

**REGISTERED COMPANY NUMBER: 02895760 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1040487**

**Trustees' Report and  
Financial Statements for the Year Ended 30 June 2017  
for  
The Charities Advisory Trust**

**The Charities Advisory Trust**

**Contents of the Financial Statements  
for the Year Ended 30 June 2017**

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**The Charities Advisory Trust**

**Reference and Administrative Details  
for the Year Ended 30 June 2017**

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**TRUSTEES**

C Navari  
B Bhasin  
D Russell  
Ms L M Mactavish

**COMPANY SECRETARY**

Dame H S B Blume

**REGISTERED OFFICE**

Radius Works  
Back Lane  
Hampstead  
London  
NW3 1HL

**REGISTERED COMPANY NUMBER**

02895760 (England and Wales)

**REGISTERED CHARITY NUMBER**

1040487

**INDEPENDENT AUDITORS**

Knox Cropper  
8/9 Well Court  
London  
EC4M 9DN

**Trustees' Report  
for the Year Ended 30 June 2017**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 June 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

The Charity's main objectives were to continue to plan the transition from income dependency on Card Aid to other activities:

- 1) To maintain the Good Gifts Catalogue;
- 2) To respond to the organic growth of Knit for Peace;
- 3) To recognise the need to draw on reserves to support the transition;
- 4) To devise income generation schemes to fund Knit for Peace on a sustainable basis;
- 5) To promote the health benefits of knitting; and
- 6) To campaign on ethical behaviour by charities.

**Public benefit**

The Trustees have a policy of transparency on how and whom CAT benefits. Card Aid and the Good Gifts Catalogue clearly state where and how the money is spent. The area of benefit is wide, consistent with the charity's objects. The promotion of religion is not supported, and in general the priority is to provide, help to the poor or disadvantaged, except where, for example with tree planting, there is general benefit to the community. Our support for art projects is largely to provide access to the arts for those under 18. Support for medical research we take as potentially benefitting all sections of the community.

**Grantmaking**

Whilst the Trust's income has fallen, we recognise we are in a more robust position than many of the charities we support, and we are anxious to provide support where possible.

We consider any applications for funds but primarily work with charities with whom we have developed a programme to deliver the outcomes we seek. We very rarely give grants to individuals or large fundraising charities.



**Trustees' Report  
for the Year Ended 30 June 2017**

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**ACHIEVEMENT AND PERFORMANCE**

**Activities, achievements and performance**

The economic climate continues to make everyone cautious about spending and this impacts on giving to charities. The adverse publicity on the fundraising techniques of the large charities reduced people's confidence in the sector, and no doubt affected our income. The difficult economic conditions and the drastic fall in interest rates (which is costing us over £100,000 a year) made belt-tightening essential. Tribute should be paid to the staff, who had to take on a much heavier work load. Our strategy has been to safeguard our beneficiaries.

The Director, Dame Hilary Blume, is increasingly called upon to comment on charity scandals etc. A guide to the Ethics of Charity Giving is planned, as is a Knit for Peace "Exercise Book for Knitters". We also want to expand Knit for Peace to the Middle East.

**Card Aid**

For 38 years the Trust has produced and marketed charity Christmas cards, generating millions of pounds for charity. The decline in card sending seems to us inexorable. The high cost of postage, the unreliability of the mail the ease of sending e-cards or, for the young, text messages; the availability of very cheap cards, produced in the Far East, all continue to erode the market. We reduced the number of shops to 6, with 2 more outlets offering Card Aid cards, but not run by us.

**Good Gifts Catalogue**

For Good Gifts, too, we noticed people continued to buy less expensive gifts and an increasing number of 'Little Good Gifts.' The Trustees care very much that those buying a Good Gift or a Card Aid card know where their money goes.

**Knit for Peace**

Knit for Peace is really the big news story. It has grown to over an estimated 20,000+ knitters here in the UK who make blankets and clothes for those in need. A very successful Knit for Peace holiday was held in Mysore led by Sarah Hazell. We are indebted to Jane Crowfoot for organising a series of Knit for Peace courses, and to the knitting designers who led the courses. We had a huge response to our campaigns to knit for refugees and to provide warm dressing gowns for those living in fuel poverty in the UK.

Knit for Peace is a major part of the Trust's work. It has grown in response to the demands of both knitters and those needing warm clothes, and we are proud of our ability to respond to these real needs. A major part of the work is distributing the donated knitting.

We published a major study on the Health Benefits of Knitting (in part funded by the Big Lottery Fund). The report illustrated how much our knitters (nearly 70% of them OAPs) benefitted from knitting, and found Knit for Peace's distribution of knitting enabled them to keep knitting! (the full report can be requested by emailing [knitforpeace@charitiesadvisorytrust.org.uk](mailto:knitforpeace@charitiesadvisorytrust.org.uk)).

