

TRUSTEES REPORT

and financial statements for
the year ended 30 April 2020



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OUR MISSION

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

CAF delivers on its mission through our work in a number of focused areas:

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

CHAIRMAN'S REPORT

I present this report from the Charities Aid Foundation at an unparalleled time in the organisation's history. CAF's role, which is to work with donors and deliver support to charities and communities, has never been more vital, both at home in the United Kingdom and in the wider world. The Covid-19 pandemic has created a set of unprecedented challenges; in living memory, no one event has touched the lives of so many people. The hundreds of million of pounds that we have been able to distribute to charities has reinforced our mission to help transform lives and communities around the world.

In the face of the pandemic, CAF reallocated discretionary funds to create the CAF Coronavirus Emergency Fund in order to deliver emergency funding for small charities at risk because of the effects of the virus, enabling them to in turn deliver on their mission and offer a myriad of support and services upon which so many rely. CAF has also worked to support clients in their own desire to offer both immediate and longer term assistance and has ensured that our charity partners have the tools and services that they need to navigate these uncharted waters.

Alongside these efforts we have undertaken thoughtful work in researching how the virus is affecting our diverse beneficiaries and clients and the development of appropriate policy responses which seek to offer constructive and forward-looking options for consideration by Government and civil society colleagues both in the UK and overseas. Our network of advisors have applied their skills and experience to help guide major businesses and social enterprises in their own responses and have offered charities the benefits of CAF's expertise on the importance of resilience and rebuilding for a stronger future – however distant that might seem in the moment.

CAF's global reach, through the CAF Global Alliance, has enabled us to bring together insights from colleagues experiencing the pandemic in very different political and economic circumstances, which has informed our work and helped identify key areas of future development and collaboration.

This recent work, and indeed all that we have been able to accomplish in the past twelve months, is possible only because of the inspiring scale of generosity which we see every year at CAF. In the past year, CAF received a record £714 million from donors, an increase of 15 per cent over 2018/2019. These figures are evidence of the remarkable everyday willingness to give of those who choose to donate through monthly payroll deductions or contributions into CAF Charity Accounts; they are testimony to the proactive decisions by those with the most to give in our society to ensure that their chosen causes are able to not simply continue, but to grow, thrive and deliver services with long lasting impact. The donations received by CAF also reflect the considered, purpose-driven contributions of businesses eager to recognise that their success is not achieved in isolation from the wider communities of which they are a part and to share it accordingly.

As detailed in CAF's World Giving Index 10th anniversary edition released in October 2019, the willingness of people to give in both America and the United Kingdom is ingrained in the fabric of both countries. Both CAF America and the CAF American Donor Fund bear this out as both have seen a significant increase in activity over the past year, confirming the extraordinary generosity we have noted over the years on both sides of the Atlantic. CAF America's growth has seen a surge in donations which has placed it among the top tier of comparable charities in the USA while funds distributed by CAF Canada have also seen a significant increase.

The culmination of these efforts has been CAF's ability to grant £702 million to charities during the year, a new record for the amount donated by CAF in any one year. These funds represent donations to a vast array of causes, spanning heritage, education, medicine, research, poverty relief, disaster assistance both at home and overseas and, particularly in recent months, the countless small, local charities on the frontlines of battling Covid-19.

The funds distributed by CAF deliver real world benefits and progress, whether they support small organisations directly or are funds sent to foundations for onward specialist granting. One legacy grant translated into start-up funds for budding entrepreneurs from disadvantaged backgrounds at the University of East Anglia, while another funded a unique project in Burkina Faso that helps women become self-employed beekeepers able to support their families. A third grant allowed CAF to give dedicated support to a handful of very small charities to help them build their resilience against unexpected downturns or challenges, a service that was never more needed.

Working in partnership with major business such as Marks and Spencer, CAF was able to help deliver programmes ranging from cancer care to tackling homelessness and our work with ViiV Healthcare has supported hundreds of local community organisations affected by HIV and AIDS across the world.

Social investment through CAF Venturesome helped Spitfire Services restructure its operations which meant it was stronger and ready to support communities in Birmingham during the Covid-19 crisis. In Scotland, our lending ensured that Viewpoint Housing Association was able to complete a major refurbishment to provide social housing and care services for the elderly.

CAF Bank continues to offer critical support to small and medium-sized charities and is an integral part of the CAF family. This year, it has seen both a rise in deposits from charities and an increase in much-needed loans to partners with a focus on social housing provision and organisations with social purpose at their core.

All of this work was carried out against a backdrop of considerable challenges that were the reality before the global pandemic took hold. Fundraising pressures, increased demand on services and budget constraints were ever-present. These pressures were highlighted in a lively discussion when CAF convened key decision-makers in civil society for a hustings during the UK general election, working in partnership with NCVO.

Mere months later the landscape in which we now find ourselves could not be more daunting for charities of all sizes and those working to support them.

Our research paints a picture that raises many alarms in these early days and weeks. At CAF, we are determined to draw lessons from what the research tells us and to work creatively to find viable policy solutions that build on what already works while being open to new ideas that require partnerships and changing mind-sets.

At CAF, we are not immune to the effects of economic impact and in particular the sharp decline in interest rates and bond yields in response to the pandemic which has greatly affected our income. Working with the Executive, we have therefore taken the difficult decision to scale back certain activities and streamline our operations to reduce costs while maintaining our focus on delivering a high quality of service for our clients and stakeholders across all areas of CAF's work. Regrettably this will involve losing some very capable and loyal employees.

In the summer of last year, Sir John Low informed the Trustees of his intention to retire in 2020 from the role of Chief Executive. In his 13 year tenure of office, John has led CAF through a period of remarkable growth, not only in donations received and charitable giving, but also its influence, the range of its activities and the scope of its geographic presence. We are immensely grateful to John for all that he has accomplished in building CAF into the organisation it is today, and I know that all colleagues will join me in expressing our appreciation of his exceptional leadership and dedicated service to CAF's charitable objectives.

I am delighted that we will soon welcome Neil Heslop as our new Chief Executive. Neil has an exceptional record of accomplishments in both the business and charitable sectors and he brings to CAF a deep understanding of civil society along with focus, energy and enthusiasm for our work. The Trustees and I look forward to working with Neil to build on the legacy of John's success.

The topics mentioned in this report only touch upon the diverse and meaningful work being carried out across CAF and I would like to take this moment to thank the team at CAF who have made this possible. They have continued to inspire with their enthusiasm, creativity and commitment to delivering CAF's mission, regardless of the challenges we face. Never has this been so clear as in recent months. Since mid March the bulk of CAF's operations have been run remotely. The flexibility, resilience and energy with which everyone has responded to these circumstances has been remarkable, and I want particularly to record my gratitude for the exceptional efforts which colleagues have made to ensure that CAF's crucial services have continued uninterrupted throughout. Likewise, my fellow Trustees and the members of our Committees have helped steer CAF over the past year with purpose and professionalism and I am most grateful for their continued support.

My final word of thanks is to our donors for their unwavering support once more this year. Their generosity and commitment has been at the fore in recent months, but it has long served as the bedrock for CAF and the charities we support and the civil society that we collectively seek to strengthen.

A handwritten signature in black ink that reads "James Leigh-Pemberton". The script is fluid and cursive, with the first name "James" and last name "Pemberton" clearly legible, and "Leigh-" written in a smaller, more connected style between them.

Sir James Leigh-Pemberton
Chairman of Trustees

ACHIEVING OUR MISSION: WE MAKE GIVING COUNT

We are CAF and we exist to make giving go further, so together we can transform more lives and communities around the world.

We are a charity, a bank and a champion for better giving, and for over 90 years we've been helping donors, companies, charities and social organisations to make a bigger impact. Our independence, expertise and reach mean we are uniquely placed to do this.

For donors we make it easier to give, so you can give more, and more often, confident that your money gets to where it is needed. For companies and their people, we make it possible for you to give and keep on giving to do more for your communities. For charities and social organisations we provide the necessary support so you can get more help to where it matters, more efficiently. And for society we invest to help grow the culture of giving throughout the world.

For donors

We provide ways to give which suit you, whether you want to give a few pounds a month or a few million pounds. CAF is carefully structured to provide all the services offered by Donor Advised Funds in the United Kingdom and United States, plus substantially more.

CAF Charity Account: Our regular givers donate to CAF, we add Gift Aid and then hold the donations until donors ask us to send their donations to charitable causes around the world.

