanistan	2	149	151	16
Big Lottery Fund-Rwanda	4	266	270	175
Other	4	281	285	86
<b>Total</b>	<b>1,454</b>	<b>38,406</b>	<b>39,860</b>	<b>45,676</b>

**NOTES TO THE ACCOUNTS**  
For the year ended 30 June 2007

**3 Fund raising costs**

	Unrestricted 2007 £'000	Restricted 2007 £'000	Total 2007 £'000	Total 2006 £'000
Individuals	1,236	7	1,243	1,590
Charitable foundations	73	-	73	97
Corporate donors	61	-	61	107
Fundraising events	509	-	509	644
Support costs (Note 7)	86	-	86	86
<b>Total</b>	<b>1,965</b>	<b>7</b>	<b>1,972</b>	<b>2,524</b>

**4 Charitable activities**

	Changing Lives £'000	Addressing Inequality £'000	Influencing Policy £'000	Emergency Response £'000	Sharing Knowledge £'000	Total 2007 £'000	Total 2006 £'000
Agriculture and Natural resources	1,082	365	563	840	114	2,964	4,739
Education	119	91	64	4	143	421	233
Emergency	140	386	133	17,385	132	18,176	21,584
Small business and microfinance	694	536	312	1	40	1,583	2,571
Governance	1,288	1,240	6,030	44	57	8,659	7,159
Health	476	306	874	313	388	2,357	1,622
Multisectorial projects	1,562	433	672	582	1,561	4,810	3,987
Urban	(40)	16	39	-	51	66	406
Water supply and sanitation	147	151	370	97	112	877	1,086
Other projects	232	156	118	155	221	882	985
Support costs (Note 7)	372	241	599	1,269	184	2,665	2,301
<b>Total</b>	<b>6,072</b>	<b>3,921</b>	<b>9,774</b>	<b>20,690</b>	<b>3,003</b>	<b>43,460</b>	<b>46,673</b>

**NOTES TO THE ACCOUNTS**  
For the year ended 30 June 2007

**5 Expenditure incurred in the following geographic areas**

	Changing Lives £'000	Addressing Inequality £'000	Influencing Policy £'000	Emergency Response £'000	Sharing Knowledge £'000	Total 2007 £'000	Total 2006 £'000
Asia	2,625	1,709	5,142	12,670	259	22,405	22,538
East & Central Africa	497	316	274	4,904	194	6,185	7,754
South & West Africa	1,402	1,043	1,706	1,733	222	6,106	9,277
Latin America	302	172	347	56	30	907	629
Europe & Middle East	786	371	919	32	375	2,483	1,692
PPA & other	88	69	787	26	1,739	2,709	2,482
Support Costs (Note 7)	372	241	599	1,269	184	2,665	2,301
<b>Total</b>	<b>6,072</b>	<b>3,921</b>	<b>9,774</b>	<b>20,690</b>	<b>3,003</b>	<b>43,460</b>	<b>46,673</b>

**6 Governance costs**

	Total 2007 £'000	Total 2006 £'000
Internal audit	62	64
External audit	40	38
Trustees' expenses	10	15
Trustees' indemnity insurance	3	3
Apportionment of senior management costs	83	42
Company secretarial	5	8
<b>Total</b>	<b>203</b>	<b>170</b>

**7 Support Costs**

	Management £'000	Office costs £'000	Finance & IT £'000	Human resources £'000	Direct support Costs	Total 2007 £'000	Total 2006 £'000
<u>Charitable activities</u>							
Changing lives	51	91	89	34	107	372	414
Addressing inequality	35	58	58	21	69	241	231
Influencing policy	82	146	144	55	172	599	428
Emergency response	178	308	304	116	363	1,269	1,119
Sharing knowledge	25	45	44	17	53	184	109
	371	648	639	243	764	2,665	2,301
<u>Cost of Generating Funds</u>							
Fundraising costs	17	29	29	11	-	86	86
<b>Total</b>	<b>388</b>	<b>677</b>	<b>668</b>	<b>254</b>	<b>764</b>	<b>2,751</b>	<b>2,387</b>