**Hampstead Village Business Improvement District**

We, as non-domestic ratepayers, have found ourselves liable to around £1,000 p.a. (for 5 years) for the Hampstead Village BID. There is no concession for charities. We believe it an improper use of charity funds and are striving to remedy the situation.

**Fundraising Policy**

During the year, Charities Advisory Trust did not make use of any consultants or external professionals to undertake its fundraising activities. Additionally, no data was shared with, or sold to, any external agencies. We did not undertake direct mail shots, send any unsolicited newsletters or approach any vulnerable individuals to support our work. A complaints policy is in place but we received no complaints during the year about any of our fundraising activity.

**Trustees' Report  
for the Year Ended 30 June 2017**

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**FINANCIAL REVIEW**

**Investment policy and performance**

The Charity's investments are managed by Ethical Investors and Barings Fund Managers Limited, whose policies are designed to meet the Trustees' wishes for environmental, social and ethical investment. The Trustees continue to monitor the performance of these investments closely. The fall in interest rates has, as previously mentioned, cost the Charity about £100,000 a year.

Note that the valuation of investments given on the balance sheet are unrealised assets. Their value may decline.

**Reserves policy**

The Trustees are satisfied that the Charity maintains a strong financial position with a healthy level of general reserves. They adopt a prudent attitude towards reserves which in the circumstances has proved wise.

Our reserves, built up over the years, and declining since about 2008, give a more cheerful view of our finances. Our income has been declining (because of the decline of Card Aid). For examples, 2008 accounts show income at £2,886,324, compared to £892,564 for the current year. Our expenditure on Knit for Peace has grown, and we have not yet found a way of generating income which fully funds this work. (We are trying!).

Knit for Peace is incredibly worthwhile, both in providing warm clothes and blankets to those in need, which shows them they are not forgotten and valued. More than that Knit for Peace is enabling people of all backgrounds to continue to feel useful and overcome the isolation and powerlessness of old age. We are determined to continue the project, but do not want to do so to the exclusion of our other activities. In particular, we want to campaign for better behavior by the sector, to encourage people to give with confidence.

**Designated funds**

The Trustees have considered the designated funds in the accounts and feel that the various provisions are prudent.

**Project development:**

We expect to continue the expansion on our work on Peace and reconciliation and on Knit for Peace and shall continue to invest in improved IT systems.

**Endowment Fund:**

We are planning for an expected decline in income, we expect to draw upon our reserves to fund our work and worthwhile grants.

**Charitable payments and gifts in kind**

The Charity has channelled money to other charities in a number of ways as follows:

	2017 £	2016 £
Card Aid sales by charities	10,820	13,028
Contributions to host charities	9,688	12,230
Grants payable and direct aid	496,174	471,247
Estimated value of donated knitting	1,100,000	780,000
Total	<u>£1,616,682</u>	<u>£1,276,505</u>

Card Aid sales by charities is the value of the sales of other charities' cards in the Card Aid shops. Many of the Card Aid shops are organised in premises owned by other charities; Contributions to host charities comprise contributions to these charities. Details of grants payable and direct aid are given in Note 5 of the accounts.

**Trustees' Report  
for the Year Ended 30 June 2017**

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**FUTURE PLANS**

- Manage the decline in Card Aid income, due to a falling market, as a service to charities
- Improve IT. This is an ongoing process
- Expand Knit for Peace, particularly in the UK
- To publish a guide to the Ethics of Charity Giving, and an 'Exercise Book for Knitters

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The Charity is registered as a charitable company limited by guarantee and is governed by its memorandum and articles of association. The Charity has no share capital or debentures, hence there are no Trustees' interests requiring disclosure. In the event of the Charity being wound up each member is required to contribute an amount not exceeding £1.

**Trustees**

The Trustees, who served in the year, were Cornelia Navari, Brij Bhasin, David Russell and Ms Leila Mactavish. Trustees are appointed by the members of the Charity, who are currently the same as the Trustees. The Charity sees no need to have a policy on the recruitment, induction and training of Trustees.

**Organisational structure and decision making**

The founding Director, Dame Hilary Blume, is responsible to the Trustees for the day-to-day management of the Charity and other staff report to her. The Charity's policy towards staff is to ensure that all staff are given the opportunity to realise their full potential. The Trust prides itself on being a learning environment. It should be noted that the Trust has a strict policy on paying graduate interns, which it believes provides opportunities for those not subsidised by their families nor the State.

**Key management personnel**

The key management personnel of the Charity are those persons having authority and responsibility for planning, directing and controlling its activities, directly or indirectly, including any Trustee of the Charity. In addition to the Trustees, key management personnel includes the Director, Dame Hilary Blume, whose remuneration is set by the Board of Trustees.

**Related organisations**

Details of the Charity's subsidiary company in India, Greenway Hotels Private Limited, are given in Note 16 to the accounts. The company was established in pursuit of the Charity's object of preserving buildings of architectural merit and its primary activity is currently the running of the Chittaranjan Palace in Mysore as a hotel (the Green Hotel) in order to preserve it. Profits from the Green Hotel are given to charitable and environmental projects in India.