CAF Charitable Trust: Our major donors give cash, shares or other assets to us. We add Gift Aid and then hold or invest the funds for the future until donors ask us to send their donations to charitable causes around the world.

CAF Give As You Earn: We allow employees to give direct from their payroll, before tax and either send the money direct to charities of their choice or fund a CAF Charity Account or CAF Charitable Trust so they can fund their chosen charities at a later date.

CAF Charitable Legacy Service: CAF offer an easy and flexible way to leave a gift in your Will to benefit as many charities as you like.

For companies and organisations

CAF Company Account: Companies can donate to CAF, we will then hold the funds and companies can fund charitable causes around the world.

CAF Give As You Earn: Our sector-leading payroll giving service allows companies and organisations to offer a convenient way to give for all their employees.

Corporate Advisory Services: We offer advice to companies and organisations to integrate social purpose through high impact strategies and programmes and provide a range of other services.

Grant making: We're experts in helping organisations design their own grant programme or delivering it for them.

For charities

Everyday charity banking: Through CAF Bank, the specialist bank for charities, wholly owned by CAF.

Savings: A range of instant access and fixed term savings accounts.

Investments: A secure, digital trading platform designed exclusively for charities of all sizes.

Loans and borrowing: Secured loans to fund charity projects from CAF Bank or social investment from CAF Venturesome, our pioneering social investment arm.

Donations: CAF Donate makes fundraising easier by helping charities manage donations online, by post and by phone, all in one place.

Strategic consultancy: We're experts in supporting charities to become financially sustainable and resilient, so they can perform at their best and make a bigger impact.

International

CAF Global Alliance: Spanning six continents, with local experts in nine countries, we help donors create the greatest impact with their giving.

Sector support

Research, policy and public affairs: Our world class research, insight and policy work helps shape the environment for civil society, in the UK and around the world.

ACHIEVEMENTS AND PERFORMANCE

Overview

CAF's purpose is to make giving count. We achieve this by working to make it easier for people and businesses to give more, and by helping charities and social organisations to get money to where it is needed.

Our mission is to provide safe, effective and efficient giving by people and businesses to the causes they care about around the world. Growing the money available that CAF can, in turn, grant to charities is at the core of what we do and 2019/20 was a year of exceptional generosity. With the year ending amid the shadow of a global pandemic cast over us all, CAF's donors responded with increased donations into our care regardless of the unprecedented level of uncertainty in the global economy.

CAF's ability to safely deliver grant money to organisations across the world resulted in £702 million paid out in 2019/20. Even before the Covid-19 crisis, CAF's donors were already on track to help send record amounts to the causes close to their hearts in more than 110 countries around the globe.

	2019/20	2018/19
Donations received from donors	£714m	£620m
Donations paid to charities	£702m	£646m

(further details are set out on page 19)

We were able to respond rapidly and in line with Government policy to reduce the spread of Covid-19, with our priorities being to protect our staff and to maintain our services during these uncertain times. From mid-March nearly all of our employees in the UK relocated to working remotely from home with little impact on our operations. Since the easing of government guidelines, we have adapted our offices to create a safe working environment for our employees and gradually a number of them have been returning to office-working.

CAF has demonstrated agility and expertise in the creation of the CAF Coronavirus Emergency Fund in late March, weeks after the World Health Organisation declared the global pandemic. CAF's Trustees agreed the use of £5m of discretionary funds to be directed towards the fund's creation in order to offer emergency grants of up to £10,000 to small charitable organisations, including social enterprises.

The degree of urgent need in the sector was evident within days when the fund received almost 5,000 applications from organisations. Together, they represented requests for more than £40m in funds. CAF committed to assessing grant applications at speed and drew upon resources from across the organisation in order to be able to devise a process which upheld our hard-won reputation for due diligence but which also saw the first charities receiving their emergency grants within three weeks of the initial applications being received.

Alongside this effort, CAF's teams worked with private clients and businesses to help them achieve at speed their own desire to assist in the Covid-19 response. In addition to large donations to the WHO, the National Emergencies Trust and a host of frontline charities, CAF clients also contributed more than £1.5m to CAF's emergency fund.

Our charities team and social enterprise colleagues worked with clients to ensure they received the support and advice necessary to weather the storm while CAF's policy, research and public affairs teams offered tangible insights into the scale of the impact on the charitable sector and put forward constructive and viable policy proposals aimed at alleviating the burden facing charities. Our international work included helping colleagues across the CAF Global Alliance to track the impact of the pandemic on the sector in their own region and identify common challenges and best practice responses.

Throughout the year, CAF fulfilled our commitment to invest in improving the delivery of our products and services for all of our clients. Our past investment in an online service for donors making use of the CAF American Donor Fund (CADF) was well received and we are proud to report that the number of people making use of this service has increased again this year while the total donations into the fund remained strong at £79.5m (2018/19: £88.6m). Moreover, the determination to achieve long-term growth in grant-making resulted in CADF making 1,376 grants totalling £82.7m (2018/19: 1,228 grants totalling £80.6m), another increase on the previous year.

CAF America's growth has been inspirational, as donations surged by 125% as they continue to help generous American donors to grant vital funds to causes around the world. CAF Canada saw a remarkable increase in funds distributed of 214%.

CAF continues its work to ensure our IT systems and back office operations across all business areas represent the best value, security and efficiency, giving more people and businesses effective options for their giving.

Our staff rose quickly to the sudden challenges of remote working, supported by a dedicated IT team and robust compliance and legal oversight while our award-winning¹ customer services team continued to ensure CAF clients had knowledgeable support and speedy access to our range of services.

Our financial services for charities offer meaningful choices for organisations of all sizes and the introduction in December 2019 of the CAF Charity Deposit Platform gives charities easy access to market-leading interest rates for their cash deposits. This facility has proven popular in the opening months of the product, with a steady flow of inquiries from charities of all sizes. The historic low interest rate environment in which we now find ourselves may however impact the short to mid-term attraction of this product.

As in past years, CAF is affected by continuing low interest rates, a situation that has been further impacted by the Bank of England's move in March 2020 to cut base rates to a historic low in response to the pandemic. Although donations have held up well, since the year end, the low UK interest rates will adversely impact our investment income. In addition, the economic uncertainty will present both opportunities and challenges for social lending. CAF has responded in the current year with cost reduction measures, including voluntary and compulsory redundancies, a freeze on salaries and cuts in areas of discretionary expenditure. We will continue to ensure that all regulatory requirements are met and that IT systems remain resilient throughout the organisation.

Major donors

CAF has once again been able to assist our major donors with their giving plans across the UK and internationally and is able to offer the services of Donor Advised Funds with the expertise and flexibility garnered over many decades. CAF's private clients made donations into CAF Charitable Trusts of £177.3m during the year. This was £6.4m more than the previous year and, given the economic uncertainty that surrounded the Brexit debate, changes in political leadership and a general election, the continued level of donations from private clients speaks to their long-standing commitment to philanthropy. Donations paid from CAF Charitable Trusts in 2019/20 were £176.2m, a decrease from £216.0m in the exceptional previous year during which many clients directed funds that had built up over several years in order to achieve maximum impact. Towards the end of the year, CAF's major donors responded in force to the urgent need presented by the Covid-19 pandemic, seeking our advice on how to move quickly to grant funds to a range of causes assisting on the frontlines and also looking for guidance on putting measures in place to assist with the fledgling recovery phase.

¹ Winners of best in sector for the calls channel at 2020 Top 50 for Customer Service Awards and holders of Institute of Customer Service Mark since 2015.

Throughout the year, CAF has worked with partners across the advisory community offering tools and advice on how to guide their clients in their philanthropy. For wealth advisors, accountancy and legal colleagues, CAF was able to offer an exclusive debrief of the annual Sunday Times Giving List. CAF has sponsored the Giving List, which celebrates the publicly disclosed philanthropy of Britain's wealthiest people, for many years. Over 300 people participated in our virtual event to hear from the report's authors along with CAF client Martin Lewis, who was generous in his appreciation of the role CAF played in helping him deliver his own philanthropic priorities.

The Giving List also featured CAF's Head of Private Clients interviewed about the rise in philanthropic support for higher education in the UK, drawing upon the influence that we have seen through our CAF American Donor Fund of the tradition of supporting colleges and universities.