**NOTES TO THE ACCOUNTS**

**For the year ended 30 June 2007**

<b>8</b>	<b>Staff Costs</b>	<b>2007</b>	<b>2006</b>
		<b>£'000</b>	<b>£'000</b>
	Wages & Salaries	2,394	2,386
	Social security costs	235	220
	Pension costs	105	101
	Other Staff Costs	183	157
	<b>Total</b>	<b>2,917</b>	<b>2,864</b>
		<b>2007</b>	<b>2006</b>
		<b>Number</b>	<b>Number</b>
	The average number of UK employees was:		
	Programme and programme support	33	31
	Marketing	28	31
	Management and administration	20	18
	<b>Total</b>	<b>81</b>	<b>80</b>

In addition to full-time permanent staff, CARE International UK employed a small number of temporary staff at a cost of £59,860 (2006 £25,545) and specialist consultants and made use of local staff in overseas offices where CARE International UK projects are implemented.

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

	<b>2007</b>	<b>2006</b>
	<b>No.</b>	<b>No.</b>
£80,001 - £90,000	1	1

Employer contributions are made to a money purchase scheme in respect of one higher paid employee (2006 - one). Total employer contributions in respect of the higher paid employee during the year amount to £6,694 (2006 - £6,313).

None of the members of the Board received any remuneration (2006 - £nil). Expenses reimbursed to members for travel undertaken on the charity's behalf amounted to £3,921 for 2 members (2006: £9,655 for 4 members).

The charity paid £2,599 (2006- £2,599) for Trustees' Indemnity Insurance cover of £2 million (2006 - £2 million).

**NOTES TO THE ACCOUNTS**  
For the year ended 30 June 2007

**9 Intangible fixed assets**

Group and Charity	Total £'000
<b>Cost</b>	<b>250</b>
<b>Amortisation</b>	
At 1 July 2006	200
Charge for the year	50
At 30 June 2007	<b>250</b>
<b>Net Book value</b>	
At 30 June 2007	-
At 30 June 2006	50

Intangible fixed assets represent the cost of acquiring the Challenge Events Team amortised over 5 years.

**10 Tangible fixed assets**

Group and charity	Leasehold improvements £'000	Office equipment £'000	IT equipment £'000	Total £'000
<b>Cost</b>				
At 1 July 2006	292	199	388	879
Additions	6	-	50	56
Disposals	-	-	(5)	(5)
At 30 June 2007	<b>298</b>	<b>199</b>	<b>433</b>	<b>930</b>
<b>Depreciation</b>				
At 1 July 2006	100	114	277	491
Charge for the year	31	24	78	133
Disposals	-	-	(5)	(5)
At 30 June 2007	<b>131</b>	<b>138</b>	<b>350</b>	<b>619</b>
<b>Net book values</b>				
At 30 June 2007	<b>167</b>	<b>61</b>	<b>83</b>	<b>311</b>
At 30 June 2006	192	85	111	388



**NOTES TO THE ACCOUNTS**  
**For the year ended 30 June 2007**

**11 Investments**

	2007 £'000	2006 £'000
<b>Group and Charity</b>		
Cost and Market Value at 1 July 2006 and 30 June 2007	30	30

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

**a) Subsidiary Company**

Investments held by the charity include an additional £2 (2006- £2) investment in the subsidiary company at cost. The charity holds 100% of the issued share capital of CARE International Enterprises Limited, which is registered in England and Wales. The Company's principal activity is to generate funds for the charity. A summary of the subsidiary's results and its position at 30 June 2007 is given in note 17.

**b) CARE International**

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

**12 Debtors**

	Group 2007 £'000	Group 2006 £'000	Charity 2007 £'000	Charity 2006 £'000
Due from EU	983	1,650	983	1,650
Due from DfID	547	2,021	547	2,021
Due from other donors	674	380	674	380
Due from other CI offices	607	297	600	297
Sundry debtors	62	46	62	46
Due from subsidiary undertaking	-	-	69	44
Prepayments and accrued income	52	81	52	81
Project balances held overseas in CIUK country office	3,547	6,266	3,547	6,266
<b>Total</b>	<b>6,472</b>	<b>10,741</b>	<b>6,534</b>	<b>10,785</b>

Project balances held overseas represent monies not yet expended by CARE International UK offices overseas. Likewise, a programme creditor in respect of a CARE International UK office is where money has been expended in advance of funding.