The Charity also works with Christmas Card Scheme Limited which manufactures charity Christmas cards and gift tags. As explained in Note 19 to the accounts the company's directors are respectively a Trustee and the Director of the Charity and any profits of the company are paid to the Charity under the Gift Aid scheme. The company sells cards to charities which use the Charity's Card Aid scheme (see below) and also donates cards and gift tags to the Charity for sale in its Card Aid shops.

**Risk management**

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity, and are satisfied that systems are in place to mitigate the exposure to the major risks. Of Course, the charity cannot protect itself against problems generated by the misdeeds of others and the scandal of unprincipled fund-raising methods have impacted on the public's support of charity, as a whole.

**Trustees' Report  
for the Year Ended 30 June 2017**

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**TRUSTEES RESPONSIBILITY STATEMENT**

The trustees (who are also the directors of The Charities Advisory Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:


- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, Knox Cropper, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 19 April 2018 and signed on its behalf by:



D Russell - Trustee

### **Opinion**

We have audited the financial statements of The Charities Advisory Trust (the 'charitable company') for the year ended 30 June 2017 on pages nine to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

**Responsibilities of trustees**

As explained more fully in the Trustees Responsibility Statement set out on page six, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Our responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.



Richard Billinghamurst (Senior Statutory Auditor)  
for and on behalf of Knox Cropper  
8/9 Well Court  
London  
EC4M 9DN

Date: 24/04/2018



The Charities Advisory Trust

**Statement of Financial Activities**  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 30 June 2017

		Unrestricted funds £	Restricted funds £	Total 2017 funds £	Total 2016 funds £
	Notes				
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	47,849	626,144	673,993	768,149
<b>Charitable activities</b>	4				
Turnover from purchased goods		31,549	9,616	41,165	50,808
Turnover from donated goods		117,133	26,595	143,728	181,694
Other income		31,578	-	31,578	11,832
Investment income	3	2,100	-	2,100	6,410
<b>Total</b>		<b>230,209</b>	<b>662,355</b>	<b>892,564</b>	<b>1,018,893</b>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>	5				
Good Gifts		82,850	455,149	537,999	478,968
Training		2,074	141	2,215	9,704
UK Disaster Relief		616	510	1,126	4,844
Advisory Service		36,568	2,483	39,051	5,405
Direct awards programme		42,038	52,590	94,628	112,216
Card Aid		125,425	16,860	142,285	212,676
Peace Oil		12,027	71	12,098	7,721
Peace projects		36,215	122,853	159,068	155,850
Other		1,495	17,407	18,902	16,281
<b>Total</b>		<b>339,308</b>	<b>668,064</b>	<b>1,007,372</b>	<b>1,003,665</b>
Net gains/(losses) on investments		161,804	-	161,804	(2,305)
<b>NET INCOME/(EXPENDITURE)</b>		<b>52,705</b>	<b>(5,709)</b>	<b>46,996</b>	<b>12,923</b>
<b>Transfers between funds</b>	18	81,103	(81,103)	-	-
<b>Net movement in funds</b>		<b>133,808</b>	<b>(86,812)</b>	<b>46,996</b>	<b>12,923</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>2,430,056</b>	<b>571,588</b>	<b>3,001,644</b>	<b>2,988,721</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>2,563,864</b>	<b>484,776</b>	<b>3,048,640</b>	<b>3,001,644</b>

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

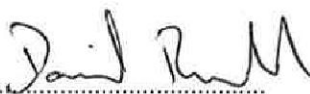
The Charities Advisory Trust (Registered number: 02895760)

**Balance Sheet**  
**At 30 June 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	12	9,184	14,080
Investments	13	<u>1,354,740</u>	<u>1,192,936</u>
		<b>1,363,924</b>	<b>1,207,016</b>
<b>CURRENT ASSETS</b>			
Stocks	14	-	3,317
Debtors	15	226,253	349,852
Cash at bank and in hand		<u>1,633,829</u>	<u>1,625,979</u>
		<b>1,860,082</b>	<b>1,979,148</b>
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>(175,366)</u>	<u>(184,520)</u>
<b>NET CURRENT ASSETS</b>		<u><b>1,684,716</b></u>	<u><b>1,794,628</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>3,048,640</b></u>	<u><b>3,001,644</b></u>
<b>NET ASSETS</b>		<u><b>3,048,640</b></u>	<u><b>3,001,644</b></u>
<b>FUNDS</b>	18		
Unrestricted funds		2,563,864	2,430,056
Restricted funds		<u>484,776</u>	<u>571,588</u>
<b>TOTAL FUNDS</b>		<u><b>3,048,640</b></u>	<u><b>3,001,644</b></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 19 April 2018 and were signed on its behalf by:



D Russell -Trustee

The notes form part of these financial statements



**The Charities Advisory Trust**

**Cash Flow Statement  
for the Year Ended 30 June 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	14,851	(67,893)
Finance costs		<u>(9,101)</u>	<u>(9,736)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>5,750</u>	<u>(77,629)</u>
<b>Cash flows from investing activities:</b>			
Interest received		<u>2,100</u>	<u>6,410</u>
<b>Net cash provided by (used in) investing activities</b>		<u>2,100</u>	<u>6,410</u>
		<u>          </u>	<u>          </u>
<b>Change in cash and cash equivalents in the reporting period</b>		7,850	(71,219)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>1,625,979</u>	<u>1,697,198</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>1,633,829</u></u>	<u><u>1,625,979</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 30 June 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	46,996	12,923
Adjustments for:		
Depreciation charges	4,896	5,175
(Gain)/losses on investments	(161,804)	2,305
Interest received	(2,100)	(6,410)
Finance costs	9,101	9,736
Decrease/(increase) in stocks	3,317	(1,740)
Increase in debtors	123,599	(122,055)
(Decrease)/increase in creditors	(9,154)	32,173
Net cash provided by (used in) operating activities	<u>14,851</u>	<u>(67,893)</u>

## 1. ACCOUNTING POLICIES

### Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

The Financial Statements are presented in pound sterling.

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

### Income

All incoming resources are shown net of VAT where applicable. Donated goods for sale are recognised in the Statement of Financial Activities as they are sold. Donated services are only recognised to the extent that they are material and reasonably quantifiable and measurable; in particular non-professional services from volunteers are not recognised. All trading activities are undertaken in furtherance of the Charity's objects, including assisting other charities with their fundraising through raising their profile through the Card Aid and Good Gifts schemes. Training income is recognised in the period in which the training event took place; where income for a training event is received prior to the event taking place, the income is deferred to the correct financial period. Income tax recoverable in relation to investment income or Gift Aid donations is recognised at the time the relevant income is receivable.

### Expenditure

All expenditure is accounted for gross, and when incurred. Direct charitable expenditure includes the direct costs of charitable activities and depreciation on related assets. Where such costs relate to more than one functional cost category, they have been split on an estimated time basis for the staff concerned. Support costs comprise those costs incurred centrally in support of the Charity's activities, including Governance costs, and have been apportioned to activities in proportion to the total costs of those activities. Governance costs are those associated with meeting the constitutional and statutory requirements of the Charity and its strategic management.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

### Tangible fixed assets and depreciation

Individual fixed assets costing more than £500 are capitalised at cost.

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

Furniture and equipment	-	5 to 6 years
Motor vehicles	-	5 to 10 years

### Stocks

Stocks of Christmas cards donated for resale are not valued by the Charity. The Trustees believe that they are similar in nature to second-hand goods donated for resale by charities. Like these donated goods, the income is not recognised until the point of sale. Stocks of Peace Oil for sale are recognised at the lower of cost and net realisable value.

**1. ACCOUNTING POLICIES - continued**

**Taxation**

The charity is exempt from corporation tax on its charitable activities.

**Fund accounting**

The General fund comprises unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund, and the basis of transfers to or from them, are set out in Note 18.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**Foreign currencies**

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 transaction. Exchange differences are taken into account in arriving at the net income/(expenditure).

**Pension costs**

The Charity operates a defined contribution pension scheme the assets of which are held separately from those of the Charity in independently administered funds chosen by individual staff. Contributions payable for the year are charged in the Statement of Financial Activities.

**Consolidation**

As explained in Note 20 the Charity has a subsidiary in India, Greenway Hotels Private Limited. Under Indian law assets of the subsidiary are not permitted to be repatriated to the UK and this substantially hinders the exercise of control over the subsidiary's assets. The Charity therefore does not prepare group accounts. The subsidiary is regarded by the Charity's Trustees as an independent project and it is administered by a separate board of directors, all Indian nationals except for the Charity's Director.

**Financial Instruments**

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. These are initially recognised at transaction value and subsequently valued at their settlement value.

**Reconciliation with previous Generally Accepted Accounting Practice**

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 the restatement of comparative items was required. The transition has had no impact on the Charity's financial position or financial performance at the date of transition (1 July 2015) and in respect of the financial statements for the year ended 30 June 2016. Therefore no reconciliation of reserves or net income/(expenditure) is required.

**Judgements and key sources of estimation uncertainty**

Judgements and key sources of estimation uncertainty are detailed in the above accounting policies where applicable.

2. DONATIONS AND LEGACIES

	2017	2016
	£	£
Charity Direct donations	26,544	74,341
Good Gifts donations - gifts	443,492	442,190
Good Gifts other income	70,557	80,782
Knit for Peace	85,551	154,458
Other voluntary income	47,849	16,378
	<u>673,993</u>	<u>768,149</u>

The Good Gifts scheme encourages donations to a selection of specific charitable purposes described in a catalogue. The donor is also encouraged to make a Gift Aid declaration and donate this Gift Aid towards the scheme's running costs. The resulting income is the main component of the Good Gifts other income shown above. The donor receives literature associated with the donation for which they are charged postage and packaging (see Note 4). Although this scheme generates a significant amount of voluntary income all costs of administering the scheme are included as part of the cost of Charitable activities. Details of grants given under the scheme are shown in Note 6.