Regular givers

The people who lend their support to charity through CAF Charity Accounts or CAF's Give As You Earn (GAYE) employee payroll giving scheme together form a tremendous support for charities. Donations in to CAF Charity Accounts at £101.5m were slightly down on the 2018/19 total of £106.0m. In the past year CAF paid more than £106m to charities from CAF Charity Accounts, a decrease from £125m in 2018/19 when donations paid were buoyed by abnormally high donations received at the end of 2017/18.

Donations paid to charities from CAF Charity Accounts	2019/20	2018/19
Gift Aid Funded	£73m	£95m
CAF Give As You Earn funded	£33m	£30m
	£106m	£125m

Regular givers have been the backbone of tens of thousands of charities in the UK and overseas. As face to face fundraising, sponsorship events and charity shop income all but disappeared as the pandemic hit, it is the commitment of regular givers that has allowed many charities to continue to operate and deliver vital services for their beneficiaries.

CAF's payroll scheme is a leader in the field and companies turn to CAF for our assistance in encouraging their staff to give and to be well-placed to offer match-funding opportunities. We received £68.6m in payroll giving during the year, (2018/19: £70.1m) and the amount given directly to charity through payroll contributions was £28.2m (2018/19: £31.6) while the amount given through CAF Give As You Earn-funded Charity Accounts was £33.0m, an increase from £30.4m a year earlier.

Companies

CAF continues as market leader in corporate and employee giving, delivering some of the most recognised and respected corporate responsibility and community programmes in the UK and globally. In 2019/20 we enabled businesses to direct their donations of £92.0m (2018/19: £78.8m) to dedicated causes around the world. Central to our approach in this work is a continued commitment to digitising our products and services to enable effective, secure giving and helping our clients achieve impact with the support of our corporate advisory and grant-making services. We are committed to working with our clients to break the confines of conventional thinking and enable them to tackle the most pressing social and environmental issues of our times.

We continue to work with household names and global corporations across multiple sectors. We are proud to work with clients such as AstraZeneca, M&S, Sainsbury's and ViiV Healthcare on their multi-year grant giving programmes. For example, ViiV Healthcare, specialist in HIV health care, has deployed a multi-million pound, multi-year grant programme through CAF. Moreover, when the Covid-19 crisis hit, ViiV Healthcare turned to CAF to assist with the deployment of their Community Covid-19 Emergency Response Fund for community-based grants to help address specific challenges to the HIV community. We have been proud to be able to support many more clients through the Covid-19 crisis providing a safe, secure and swift way for them to donate and facilitate employee and executive giving.

We have seen client and donor growth through our partnerships with flexible benefits providers, who help bring Give As You Earn to new audiences and promote it in a personal and meaningful way. Our long term relationships with the four key Professional Fundraising Organisations help drive and grow engaged GAYE schemes, particularly across our retail clients and supporting campaigns such as Giving Tuesday, which CAF leads in the UK. We continue to build productive relationships with various technology providers who support our multinational clients with engagement of their global programmes.

Impact is at the heart of how we advise companies. Our corporate advisory practice has continued to spur companies and corporate foundations to think more boldly, so that they can have a bigger impact on the causes and issues they care about. Our work has focused on helping clients identify the most pressing areas of social need and how they are uniquely placed to support them as well as developing impact strategies to help the whole business deliver meaningful social change.

Our research for leaders in corporate responsibility, like Aviva and BNP Paribas UK, has shown them where to pinpoint their support; and our continued work alongside Johnson Matthey has seen the roll-out of a global strategy to improve access to and quality of science education.

Charities

As necessity borne of crisis has caused most charities to completely shift their fundraising efforts online, the need for effective, affordable and secure options such as CAF Donate have never been more important. CAF Donate processed £34.2m for charities during the year, up significantly from £27.0m in the previous year. The Celia Hammond Animal Trust, a cat rescue that relies heavily on smaller individual donations in order to survive, was just one of the many charities that told us of the administrative benefits to their organisation of having their Gift Aid donations handled through CAF Donate.

CAF's resilience programme, funded by CAF private clients, has never been more relevant. As the pilot project draws to a close in the coming months, the 10 charities from around the UK that took part are examples of what can be achieved when given time, breathing space and specialist guidance. Given that so many charities are currently fearful for their future, the focus on skills for management and strategic planning – even deciding to do less – are crucial. CAF has worked hard to share the lessons of this programme with our charity partners, including through the recent creation of a dedicated "Survive, Adapt, Thrive" resource on our website.

CAF's charity advisory and grant-making work continues to grow. Our Charities Advisory and Programmes team worked with over 25 clients this year, advising over 50 social entities, and helping to deliver inspiring programmes such as Initiatives in Lung Cancer Care. CAF collaborated with AstraZeneca, as part of the Lung Ambition Alliance, to create a transformational global grant-making programme. The programme is a key contribution to the Lung Ambition Alliance's goal of doubling five year survival for lung cancer patients globally.

CAF Venturesome, our social investment arm, made 31 investments during the year, totalling £2.9m, down slightly from £3.2m in 2018/19, reflecting the complex social investment landscape in the UK. CAF Venturesome has a current portfolio of over 130 social organisations totalling £6.3m (2019: £5.3m) in social investment. In April 2020, in response to the global pandemic, we varied the terms of nearly one third of our social investments, offering capital repayment holidays and other support where we were able to do so.

Our product and marketing teams worked together to deliver the CAF Charity Deposit Platform in late 2019, offering charities market leading interest rates for deposits of more than £50,000. This new product has been warmly received by charities of varied sizes and inquiries continue to grow at pace. Our CAF Investment Account platform has instituted an improved digital customer journey as we worked with our provider to introduce new functionality and reporting.

Our team also recently partnered with IFSL who were named as the new Authorised Corporate Director (ACD) for our multi-manager fund range. The team continues to explore new avenues for the charity investment market.

Behind so much of this work lies our customer services team, who in addition to their day-to-day commitment to excellence, were able to move quickly to a completely new workplace model when the UK entered lockdown. This dedication to helping our clients ensured that the vital flow of funds to charities was maintained as the effects of the pandemic took hold.

CAF Bank

CAF Bank is an essential part of CAF's offer to charities seeking a range of options for their finances. CAF Bank's charity customers continue to provide a strong base which underpins our work, with deposits increasing to £1.2bn (2019: £1.0bn) during the year. CAF Bank is wholly owned by CAF and as in prior years, CAF Bank's profit for 2019/20 has been gifted to CAF in order that we can continue to support the sector and grow giving through the delivery of our mission. In the past year, CAF Bank has successfully rolled out two-factor authentication and continues to review and enhance security provision and a longer term transformation project at CAF Bank is now well underway. We have also put considerable effort amid the pandemic to ensure charities have reliable, up to date information and advice on tackling fraud and maintaining cybersecurity.

Following the decision last year to refocus our lending on charities and social purpose organisations, CAF Bank's lending book continued to grow during the year and we were very pleased to close the year with total committed loans and advances to customers of £138.7m compared to £105.9m the previous year. CAF Bank now offers a range of long term loans to charities, housing associations and other social purpose organisations ranging from schools to faith based charities, training, health and mental wellbeing organisations.

A CAF Bank loan to the YMCA Milton Keynes funded a large development to provide affordable accommodation to young people in housing need, while a smaller loan to Devon-based Rainbow Living helped increase their ability to provide independent living accommodation for vulnerable adults.

International

The CAF Global Alliance family went from strength to strength over the past year. A unique group of independent partners in Southern Africa, Brazil, India, Bulgaria and Australia are joined by overseas subsidiaries in the USA and Canada. In the past year, CAF Russia moved from being a subsidiary to being a stand alone partner organisation – an exciting next chapter for a remarkable charity that CAF created more than 27 years ago. CAF also formed a new collaborative partnership with TUSEV in Turkey, bringing another essential voice to the table as we work together to share knowledge and strengthen civil society around the globe.

Despite differences in geography, culture and language, the Global Alliance spoke with one voice when they each mounted a robust response to the pandemic. This included working with European partners, the UN Foundation and the WHO to support the WHO Covid-19 Solidarity Fund. CAF has coordinated polling of charities in five of our partner countries to capture the impact of the crisis on the organisations operating in each part of the world.

The growth in CAF America and CAF Canada in the past year have, yet again, been significant as our recognised expertise in ensuring donations can be safely and effectively made around the world comes to the fore. The result of this reputation as a trusted partner in giving is donations totalling £205.4m, a very large increase from £91.2m in the previous year. CAF Canada's donations have also increased significantly to £11.9m (2018/19: £9.9m) while the funds distributed by CAF Canada more than tripled to £9.0m (2018/19: £2.9m).