**NOTES TO THE ACCOUNTS**  
For the year ended 30 June 2007

**13 Creditors: amounts falling due within one year**

	Group 2007 £'000	Group 2006 £'000	Charity 2007 £'000	Charity 2006 £'000
Programme creditors and other CIUK offices	1,476	4,884	1,476	4,884
Suppliers	119	330	119	330
Short-term borrowings from CI Revolving Fund	477	356	477	356
Taxation and social security	70	78	70	78
Sundry creditors	14	10	13	10
Accruals	225	180	223	178
Deferred income	183	173	183	173
<b>Total</b>	<b>2,564</b>	<b>6,011</b>	<b>2,561</b>	<b>6,009</b>

Short term borrowings from CARE International Revolving Fund are for short term financing of programme costs pending receipt of funds from donors. These borrowings are short term in nature and unsecured and the interest rate remains at 3.0% pa.

**14 Consolidated statement of funds**

	1 July 2006 £'000	Incoming resources £'000	Resources expended £'000	30 June 2007 £'000
<b>Restricted funds</b>				
Asia	4,075	20,520	22,406	2,189
East and Central Africa	1,075	5,981	6,185	871
South and West Africa	890	6,502	6,106	1,286
Latin America	190	1,152	907	435
Europe and Middle East	478	2,660	2,483	655
PPA and Other	2,958	2,569	2,715	2,812
<b>Total restricted funds</b>	<b>9,666</b>	<b>39,384</b>	<b>40,802</b>	<b>8,248</b>
<b>Unrestricted funds</b>				
General funds	2,125	5,566	4,875	2,816
<b>Total unrestricted funds</b>	<b>2,125</b>	<b>5,566</b>	<b>4,875</b>	<b>2,816</b>
<b>Total funds</b>	<b>11,791</b>	<b>44,950</b>	<b>45,677</b>	<b>11,064</b>

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 June 2007**

**14 Consolidated statement of funds (continued)**

Deficit funds may occur when expenditure is made on a project that is expected to be reimbursed by a funder where at the end of the financial year, not all the conditions have been met that would justify this income being recognised within the accounts. This results in an excess of expenditure over income on some project funds. The Trustees consider that the likelihood of reimbursement is of sufficient level to justify the carrying of these deficit funds at the year end.

At the year end the following project had a deficit which was over £100k:

Donor	Project	Amount 2007 £'000	Amount 2006 £'000
ECHO	Livestock Emergency Response	125	-
ECHO	Unity State Emergency	-	122
ECHO	Secure Project – Tsunami	-	249
		<hr/> 125	<hr/> 371
DEC	Acer Baser	-	572
DEC	Tsunami Emergency	-	103
		<hr/> -	<hr/> 675
Various donors		-	996
		<hr/> -	<hr/> 996
<b>Total</b>		<hr/> <b>125</b>	<hr/> <b>2,042</b>

Funds from ECHO are expected by the end of the calendar year.

**15 Analysis of net assets between funds**

Group	Fixed Assets £'000	Current Assets £'000	Current Liabilities £'000	Long-term Liabilities £'000	Total £'000
Restricted funds	-	9,788	(1,540)	-	8,248
Unrestricted funds	341	3,499	(1,024)	-	2,816
<b>Total</b>	<hr/> <b>341</b>	<hr/> <b>13,287</b>	<hr/> <b>(2,564)</b>	<hr/> <b>-</b>	<hr/> <b>11,064</b>

**NOTES TO THE ACCOUNTS**  
For the year ended 30 June 2007

**16 Commitments**

	Leasehold Premises		Equipment	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Operating Leases expiring				
- within one year	-	-	-	12
- within two to five years	-	-	6	19
- over five years	270	270	-	-
<b>Total</b>	<b>270</b>	<b>270</b>	<b>6</b>	<b>31</b>

**17 Subsidiary company**

The charity owns the whole of the issued ordinary share capital of CI Enterprises Ltd, a company registered in England and Wales. The subsidiary is used for non-primary purpose trading activities. The company's main activities during the year were the provision of IT support to two European CARE International offices.