3. INVESTMENT INCOME

	2017	2016
	£	£
Bank interest receivable	2,100	4,488
Interest receivable - trading	-	1,922
	<u>2,100</u>	<u>6,410</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Turnover from purchased goods £	Turnover from donated goods £	Other income £	2017 Total activities £	2016 Total activities £
Incoming resources from charitable activities	<u>41,165</u>	<u>143,728</u>	<u>31,578</u>	<u>216,471</u>	<u>244,334</u>

#### 4. INCOME FROM CHARITABLE ACTIVITIES - continued

Details of the Good Gifts Scheme are given in Note 14.

Donated cards and gift tags are sold through the Charity's Card Aid shops. The object of the Card Aid initiative, which is delivered through the Charity and its sister company CCSL (see Note 22), is to maximise the amount going to charity from the sale of Christmas cards. Card Aid produces cards for charities to sell to their supporters. It also supplies cards to companies for which they can choose any charity to benefit (the Business Initiative); finally, the Card Aid chain of over 30 temporary shops sells charity cards to the public. All the donated cards and those sold through the Business Initiative state that they are sold in aid of a particular beneficiary charity or class of charities and the amount paid to the charities (see Note 6) is calculated as a percentage of the sale proceeds. This amount of the sale proceeds is shown above as restricted expenditure.

The Card Aid shops sell cards supplied by charities; a levy is charged for this service. The shops also sell 'overs', cards and gift tags surplus to orders, donated by CCSL, the income from which is shown above. Other Card Aid income is mainly the levy on other charities' sales through the Card Aid shops and sales through the Business Initiative.

The Charity provides services to CCSL for which a management charge is made. The corresponding cost (mainly staff and overheads) is included as part of Card Aid costs in Note 5.

#### 5. CHARITABLE ACTIVITIES COSTS

	Direct costs	Grant funding of activities (See note 6)	Support costs (See note 7)	Totals
	£	£	£	£
Good Gifts	98,345	416,982	22,672	537,999
Training	1,648	-	567	2,215
UK Disaster Relief	838	-	288	1,126
Advisory Service	29,062	-	9,989	39,051
Direct awards programme	19,086	68,983	6,559	94,628
Card Aid	105,319	10,209	26,757	142,285
Peace Oil	11,810	-	288	12,098
Peace projects	130,163	-	28,905	159,068
	<u>396,271</u>	<u>496,174</u>	<u>96,025</u>	<u>988,470</u>

Details of Support costs and Governance costs are given in Note 7.

Direct costs of Card Aid (see Note 5) are principally grants paid to charities (see Note 6), the cost of temporary Christmas card shops, the cost of Christmas cards and envelopes for the Business Initiative scheme and costs associated with the donated Christmas cards, such as storage.

UK Disaster Relief (UKDR) is an initiative of the Charity aimed at raising funds for practical assistance in the event of a UK disaster. It has now been established as a separate charitable company, registered no. 1136164. The costs included above relate to set up costs, plus an allocation of staff costs, representing time spent by Charity staff on UKDR affairs.

Direct costs for Card Aid, Training, Good Gifts, Peace Projects and the Direct awards programme, include grants payable which are detailed in Note 6.

## 6. GRANTS PAYABLE

	2017	2016
	£	£
Good Gifts	416,982	353,888
Direct awards programme	68,983	99,333
Card Aid	10,209	18,026
	<u>496,174</u>	<u>471,247</u>

Good Gifts payments relate to donations by individuals and companies passed on to good causes chosen by them from a catalogue (see Note 18 for more details). In addition to the amount shown above, funds were also raised towards the cost of Peace Oil. Payments are made twice yearly.

The amount shown as Charity Direct represents funds donated by individuals paid to charities of their choice (see Note 18).

The amount shown as Charity Direct represents funds donated by individuals paid to charities of their choice (see Note 14).

All grants were made to institutions.

## 7. SUPPORT COSTS

	Other	Governance costs	Totals
	£	£	£
Other resources expended	3,398	15,504	18,902
Good Gifts	22,672	-	22,672
Training	567	-	567
UK Disaster Relief	288	-	288
Advisory Service	9,989	-	9,989
Direct awards programme	6,559	-	6,559
Card Aid	26,757	-	26,757
Peace Oil	288	-	288
Peace projects	28,905	-	28,905
	<u>99,423</u>	<u>15,504</u>	<u>114,927</u>

Support costs have been apportioned to activities proportionately to staff costs on those activities.

## 8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2017	2016
	£	£
Auditors' remuneration	5,700	5,550
Depreciation - owned assets	<u>4,896</u>	<u>5,175</u>

## 9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2017 nor for the year ended 30 June 2016.

### Trustees' expenses

There were no trustees' expenses paid for the year ended 30 June 2017 nor for the year ended 30 June 2016.