CAF's international reputation for relevant research to guide us in our understanding of charitable giving resulted in a series of reports into giving behaviours in four African countries – Uganda, Kenya, Tanzania and South Africa. In partnership with global foundations and local civil society leaders, these reports captured for the first time the unparalleled amount of informal giving and the potential of the growing middle classes in building stronger democracies in emerging economies.

We also issued our first dedicated Ireland Giving report and our World Giving Index 10th anniversary edition included an examination of the 10-year trends in giving culture in all of our Global Alliance countries.

In Brazil, IDIS celebrated its 20th anniversary by bringing together a host of key speakers at the Brazilian Philanthropy Forum and was selected by UNESCO to structure an endowment. In addition to a strong year which included a national celebration of volunteering, CAF Southern Africa's response to the Covid-19 crisis saw them move quickly to fulfil a request from leading philanthropists the Oppenheimer Foundation to ensure grant money for food reached the communities worst hit by the virus within days. CAF India continues to be a leading voice in advocating for philanthropic initiatives, having worked with a number of organisations to prevent planned changes to corporate social responsibility (CSR) laws that would have restricted the use of these funds. As Covid-19 took hold, CAF India's appeal to support vulnerable communities saw \$1.8m USD (£1.5m) committed in just two weeks.

In Australia, the bushfires crisis at the start of 2020 saw tremendous collaboration between our partner Good2Give, CAF, CAF America and our Bulgarian partner BCause in order to channel donations from around the Global Alliance to support relief efforts.

Working in partnership with CAF Russia, we also successfully launched the next phase of a UK-Russia exchange programme for civil society leaders in partnership with the UK Foreign and Commonwealth Office and Euclid.

Sector support

The importance of timely, accurate and relevant research and policy has never been more central to CAF's mission. Amid crisis, CAF is able to identify need and develop informed responses to the impact of the pandemic on charities, donors and wider civil society.

CAF's respected research and policy arm has documented the effect of the crisis on the charity sector and has made concrete proposals to Government in the form of a Philanthropy Stimulus Package in order to effectively unlock desperately needed funds to see many of the UK's almost 200,000 charities through not just the crisis but the fledgling recovery. This creative list of potential measures includes accessing dormant assets, revisiting Gift Aid provisions, opening access to other sources of funds such as the National Fund and the consideration of living legacy structures to allow people to move forward their legacy wishes for charities.

Political uncertainty, growing social division and economic shock not seen in generations calls for world-class research and insight into giving trends. CAF's country giving reports and the World Giving Index provide an international baseline picture of what giving looks like in different parts of the world. They are very much a starting point in conversations around giving intention and have helped countries assess the degree to which charities and their beneficiaries are suffering the effects of lockdowns, cancelled fundraising events and volunteers and staff unable to deliver vital services. It is from here that policymakers both inside and outside of government can work towards solutions.

Throughout the past year, CAF has continued to work with the British Government to help the civil society strategy take shape and have worked to deliver, on behalf of the Department for Culture, Media and Sport, a pilot programme to create a culture of local, civic giving in communities dotted around the country. In light of the pandemic, this work is proving ever more needed as people begin to reassess their relationship with their local neighbourhood, community, village, town or city. CAF continues to seek collaboration with the Government in order to assist in the implementation and welcomed the strong level of support from Parliamentarians for our leadership in the UK of the Giving Tuesday initiative.

CAF's research and data insights team is also working with our grant-making specialists to analyse the results of the CAF Coronavirus Emergency Fund in order to determine what lessons can be drawn from the experience, what improvement could be made in future endeavours of this nature and how CAF can best assist marginalised communities in accessing emergency grant funds. CAF's regular reporting on UK Giving and World Giving trends will continue this coming year, with adjustments made where necessary in light of the effects of the pandemic.

Internally, CAF's research and insight arm has also worked with colleagues to help tailor their approach to individual donors, regular givers, charities and businesses.

PLANS FOR THE FUTURE

Driving growth and impact

This year finds us at a defining moment for charities and those who work to support them. For CAF, our commitment to our four strategic principles has been reinforced by the outpouring of generosity that we have seen amid the Covid-19 crisis. Our reputation for excellence in delivering our mission to grow giving in all its forms is the foundation upon which we will continue to build as we seek to serve our diverse clientele. We aim to increase the level of financial support that we are able to direct to charities and to strive to reduce the costs associated with the delivery of our work.

It is, as always, the choices of our donors that inform CAF's onward granting to charities but it is our determined ambition to increase the financial support that they receive and our continued investment in digital tools to facilitate giving that is being carried out in the hope of increasing the level of charitable giving.

We aim to increase the use by charities of our unique CAF Charity Deposit Platform, the only vehicle designed specifically for charities to manage their reserves and other savings. It is also our objective to increase our available range of investment options that are enshrined in the principles of ESG (Ethical, Social and Governance criteria) in the months ahead. CAF investment options appeal to both charities who are CAF clients and CAF Charitable Trust clients who are eager to see their donations grow over time in order to be able to achieve more.

Our ability to advise some of the UK's largest donors in their giving journey gives us both the experience and the confidence to strive to become the partner of choice for even more advisors and philanthropists in order to facilitate more giving. Our work in this field is increasingly recognised in mainstream media coverage and we aim to continue to provide that level of expertise to major domestic and global media outlets in the year ahead.

In response to the pandemic, we have forged a new Survive, Adapt, Thrive programme that will provide charities with a series of resources and tools to help them through the recovery period.

For the companies we work with, we will assist in their stated desire to create giving plans that encompass both purpose and authenticity and help them to achieve their ambitions under the UN's Sustainable Development Goals (SDGs).

CAF's unique research and insight offer, combined with our forward-looking, pro-active policy work will continue to help us position our organisation as a key voice in the charitable and philanthropic sectors and, in turn, enable us to promote the value of giving to a wider audience.

Building upon our partnership with TUSEV in Turkey and our ground-breaking research into middle class giving in four key African countries, we will look to further expand the reach of CAF's Global Alliance, working with local civil society partners across the world to assist in the strengthening of on-the-ground facilities and governance to encourage both giving and wider stability of democratic institutions.

We will also look to continue to harness the incredible performance of CAF America to enhance CAF's ability to support our donors across North America and Europe with more collaborative, safe and effective cross-border solutions.

Accelerate digital capacity

CAF is determined to embrace and build upon the improved digital-delivery that we have adopted as a result of the Covid-19 lockdown. Increasing the digital offer for our corporate clients will become standard as we also work to make their giving both smoother and faster. We will aim to also create a better digital giving journey for CAF donors, ensuring that our reputation for service excellence is maintained while reducing the cost of granting funds around the world. Through the growth we have experienced in our CAF Donate facility, we have been able to assist charities, particularly smaller organisations, with their shift to digital fundraising at a crucial moment in their history and we aim to build upon this growth.

Work will continue to offer service improvements across the CAF website to ensure a clear and effective user journey for everyone who wants to use our products and services or learn more about the work that we do. Our data insights team will monitor our progress in helping charities and donors to achieve their goals via our digital offer and help us identify areas of improvement.

The disruption to CAF's wide-ranging events schedule has necessitated a move to a fully digital delivery system for our wider engagement. The result has been a swift and efficient change in how we connect with stakeholders across the UK and around the world and early indications are that we are reaching not only more people, but a more diverse mix of audiences than through our traditional series of events. We are determined to capture this new engagement and use it as a digital model for future plans. The digital events platforms also afford CAF the opportunity to ensure that all of our services are fully accessible, removing both physical and economic barriers to attendance at our events.

CAF Bank transformation programme

We have listened to feedback from CAF Bank's customers and commenced a programme to update and streamline its processes. This work is being taken forward under CAF Bank's transformation project, which will combine investment in a new banking platform with remodelled processes. The programme has been designed and will deliver an enhanced customer experience through their channel of choice: by telephone, mobile or online.

Customer service excellence

CAF's knowledgeable and helpful staff have once again been recognised by industry-leading bodies for their specialised service offer. CAF has maintained its coveted ServiceMark designation from the Institute of Customer Service and continues to be part of an elite group of 100 organisations given this rating. Routine surveys of CAF clients revealed satisfaction scores above the UK average for our industry and our continued adoption of digital tools, including web-chat services and enhanced telephony systems will increase the options available for clients to engage with our dedicated teams.