**CI Enterprises Ltd**

	2007 £'000	2006 £'000
Total Trading income	43	36
Cost of sales	(16)	(11)
Gross profit	27	25
Administrative expenses	(3)	(2)
Profit before charitable donation	24	23
Charitable donations	(24)	(23)
Net profit/(loss)	-	-
The aggregate of the assets and liabilities was		
Assets	69	46
Liabilities	(69)	(46)
Funds	-	-

**NOTES TO THE ACCOUNTS**  
**For the year ended 30 June 2007**

**18 Notes to the consolidated cash flow statement**

<b>a) Reconciliation of net incoming resources to net cash inflow/ (outflow) from operating activities</b>	<b>2007</b>	<b>2006</b>			
	£'000	£'000			
Net incoming /(outgoing) resources for year	(727)	1,345			
Foreign exchange loss/(gain) on loan	-	13			
Loss on disposals of fixed assets					
Interest receivable	(224)	(153)			
Interest payable	2	10			
Operating (deficit/surplus)	<u>(949)</u>	<u>1,215</u>			
Depreciation charges	128	137			
Amortisation	50	50			
Decrease in debtors	4,269	(717)			
Increase / (Decrease) in creditors	(3,447)	619			
Net cash flow from operating activities	<u>51</u>	<u>1,304</u>			
<b>b) Returns on investment and servicing of finance</b>					
Interest received	224	153			
Interest paid	(2)	(7)			
Interest element of finance lease payment	-	(3)			
Net cash inflow/(outflow)	<u>222</u>	<u>143</u>			
<b>c) Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets	(51)	(80)			
Net cash outflow	<u>(51)</u>	<u>(80)</u>			
<b>d) Financing</b>					
Loan due within one year	-	-			
Loan due after one year	-	(263)			
Capital element of finance lease payments	-	(41)			
Net cash (outflow)	<u>-</u>	<u>(304)</u>			
<b>e) Analysis of net funds</b>	<b>At 30 June</b>	<b>Cash</b>	<b>Other</b>	<b>Foreign</b>	<b>At</b>
	<b>2006</b>	<b>flow</b>	<b>Flow</b>	<b>exchange</b>	<b>30 June</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>2007</b>
Cash at bank and in hand	<u>6,593</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>6,815</u>
<b>Total Funds</b>	<u>6,593</u>	<u>222</u>	<u>-</u>	<u>-</u>	<u>6,815</u>

## NOTES TO THE ACCOUNTS

### For the year ended 30 June 2007

#### 19 Related party transactions

CARE International UK's Chief Executive is a Trustee of the Disasters Emergency Committee (DEC). The charity is a member of the DEC and in the year paid a subscription of £37,120 (2006 - £36,869). The charity also receives funds from DEC appeals and amounts received in the year were £14,102,752 for the tsunami, Asia earthquake and Sudan emergencies (2006 - £16,123,737). At the year end £158,000 was owed by the DEC to the charity (2006 - £nil) and no amount was owed by the charity to the DEC (2006 - £nil).

#### 20 Taxation

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

Irrecoverable VAT is charged to its associated expenditure.

#### 21 Pension costs

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

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

The Pensions Trust has advised that an employer will only be deemed to have withdrawn if it has no active members remaining in the Plan and no eligible employees to whom to offer membership to the plan. The Pensions Trust estimates that the liability of CARE International UK on withdrawing from the Plan would be £470,445 (2006 £550,331) based on the financial position of the Plan at 30<sup>th</sup> September, 2006. In the opinion of the board, the possibility of the debt crystallising is unlikely for the Charity.

The charity continues to offer membership of the Plan to its employees and contributions to the schemes for the year were £105,000 (2006 - £101,000). The employer's and employees' rates are 7.5% and 4% respectively.