## 10. STAFF COSTS

	2017 £	2016 £
Wages and salaries	226,859	233,102
Social security costs	16,986	17,578
Other pension costs	45,336	45,361
	<u>289,267</u>	<u>296,041</u>

The average number of employees during the year was 9 (2016: 9.42).

The average weekly number of employees, calculated as full time equivalents, during the period was:

	2017 No.	2016 No.
Card Aid	2.63	12.9
Training	0.02	0.2
Good Gifts	1.94	1.6
Direct Aid	0.23	0.2
Advisory & Ethics	0.29	-
Peace projects	2.55	0.3
Peace Oil	0.01	-
UK Disaster Relief	0.01	0.9
Support and governance	0.65	1.3
	<u>8.33</u>	<u>17.4</u>

The salary of the Director amounted to £78,400 for the year (2016 - £78,400). In addition she was due pension contributions amounting to £19,600 (2016 - £19,600).

Only one employee received total emoluments, excluding employer pension contributions, in excess of £60,000.

Pension costs represent contributions payable by the Charity for eligible staff to funds chosen by the individuals calculated, for most staff, at 6% of annual salaries. The Charity has no commitments beyond these regular contributions. There were outstanding contributions at the year-end of £62,557 (2016 - £89,381). All other staff are enrolled in NEST's defined contribution scheme.



11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	16,378	751,771	768,149
<b>Charitable activities</b>			
Turnover from purchased goods	37,682	13,126	50,808
Turnover from donated goods	148,139	33,555	181,694
Other income	11,832	-	11,832
Investment income	6,410	-	6,410
<b>Total</b>	<b>220,441</b>	<b>798,452</b>	<b>1,018,893</b>
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Good Gifts	35,940	443,028	478,968
Training	9,087	617	9,704
UK Disaster Relief	4,495	349	4,844
Advisory Service	5,018	387	5,405
Direct awards programme	33,018	79,198	112,216
Card Aid	164,346	48,330	212,676
Peace Oil	7,493	228	7,721
Peace projects	23,172	132,678	155,850
Other	15,509	772	16,281
<b>Total</b>	<b>298,078</b>	<b>705,587</b>	<b>1,003,665</b>
<b>Net gains/(losses) on investments</b>	<b>(2,305)</b>	<b>-</b>	<b>(2,305)</b>
<b>NET INCOME/(EXPENDITURE)</b>	<b>(79,942)</b>	<b>92,865</b>	<b>12,923</b>
<b>Transfers between funds</b>	<b>88,123</b>	<b>(88,123)</b>	<b>-</b>
<b>Net movement in funds</b>	<b>8,181</b>	<b>4,742</b>	<b>12,923</b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<b>2,421,875</b>	<b>566,846</b>	<b>2,988,721</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>2,430,056</b>	<b>571,588</b>	<b>3,001,644</b>

**12. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 July 2016 and 30 June 2017	<u>109,383</u>	<u>16,134</u>	<u>125,517</u>
<b>DEPRECIATION</b>			
At 1 July 2016	105,241	6,196	111,437
Charge for year	<u>1,944</u>	<u>2,952</u>	<u>4,896</u>
At 30 June 2017	<u>107,185</u>	<u>9,148</u>	<u>116,333</u>
<b>NET BOOK VALUE</b>			
At 30 June 2017	<u>2,198</u>	<u>6,986</u>	<u>9,184</u>
At 30 June 2016	<u>4,142</u>	<u>9,938</u>	<u>14,080</u>

**13. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>MARKET VALUE</b>	
At 1 July 2016	1,192,936
Revaluations	<u>161,804</u>
At 30 June 2017	<u>1,354,740</u>
<b>NET BOOK VALUE</b>	
At 30 June 2017	<u>1,354,740</u>
At 30 June 2016	<u>1,192,936</u>

There were no investment assets outside the UK.

The historical cost of investments as at the year end was £1,007,732 (2016: £1,007,732).

The investments include a shareholding in Standard Life with a year end value of £11,921 (2016 £8,447). Other investments comprise of unit trusts.

**14. STOCKS**

	2017 £	2016 £
Peace Oil	<u>-</u>	<u>3,317</u>

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade debtors	40,315	33,109
Due from Christmas Card Scheme Limited	91,478	66,027
Other debtors	119	1,525
Gift Aid tax recoverable	31,799	198,289
VAT	19,611	15,753
Prepayments	42,931	35,149
	<u>226,253</u>	<u>349,852</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade creditors	2,922	2,767
Social security and other taxes	4,053	4,746
Other creditors	1,928	7,337
Accruals	137,133	126,595
Deferred training income	29,330	43,075
	<u>175,366</u>	<u>184,520</u>

Deferred training income, representing fees received in the year for courses, for the following year, comprises the following:

	2017	2016
	£	£
Balance at 1 July 2016	43,075	40,155
Add: Deferred training income arising in the year	29,330	43,0775
Less: Released in the year	(43,075)	(40,155)
Balance at 30 June 2017	<u>£ 29,330</u>	<u>£43,075</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds	Restricted funds	Total funds	2017 Total funds	2016 Total funds
	£	£		£	£
Fixed assets	9,184	-		9,184	14,080
Investments	1,354,740	-		1,354,740	1,192,936
Current assets	1,290,505	569,577		1,860,082	1,979,148
Current liabilities	(90,565)	(84,801)		(175,366)	(184,520)
	<u>2,563,864</u>	<u>484,776</u>		<u>3,048,640</u>	<u>3,001,644</u>

## 18. MOVEMENT IN FUNDS

	At 1.7.16 £	Net movement in funds £	Transfers between funds £	At 30.6.17 £
<b>Unrestricted funds</b>				
General fund	49,852	(109,099)	294,103	234,856
Project development	275,000	-	(275,000)	-
Working capital	400,000	-	(220,000)	180,000
Property	120,000	-	(22,000)	98,000
Flexible endowment	1,400,000	-	(620,000)	780,000
Revaluation reserve	185,204	161,804	-	347,008
Ethics of Charitable Giving	-	-	368,000	368,000
Good Gifts Monitoring	-	-	43,000	43,000
Computer and IT Upgrade	-	-	32,000	32,000
Publications	-	-	23,000	23,000
Knit for Peace Middle East	-	-	210,000	210,000
Knit for Peace Working Capital	-	-	248,000	248,000
	<u>2,430,056</u>	<u>52,705</u>	<u>81,103</u>	<u>2,563,864</u>
<b>Restricted funds</b>				
Card Aid	125,070	11,279	(23,449)	112,900
Charity Direct	104,788	(24,416)	-	80,372
Good Gifts - charitable gifts	322,648	26,510	(57,654)	291,504
Knit for peace	19,082	(19,082)	-	-
	<u>571,588</u>	<u>(5,709)</u>	<u>(81,103)</u>	<u>484,776</u>
<b>TOTAL FUNDS</b>	<u>3,001,644</u>	<u>46,996</u>	<u>-</u>	<u>3,048,640</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	230,209	(339,308)	-	(109,099)
Revaluation reserve	-	-	161,804	161,804
	<u>230,209</u>	<u>(339,308)</u>	<u>161,804</u>	<u>52,705</u>
<b>Restricted funds</b>				
Card Aid	36,211	(24,932)	-	11,279
Charity Direct	26,544	(50,960)	-	(24,416)
Good Gifts - charitable gifts	443,492	(416,982)	-	26,510
Good Gifts - running costs	70,557	(70,557)	-	-
Knit for peace	85,551	(104,633)	-	(19,082)
	<u>662,355</u>	<u>(668,064)</u>	<u>-</u>	<u>(5,709)</u>
<b>TOTAL FUNDS</b>	<u>892,564</u>	<u>(1,007,372)</u>	<u>161,804</u>	<u>46,996</u>

**18. MOVEMENT IN FUNDS - continued**

The project development fund - our work plans for 2018/19 have crystallised, so we are able to be more specific. New funds have been set up to cover this.

Ethics of Charitable giving, is a 2 year project resulting in publication and PR.

Good Gifts monitoring - a provision for travel costs to monitor projects/grants.

The sum of £32,000 has been designated for future computer and IT upgrades.

Publications - £18,000 has been set aside for the publication of Exercises for Knitters, and £5,000 to publish photographs of our projects, which were kindly taken by Alan Judd.

A fund has been created to cover the development costs of setting up Knit for Peace in the Middle East.

It has been decided that a fund should be created to cover Knit for Peace's budgeted expenditure in 2018/19.

The Charity derives much of its income from CCSL (see Note 22) which has a significant working capital requirement in the period before sales start to charities in the new season. The Charity itself also has its own working capital requirements. However, with an adjusted focus on Knit for Peace, the working capital fund has been reduced.

The Property fund was set up to fund future costs of refurbishment and furnishing of the premises at Radius Works consistent with the terms of the lease.

In 2002, the Trustees decided to establish a Flexible endowment fund to enable grants to be made when suitable projects came to their attention. In 2010, the Flexible endowment fund has been used as a buffer to underwrite some of the restricted funds where payouts were greater than the fund balance. The trustees felt since we had reserves it was better to use them to protect our beneficiaries, hard hit by recession, rather than set them adrift.

As explained in Note 4, part of the sales proceeds of Business Initiative cards and donated cards through the Card Aid scheme is payable to named beneficiary charities or classes of charities. Most of the amounts payable from the Card Aid Fund are distributed in February or March after the end of the Card Aid season but some funds for specified causes (rather than for specific charities) are distributed throughout the year in accordance with the Charity's grant-making policy. Any such amounts not spent by the year-end are carried forward for distribution in the following financial year.