CAF's work in improving the journey for new clients will continue as we shift away from paper-based processes and our offer for corporate clients to facilitate their payroll giving will also undergo further enhancements as we aim to make it simpler for firms to offer this popular service to their employees. CAF's own research tells us that firms offering purpose-led approaches to employee engagement are better positioned to both attract and retain talent and our approach to customer service for our corporate clients reflects this knowledge.

Quality and efficiency

We continue to invest in our systems and processes in order that we can keep costs down and ensure the efficient flow of funds to the charities that we are mission-driven to assist. We are determined to deliver these efficiencies while also ensuring our security systems are enhanced and robust and that our clients are able to carry out more of their business with us in a safe digital environment.

In the last two months of the year, as a result of Covid-19, we saw a significant change in the way we operate and a range of digital solutions were implemented to facilitate remote working. We are determined to capitalise on this rapid change and to build on the best of it to drive further development. This will be especially important as we reorganise and reduce staffing levels.

Our respect for the privacy of our clients remains a pillar of our organisation and routine monitoring and testing of our systems will continue. Guided by strong legal and compliance advice, our rigorous employee training programme will continue to ensure that everyone at CAF is best positioned to maintain the security of those we seek to serve.

In all of CAF's plans for the future, we are committed to upholding our values of diversity and inclusion. Respect for one another, for our clients across all areas of our organisation and for the beneficiaries of the vital services provided by charities will guide us in delivering our mission. We will work to ensure that we offer a transparent and accessible organisation that moves forward with both purpose and determination.

FINANCIAL REVIEW

Overview of the year

The CAF group's finances encompass unrestricted and restricted charitable funds, donor client balances as well as CAF Bank depositor balances.

Restricted charitable funds and CAF Bank depositor balances form the majority of our balances and activities.

Restricted funds and donor client balances

Donations received by us and subsequently paid to charities represent the principal movements in our restricted and donor client balances. The restricted funds principally relate to the services we provide to donors through CAF Charitable Trusts, CAF Charity Accounts, CAF Company Accounts, CAF American Donor Fund and CAF America. Other donor funds consist of donations received by us and subsequently paid to other charities through CAF Give As You Earn and CAF Donate.

The closing weeks of the financial year were dominated by the impact of Covid-19. We have described earlier in this report how we were able to respond to ensure the safety of our staff and maintain the delivery of our services to donors and charities. In response to the needs of small charities we were able to swiftly fund and launch the CAF Coronavirus Emergency Fund. The initial funding of almost £5m came from a handful of discretionary funds. One fund was intended to be used to provide support for small charities and the others for general charitable purposes. Given the desperate situation that so many charities found themselves in, the Trustees agreed that this money should be pooled together and repurposed to create the emergency fund. By 30 April 2020 we had paid grants of almost £1.5m to more than 300 small charities. With the fund boosted by further donations from our donors, almost £6.5m has now been paid to more than 1,250 charities.

We have also described earlier in this report, how the enduring generosity of the donors using CAF services ensured that giving exceeded £700m for the first time, in terms of both donations and legacies received and of donations paid to charities.

	Donations & legacies received		Donations paid to charities	
	2020 £m	2019 £m	2020 £m	2019 £m
Restricted funds per Group Statement of Financial Activities (SOFA)	651.7	561.9	639.9	587.4
Donor client balances (note 18 to the Financial Statements)	102.7	97.2	61.8	59.0
less: CAF Give As You Earn receipts transferred to restricted funds and included in the Group SOFA	(40.6)	(38.8)	-	-
Net donor client balance	62.1	58.4	61.8	59.0
Total	713.8	620.3	701.7	646.4

At 30 April 2020 restricted funds held in respect of our services, offering donors flexibility to make donations at a later date and to maintain philanthropic capital, decreased to £1,332.2m (2019: £1,358.1m). Although our restricted funds benefited from the addition of investment income of £14.8m (2019: £14.3m), market movements towards the end of the year resulted in a fall of £43.0m in the value of our financial investments, which had an aggregate market value of £627.5m at 30 April 2020 (2019: £650.2m). Our financial investments are principally investments held for CAF Charitable Trusts, typically a portion of the funds are also held in cash to meet donors' short-term giving, with the financial investments held to fulfil medium- to long-term objectives.

CAF America saw considerable growth during the year with donations received more than doubling from £91.2m in 2018/19 to £205.4m in 2019/20. This was matched by similar growth in the donations CAF America paid to charities, which reached £166.5m (2018/19: £80.7m).

Our donor client balances remained substantially unchanged at £4.8m (2019: £4.4m). These reflect donations in the course of processing for CAF Give As You Earn and CAF Donate.

CAF Bank - depositor balances and lending

Depositor balances reflect the value of the accounts held by customers with CAF Bank, the specialist bank for charities, wholly owned by CAF. CAF Bank continues to be underpinned by a strong and stable base of deposits provided by its charity customers and at 30 April 2020 CAF Bank depositor balances had increased to £1,156.5m (2019: £1,033.2m), despite the challenging interest rate environment.

During the year CAF Bank's lending also continued to grow. At 30 April 2020 the value of total committed loans and advances to customers stood at £138.7m (2019: £105.9m). The pipeline of sanctioned loans increased to £30.6m at 30 April 2020, providing a strong base for further growth in lending.

Endowment funds

Due to regulatory and legal changes in Russia, it was necessary for the CAF Russian Foundation to become an independent entity in August 2019 and it is no longer consolidated into the group accounts.

As a result of the change in the CAF Russian Foundation's governance, CAF consulted with two independent foundations that endowed CAF in 2000 and 2004 with funds to support a sustainable future for CAF's activities in Russia. During the year under review, both donors agreed that those funds could be transferred by CAF to the newly independent CAF Russian Foundation as endowments. Consequently, an amount of £2.3m was awarded by CAF to the CAF Russian Foundation and no endowment funds were held by the group as at 30 April 2020.

Unrestricted funds

At 30 April 2020 group unrestricted funds stood at £67.0m (2019: £61.7m), an increase of £5.3m (2019: £1.4m).

The following key factors have impacted our unrestricted funds during the year:

- ongoing low interest rates in the UK, which are now at a historic low;
- a continuing programme of investment in digital services, cyber security and protection from financial crime;

- the transfer of £9.3m from restricted funds;
- actuarial losses of £0.5m (as determined in accordance with FRS 102) arising on a defined benefit pension scheme; and
- the COVID-19 pandemic.

Although, we did manage to secure some relatively attractive interest rates on time deposits from time-to-time, CAF and the group continue to be impacted by low interest rates. We continued to experience volatility with regard to interest rates available as deposits matured and the financial year ended with the Bank of England base rate at a new historic low of 0.1%, following the drop in March 2020.

In order to further enhance our services to donors and charities and to ensure continuing compliance with an ever-changing regulatory environment, we have continued with a planned programme of investment in digital services and in resilient and secure IT systems. This resulted in a controlled increase in our expenditure.

Transfers from restricted funds during the year include £8.6m from two CAF Charitable Trusts, the trusts upon which the funds were held by CAF had failed and therefore the funds have been applied for the general charitable purposes of CAF. A further £0.7m held in a CAF Charitable Legacy Service account was applied for the general charitable purposes of CAF due to the specific circumstances and consistent with previous advice and precedent.

The Charities Aid Foundation Pension Scheme (the scheme) is a defined benefit pension scheme which is closed to both new employees and further benefit accrual. The scheme's actuary estimates that at 30 April 2020, for FRS 102 purposes, the scheme's assets exceeded its obligation by £1.08m (2019: £1.45m). This surplus, determined in accordance with FRS 102, has been recognised in CAF's balance sheet as at 30 April 2020, after the recognition of actuarial losses in the SOFA of £0.5m.

Since mid-March COVID-19 has had a significant impact on CAF, CAF Bank and on our donors, beneficiaries and customers.

The impact on CAF Bank's loan customers has been marked, with several temporarily closing their operations, particularly in the faith and education sectors. CAF Bank's multi-faceted response included offering borrowing clients 6-month capital repayment holidays, which had been agreed for 26 customers with loans totalling £15m by 30 April 2020.

This is an evolving area and we continue to monitor our customers and developments in Government policy very carefully. Although the outcome is presently uncertain, CAF Bank has increased provisions in its loan book to £1.6m to reflect the expected impact on its customers' ability to repay loans in the present economic situation. The resulting charge for loan provisions to CAF Bank's 2019/20 profit and loss account is £1.4m higher than 2018/19.

CAF Venturesome's loans are made to small charitable and social organisations, significant provisions are held against these loans and we believe that loan losses will fall within the level of provisions.

Although, in the months following the year end, we have seen a partial reversal of the investment losses sustained in the first quarter of 2020 and donations received have held up well, the sharp decline in interest rates and bond yields will adversely impact our income. Consequently, while maintaining our focus on delivering a high quality of service for our clients and stakeholders across all areas of CAF's work, we have taken steps to scale back certain activities and streamline our operations to reduce costs with a combination of voluntary and compulsory redundancies, together with a reduction in discretionary expenditure and we continue to control costs tightly across the group.

Reserves policy

CAF's policy is to maintain, but not exceed, an appropriate level of reserves to support the activities of the group, taking into account the risks to which the group is exposed, existing and projected future levels of income and expenditure, and the capital requirements of its regulated subsidiaries.

The policy and determination of the required level of reserves are set in accordance with Charity Commission guidelines and are reviewed at least annually by Trustees.

In determining the appropriate level of reserves, Trustees consider the nature of the group's activities and the risks inherent in our financially based activities including credit risk, liquidity risk and interest rate risk, along with other risks to which CAF and the group are exposed.

They also consider future capital requirements and changes in our operating environment, including regulatory changes, that may also impact the level of retained reserves or the levels of reserves we are required to maintain in the future.

Our objective is to remain strong, keep our fees and charges low and take mitigating action where it is possible, so we can offer the maximum support to the charities and donors we serve. We, therefore, continue to take a cautious approach to the levels of capital maintained.

The economic uncertainty resulting from the Covid-19 pandemic introduces challenges for all charities, including CAF and its trading subsidiaries. The Trustees are closely monitoring the situation as it develops and working with the Executive Committee on plans to ensure that we are well prepared to deal with any eventuality that might arise.

Group unrestricted funds, which also represent our reserves, stood at £67.0m (2019: £61.7m). This level of reserves at 30 April 2020 is considered to be sufficient to support the ongoing activities and development of the group.

CAF investment policies and performance

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

We continue to be cautious with regard to funds over which we have discretion in the current financial climate, placing funds primarily on deposit with UK banks.

Unrestricted funds – Treasury assets

Unrestricted funds are used to support the operating activities of the CAF group, including long leasehold premises used for the group's activities. During 2019/20 funds were invested primarily in term deposits with UK banks but may from time-to-time be invested in gilts, supranational bonds and highly-rated corporate bonds.

Restricted funds

Investments are held for restricted funds as follows:

Financial investments – Trust funds

Investments held for major donors in CAF Charitable Trusts, CAF America Donor Advised Funds, CAF American Donor Fund Trusts and CAF Canada Donor Advised Funds (collectively 'Trust funds') are aligned with the charitable objectives of each donor where these are available. As a result, this portfolio consists of a broad range of investments often held over the longer term, comprising pooled investment funds, equities, bonds and cash deposits. Performance is measured against benchmarks taking into account the objectives of the donor, where this has been agreed.

Other restricted funds – Treasury assets

Other restricted funds principally comprise balances held pending onward donation to other charities. During 2019/20 funds were invested primarily in term deposits with UK banks and multilateral development bank bonds, but may from time-to-time be invested in gilts, other supranational bonds and in a small value of highly-rated corporate bonds.

As at 30 April 2020 our portfolio yield was 1.1446% (2019: 1.2006%), compared with a benchmark of 6 month LIBOR of 0.6470% (2019: 0.9419%). We continue to experience volatility with regard to rates available as deposits mature.

Investment policies of subsidiaries are determined and managed by their respective boards.

Accordingly and after making appropriate enquiries, the Trustees have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due for at least twelve months from the date of signing this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Going concern

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the group's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future, taking into account the principal risks to which the group is exposed including the potential impacts of the Covid-19 pandemic and Brexit. Recognising the uncertainty associated with predicting the economic impact of Covid-19, in particular, the Trustees have considered the impact of a severe economic outcome on CAF and its subsidiaries and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of CAF and its subsidiaries would be unable to continue. After taking into account annual cost reductions which have been or are expected to be achieved, the current level of the group's cash and reserves and the financial performance of the group since 30 April 2020, the Trustees have concluded that the risk of this situation occurring is remote.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

CAF Trustees

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

- Not less than eight Trustees appointed by resolution of the Trustees; and
- the Chairman of NCVO (National Council for Voluntary Organisations)

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

Board of Trustees	Total no. of meetings attended during 2019/20
Sir James Leigh-Pemberton (Chairman)	5/5
Cyrus Ardalan (Chair, Investment Advisory Committee)	4/5
Matt Hammerstein	3/5
Anne Heal (Interim Chair, NCVO) – appointed, 16 September 2019	4/4
Peter Kellner (Chair, NCVO) – resigned, 16 September 2019	-/1
Tiina Lee	5/5
Carole Machell – resigned, 22 April 2020	4/5
Roger Perkin (Chair, Audit, Risk & Compliance Committee)	3/5
Janet Pope (Chair, CAF Bank Ltd)	5/5
Sir Ernest Ryder – appointed, 12 February 2020	1/1
David Shalders – appointed, 15 July 2020	-/-
Susannah Storey	5/5

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

Sir James Leigh-Pemberton CVO – Chairman

Sir James is Non-Executive Chairman of RIT Capital Partners and Deputy Chairman of UK Government Investments, and Trustee of the Royal Collection Trust and Alnwick Castle Gardens.

Cyrus Ardalan – Chair, Investment Advisory Committee

Cyrus is currently Chairman of Citigroup Global Markets, OakNorth Bank and the International Finance Facility for Immunisation supporting GAVI, the Vaccine Alliance. Previously, he was Vice Chairman of Barclays.

Matt Hammerstein

Matt is currently CEO of Barclays Bank UK, covering Retail Banking, Investments and Wealth UK, Business Banking and Barclaycard UK.

Anne Heal – Interim Chair, NCVO

Anne is currently Interim Chair of NCVO, Chair of Volunteering Matters and a Trustee of BalletBoyz. Anne is also a member of the Bank of England Enforcement Decision Making Committee and the FCA Regulatory Decisions Committee.

Tiina Lee

Tiina Lee is the Chief Executive Officer, UK & Ireland for Deutsche Bank and was a founder member of the Competitor Diversity Forum, an industry group created to share best practice for the recruitment, promotion and retention of women in investment banking.

Roger Perkin – Chair, Audit Risk and Compliance Committee

Roger was for many years a partner at Ernst & Young and now serves on the boards of TP ICAP, Hargreaves Lansdown and AIB UK, and as Trustee of Chiddingstone Castle.

Janet Pope – Chair, CAF Bank Ltd

Janet Pope is Director, Sustainable Business, Lloyds Banking Group plc, with responsibility for Inclusion and Diversity, Responsible Business and Sustainable Business. She is also a member of the Banking Standards Board and Chair of Governors at Camden School for Girls.

Sir Ernest Ryder

Sir Ernest was until recently a Lord Justice of Appeal, and Senior President of Tribunals for the UK. He is Master of Pembroke College, University of Oxford and a Trustee of the Nuffield Foundation.

David Shalders

David is the Chief Integration Officer and COO of the London Stock Exchange Group. Prior to this he was Group Operations and Technology Director at Willis Towers Watson.

Susannah Storey

Susannah is Director General for the Digital and Media Group in the Department for Digital, Culture, Media and Sport. Prior to this she was Director General for the Economic Partnership at the Department for Exiting the European Union, Strategy Director at the Department for Energy and Climate Change and Director for Royal Mail at the UK Government Investments.

Audit, Risk and Compliance Committee

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

- internal control and risk management systems
- effectiveness of internal audit
- CAF's relationship with its external auditors
- procedures for compliance with anti-money laundering legislation and CAF's other regulatory obligations
- annual report and accounts
- the arrangements by which staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Investment Advisory Committee

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

Nominations and Remuneration Committee

The Nominations and Remuneration Committee advises the Trustees on the appointment of CAF's Trustees and of the co-opted members and advisers to the boards and committees of the CAF group. The committee also makes recommendations regarding the remuneration of members of the Executive Committee of CAF (who form the key management personnel of the Group) and other senior members of staff, and reviews and agrees the basis for the general pay award to staff. Remuneration and salaries are assessed and reviewed against market rates using third-party data. The committee also reviews the general terms and conditions of employment of our staff including the provision of pension arrangements. The committee meets at least three times a year.