The balance on the Card Aid fund at the year end includes some debit balances amounting to £39,812. These negative balances, including £36,656 for Diabetes, arose because of large grants being made in excess of the balance in the funds. It is anticipated that these deficits will be made good by future Card Aid income but in the meantime these individual funds are being under-written by the Charity's Flexible endowment fund.

The purpose of Charity Direct is to encourage tax-effective giving through Gift Aid donations from individuals. The amounts donated are expended for charitable purposes at the instructions of the individuals concerned. The Charity Direct fund is also used to channel other donations to good causes.

The Good Gifts scheme encourages donations to a selection of specific charitable purposes described in a catalogue. Generally the donations are passed on to a named charity but the Charities Advisory Trust itself takes direct responsibility for some of the projects. This income, and the corresponding payments to charities, are shown above as Good Gifts - charitable gifts. Good Gifts payments are made twice yearly. Staff sickness and maternity leave meant a delay in payout, but we ensured that no delivering charity suffered as a consequence. Some asked for payment to be made later so it fell into their next financial year, because tax laws meant they would otherwise be taxed on the amount.

**18. MOVEMENT IN FUNDS - continued**

The Charity charges a small postage and packing fee for Good Gifts where the customer or recipient is overseas, and encourages the donor to make a Gift Aid declaration to enable tax to be reclaimed; helping cover the running costs of the scheme. This income is shown above in Good Gifts - running costs above. The corresponding resources expended are part of the running costs of the scheme, the balance being funded from the General fund.

Recovered Gift Aid helps cover the running costs of Good Gifts and is shown in Good Gifts - running costs. The balance being funded from the general fund.

At the year end £23,449 was transferred from the Card Aid project to the Good Gifts scheme. This represented money raised through the sale of Christmas cards specifically in aid of Good Gifts projects.

The balance in the Revaluation reserve is calculated as the excess of the value of investments over the historical cost (there was no excess at 30 June 2010). The reserve is represented by that part of the investments.

**19. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 30 June 2017.

## 20. GREENWAY HOTELS PRIVATE LIMITED

The Charity has a subsidiary called Greenway Hotels Private Limited, a company registered in India, established to preserve historic buildings by refurbishing them for sustainable use in tourist ventures. The company's first project was a historic palace in Mysore - the Chittaranjan Palace - which is now run, as the Green Hotel, as a demonstration project showing how tourism ventures can be run on a non-exploitative basis and can benefit employees, the local community and visitors. Profits earned are distributed for charitable and environmental purposes in India. These grants are made out of profits before the end of the year. In past years the Charity has made grants to the company to renovate the palace and maintain its fabric.

Consolidated accounts have not been prepared in respect of the subsidiary company as explained in Note 1. The results of the company for the year ended 31 March 2017 were as follows:

	2017 Rs'000	2017 £	2016 Rs'000	2016 £
Turnover	29,017	356,930	28,235	296,693
Less: Operating costs	(28,191)	(346,777)	(26,841)	(282,045)
	826	10,153	1,394	14,648
Taxation	(311)	(3,829)	(495)	(5,201)
Loss for the year	515	6,324	899	9,447
Profit and loss account:				
At start of year	(7,479)	(91,999)	(8,378)	(90,953)
Profit/(loss) for year	515	6,324	899	9,447
Exchange Differences	-	11	-	2,924
At end of year	(6,964)	(85,664)	(7,479)	(78,582)
Share capital	8,997	110,672	8,997	94,544
Total capital and reserves	2,033	25,008	1,518	15,962
Assets and liabilities:				
Total assets	15,083	185,535	14,447	151,809
Less: total liabilities	(13,050)	(160,527)	(12,929)	(135,847)
	2,033	25,008	1,518	15,962

## 21. CORPORATION TAX

As a registered charity there is no liability to tax on the interest received. The Charity is liable to tax on its trading activities but after taking into account the notional market value of the donated goods and the notional cost of volunteers in the Card Aid shops and other donated services there are tax losses.

**22. CHRISTMAS CARD SCHEME LIMITED**

The Charity has a sister company, The Christmas Card Scheme Limited (CCSL), which designs and produces a wide range of cards for sale to charities. Although not a subsidiary, CCSL's directors and shareholders are the Charity's Director and one of its Trustees. Any profits of the company are paid to the Charity.

In addition to printing cards for sale CCSL also prints, as a by-product, cards and gift tags which are donated to the Charity for sale in the Card Aid shops (see Note 4).

CCSL uses the staff, premises etc. of the Charity and in return for these services pays a management charge which both parties believe is a fair reflection of their cost (see Note 6).

CCSL's surplus cash is normally passed on to the Charity to earn interest for the Charity but at certain times of the year, CCSL requires working capital and the Charity lends these funds when required. Such balances on the current account between the two companies are secured by a charge in favour of the Charity over all CCSL's assets and the Charity receives a commercial rate of interest on amounts outstanding during the year. The year-end balance is shown in Note 14.