The CAF family

CAF is a group of wholly owned entities together with affiliated organisations which exist to provide our broad range of services to donors and charities and support our work to build civil society around the world.

In order to deliver its mission and to comply with the regulatory requirements for the provision of banking and investment solutions to charities, in the UK CAF has created and holds mixed-motive investments in a number of wholly-owned subsidiaries, the largest of which is CAF Bank. These investments further CAF's charitable mission, as well as providing a financial return.

CAF has also built the CAF Global Alliance which comprises UK and overseas charitable entities, including CAF's subsidiaries CAF American Donor Fund, CAF America and CAF Canada.

Due to regulatory and legal changes in Russia, it was necessary for the CAF Russian Foundation to become an independent entity during the year. As a result its accounts are no longer consolidated in our Group accounts. With our operations in Russia being brought together within that Foundation, we commenced winding down the activities of our branch in Moscow.

The newly independent CAF Russian Foundation carries the CAF brand under licence as a member of the CAF Global Alliance, which also includes a range of other independent organisations including BCause (Bulgaria), Good2Give (Australia), CAF India, CAF Southern Africa, IDIS Brazil and TUSEV (Turkey).

CAF's Board of Trustees receives updates from the boards of each entity that is a member of the CAF group.

Full details of the CAF group are set out in note 2 to the financial statements.

Relationships with other charities

We have links with a large number of charities through the provision of financial and administration services, as well as with our founder, NCVO. CAF has an ongoing annual obligation to collect charitable contributions on behalf of NCVO under which £2.11m (2019: £2.12m) was paid to NCVO during the year.

Public benefit and society

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

We enhance our employees giving through CAF Give as You Earn, by matching their donations to any charitable cause of their choice. In addition, we encourage our staff to organise events throughout the year to fundraise for a range of charities of their choice.

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

Environment

As well as our impact on the sector and society, we are conscious of our impact on the environment. We participate in recycling schemes, paper saving initiatives and a range of energy efficiency measures. We have a limited direct impact on the environment, other than staff commuting to work, energy and consumables use and a relatively modest travel footprint visiting stakeholders and limited travel overseas.

We are implementing policies in respect of our activities to manage and monitor the impact of climate change. These policies will set out our risk appetite for exposures to climate change. This is an evolving area and we expect the policies to develop over time in line with environmental and regulatory changes.

Equality and diversity

We are an equal opportunities employer and employ staff from a diverse range of backgrounds. Pay is set in line with the market and a comprehensive package of benefits is offered to staff including: a contributory pension scheme, healthcare, life and disability insurance, wellbeing support and flexible working arrangements.

We support staff development through training and development programmes and an employee run sports and social committee which arranges a number of events each year to enhance staff cohesion.

We employ staff from a wide variety of backgrounds, origins, experiences and cultures. We respect and value people's differences in terms of skills, experience, background, ethnicity and gender and this is reflected both within the organisation, in our recruitment and promotion processes and in the way we treat our customers. We believe in treating each other fairly, creating an environment where every individual is given equal access to opportunities to fully develop their potential.

Fairness and transparency are core principles. We listen and respect one another's opinions and promote an inclusive culture for all staff. We work co-operatively with our colleagues, recognising and valuing their different strengths and abilities.

We do not tolerate any form of intimidation, bullying, or harassment. Anyone who feels they have been subject to discrimination is encouraged to raise their concerns so we can apply corrective measures. A whistleblowing policy is promoted to enable staff to raise concerns.

When filling Trustee, board and committee positions, diversity is actively considered as part of the selection process with measures in place to ensure an appropriate diversification is maintained. This year we have developed a diversity policy and we are pleased to note that 40% of our Trustees and 50% of our Executive Committee are women.

Stakeholder engagement

We recognise and promote the importance of strong relationships with our stakeholders across all of our activities, and we are committed to engaging with them to ensure we maintain long-term relationships. Throughout this report we have described how we engage with our donors, charity customers and the sector. Below we give examples of engagement with other stakeholders.

Employees

Our employees are usually the first point of contact that donor and charity customers have with us and therefore are critical to our success. Many employees have a deep knowledge of our customers and their requirements, and perform key roles requiring specific knowledge and expertise. We aim to ensure that all of our employees feel valued and appreciated while working for us.

We engage with our employees through regular meetings and feedback sessions; through a structured appraisal process; and through annual employee surveys, to help understand any issues or changes they would like to see implemented within the organisation. The results allow us to analyse what is working well and to identify areas needing improvement.

A particular area we have focused on this year has been the impact of Covid-19. Senior managers have communicated extensively with staff to implement working from home arrangements, listening to and acting on feedback at all stages of the process while supporting changes in working arrangements. Senior managers will continue to engage with staff in teams and individually as the situation develops.

Suppliers

We recognise that our suppliers are crucial to our success and we understand the importance of maintaining strong lines of communication. Many perform critical outsourced functions and are subject to regular formal review. We engage with suppliers regularly throughout the year and feedback is continuously communicated and monitored.

Regulators

It is within our culture of fairness and transparency to promote high standards of conduct within CAF and with all external parties. In particular, holding donor funds and customer deposits, safety, soundness and adherence to all relevant aspects of regulation is key to us.

We maintain close awareness of this through engagement with regulators. This engagement is supported by interactions with industry bodies, specialist advisers, regulatory seminars, online forums and round table events. This has allowed us to remain informed on increasing regulatory requirements and to ensure we operate to the standard required.

Fundraising

There have been no UK fundraising activities undertaken in the current or preceding year.

RISK MANAGEMENT

Risk management framework

The group operates a framework that provides oversight and accountability for the management of risk across all risk types and at all levels of the group.

Risk is managed by the Trustees, Executive Committee and relevant boards and committees. The control environment is designed around a risk management framework and a related set of policies which facilitate the taking of acceptable risks within the appetite of the group, as set by the Trustees and relevant boards.

The framework is designed to support informed decision-making regarding the risks that affect our ability to achieve our objectives and is designed to manage rather than eliminate these risks. It also provides a consistent approach to identifying, assessing and monitoring current and emerging risks. The group's Risk Management Framework operates through top-down review by various governance committees and bottom-up review by individual functions and includes three key elements:

- the implementation of policies, systems and controls, through which the group identifies, assesses, mitigates and manages its risks;
- the risk and compliance functions challenge, monitor, guide and support the management of risk exposure; and
- independent assurance is provided by the internal audit function, which performs a risk-based audit programme and reports to the CAF Audit Risk and Compliance Committee (ARCC) and for CAF Bank to its Audit Committee.

Due to being regulated by the Financial Conduct Authority and Prudential Regulation Authority, CAF Bank operates its own risk management process. Further details are provided in CAF Bank's annual report.

Developments in the charity sector have seen increased media, public and regulator interest in the operation of charities. The Trustees and management remain focused on those risks which could adversely affect our reputation and ensuring that all activities are carried out in a respectful, open and honest manner.

Covid-19

Since mid-March the UK Government has been responding to the Covid-19 pandemic with a range of measures which are impacting us, our donors and beneficiaries, CAF Bank's customers and the wider UK economy. The impact has been, and continues to be, rapidly evolving and difficult to predict with certainty.

We have responded with a number of measures aimed at ensuring the continuation of the full provision of our services to all donors, beneficiaries and customers. We continue to closely monitor the emerging risks from the impact of Covid-19, including the impact on loan customers of CAF Bank and CAF Venturesome, as well as the impact on the group from lower interest rates. We monitor the impact of a range of projected interest rate scenarios in order to plan how we would respond.

EU trade deal agreement

We continue to monitor developments around the UK's exit from the European Union, and the EU trade deal currently due to conclude in December 2020. This may significantly impact the UK economy and, in turn, the group's income, which could be adversely affected by changes in interest rates and an increase in credit losses by CAF Bank.

As part of our normal risk assessment, we undertake regular projections using alternative interest rate scenarios and loan book credit losses for CAF Bank to support planning for varying outcomes, including the possibility of the UK not reaching an agreement with the European Union and we hold reserves and liquidity to cater for any significant adverse movements.

Principal risks and their mitigation

The main risk categories faced by the group are:

Non-financial risks

- Reputational risk
- Strategy and Mission risk
- Regulatory risk
- Operational risk
- Cyber risk
- Financial Crime risk

Financial risks

- Credit risk
- Liquidity and Funding risk
- Market and Interest rate risk

Non-financial risks

Risk	Mitigation
<p><i>Reputational risk</i></p> <p>CAF's objective is to protect its brand and reputation by being a sound and trusted organisation, ensuring a positive customer experience whilst complying with all legal and regulatory requirements.</p> <p>Reputational risk is the risk of an adverse event resulting in damage to the group's and/or any of its subsidiaries' reputation, leading to lost revenue or increased operating, capital or regulatory costs.</p> <p>The group's standing in the eyes of its donors, customers, beneficiaries, charity sector and the general public is of critical importance to us. Reputational risk arises as a consequence of the other types of risk described below and, as such, potential reputational impact is an integral part of assessing and managing those risks.</p>	<p>We work to build and protect our brand by ensuring our values are embedded in our staff and external communications.</p> <p>Our policies set out our risk and operational procedures for all areas of reputational risk, including financial crime, regulatory compliance, conduct-related concerns and employee relations.</p> <p>We act on all feedback, including complaints, to ensure we are doing everything possible to deliver the best possible service to our customers.</p>
<p><i>Strategy and mission risk</i></p> <p>CAF's objective is to deliver on its plans for the future whilst managing costs and providing a positive customer experience. Below are the main risks to this objective.</p> <p>Strategic risks are those that arise from the decisions taken concerning the group's objectives and ability to meet those objectives. This can include decisions taken in relation to developing products and services, changes in the technological environment and longer term sources of finance to support planned strategic growth.</p> <p>Changes in the financial markets have the potential to have a significant impact on our strategic plans. The risks of short-term economic downturn and a continuing low or negative interest rate environment are modelled.</p>	<p>A detailed approach is taken to budget-setting and development of financial plans and these are reviewed and approved by the Trustees. Regular detailed financial monitoring is carried out and actions taken to mitigate against any budget pressures, including effective cost management measures.</p> <p>Our strategic planning includes the modelling of a range of potential future scenarios in respect of changes in the group's operating environment, through which we identify opportunities for the furtherance of our strategic goals or for the mitigation of any negative impact arising from the change in the operating environment.</p> <p>Our planning processes include comparison of projected reserves against the minimum level of reserves required to support our ongoing operations and planned strategic growth.</p>

Non-financial risks (continued)

Risk	Mitigation
<p><i>Strategy and mission risk (continued)</i></p> <p>Similarly, the risk of inflationary pressures and higher interest rates in the medium term are considered.</p> <p>Changes in our operating environment, including regulatory changes, may also impact the level of our retained reserves or the levels of reserves we are required to maintain in the future.</p>	<p>Mitigation of the principal risks to the group associated with Covid-19 and with the UK not agreeing a trade deal with the EU have been described earlier. But we also continue to assess and monitor other associated risks, including the future of EU and other funding for charitable work, the longer term sustainability of corporate social responsibility programmes, the future of tax relief arrangements for donations into or out of the EU, and the future of London as a global hub for philanthropy. CAF does not receive any direct EU funding.</p>
<p><i>Regulatory risk</i></p> <p>CAF's objective is to deal with all our regulators in an open and co-operative way and to deliver on our commitments.</p> <p>Regulatory risk is defined as the risk to earnings and reputation associated with a failure to comply with regulatory requirements and expectations. The group aims to comply with all regulatory requirements to minimise the risk of financial loss, maintain its high reputation and avoid regulatory sanction.</p> <p>CAF is regulated by the Charity Commission for England and Wales and is also required to comply with tax legislation for which HM Revenue & Customs is responsible for ensuring adherence. CAF is responsible for ensuring that the charitable funds which it receives, administers and distributes are managed in compliance with charity law and the tax legislation relevant to charitable giving and expenditure.</p> <p>CAF is supervised in the UK by the Financial Conduct Authority (FCA) for anti-money laundering purposes.</p> <p>CAF Bank is regulated by the FCA and the Prudential Regulation Authority. CAF Financial Solutions Limited is regulated by the FCA.</p>	<p>Compliance with regulatory requirements and expectations commences at board level for each group entity. It is cascaded down through the senior management teams and is embedded across all areas of operation through the Risk and Compliance teams.</p> <p>Quarterly reporting to our Audit, Risk and Compliance Committee (ARCC) includes risks arising out of our operations and internal mitigating controls. The ARCC reviews and monitors the adequacy of internal controls and reports to the Board of Trustees on significant risks, any identified weaknesses in controls and progress of actions for addressing any such identified weaknesses.</p> <p>Data protection and information governance policies are in place and are reviewed to ensure our internal processes are robust and comply with any new legislative, regulatory or contractual requirements including the General Data Protection Regulation.</p> <p>Data governance training is compulsory for all staff and has been designed to ensure awareness of our duty to protect data and support implementation of our internal policies and procedures on data protection and information governance.</p> <p>The group is committed to ensure that the appropriate resource is made available to adhere to regulatory requirements, albeit in a proportionate way.</p>

Non-financial risks (continued)

Risk	Mitigation
<p><i>Operational risk</i></p> <p>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.</p>	<p>The group continually develops its systems and controls to increase the probability of success and reduce the likelihood of failure associated with operational risks. Policies, practices and controls are in place to address and mitigate our operational risks. These are reviewed for effectiveness on an ongoing basis.</p> <p>CAF Bank uses the Basic Indicator Approach to assess operational risk capital requirements.</p> <p>Our people are the key to our success, so we invest significantly in learning and development. We carry out surveys of our staff and we develop and implement action plans to address key issues.</p> <p>We carry out comprehensive reviews of our business continuity arrangements and plans and perform ongoing resilience testing of key business-critical activities.</p> <p>Operational risk presented by third party suppliers is addressed by our procurement process which ensures a strict framework for engaging third parties including a thorough risk assessment and regular service reviews.</p> <p>The move to remote-working upon the onset of Covid-19 with minimal impact to delivery of our services, demonstrated the effectiveness of significant elements of our own and of our third party suppliers' business continuity arrangements. However, we recognise that it has presented additional risks associated with oversight of operational processing, fraud monitoring and employee well-being. We have amended our review processes to encompass these risks and will continue to keep them under review.</p>
<p><i>Cyber risk</i></p> <p>Cyber threats are escalating from an increasingly sophisticated criminal community and we continue to invest in strengthening defences for both the group and its customers and in developing emergency response plans.</p>	<p>We continue to respond to the need to ensure resilience, to layer up security measures and to build capacity as our operating model and volumes develop.</p> <p>We regularly monitor and test all controls to ensure they are operating effectively. A key part of these controls is awareness throughout the organisation of how cyber attacks occur and the defences we have in place to counteract these.</p> <p>IT security training is compulsory for all staff and is designed to ensure awareness of our duty to protect our systems and the data they hold.</p>

Non-financial risks (continued)

Risk	Mitigation
<p><i>Financial crime risk</i></p> <p>There is a risk of both CAF and its customers being a target of financial crime which may lead to reputational damage, financial loss or regulatory sanction.</p>	<p>Financial crime risks monitored by the group include exposure of group entities and their customers to financial crime including fraud, money laundering, data loss and tax evasion offences.</p> <p>Customer and beneficiary reviews, at advanced levels where required, are undertaken in line with best practice, anti-money laundering, prevention of terrorist financing and HM Revenue & Customs requirements.</p> <p>CAF has appropriate Financial Crime policies and procedures in place that can be easily accessed by all staff. Mandatory training is supported by role based training in relevant areas.</p>

Financial risks

Through such services as the CAF Charity Account, CAF Company Account and CAF Charitable Trust, the group's activities include the receipt, investment and onward distribution of charitable funds. Activities also include banking services, such as deposit taking and lending provided by CAF Bank. Consequently, the group holds a significant level of financial instruments and has a corresponding exposure to the associated financial risks.

Details of the financial instruments held by CAF Bank are set out in note 31 to the financial statements, together with descriptions of the management of each category of financial risk.

Risk	Mitigation
<p><i>Credit risk</i></p> <p>Credit risk is the risk of financial loss arising from a borrower or counterparty failing to meet their financial obligations to repay the group in accordance with agreed terms.</p> <p>Credit risk arises primarily from investing funds with treasury counterparties and lending to charities and personal customers.</p>	<p><i>Treasury assets</i></p> <p>Treasury policies are reviewed and approved by the CAF Investment Advisory Committee and CAF Bank's Asset and Liability Committee (ALCo). The boards of group entities set criteria which include credit rating and counterparty lending limits, group exposures and country limits.</p> <p>Loans and advances are made to major banks, non-financial corporates and to the Bank of England. Counterparties and exposure limits are reviewed by the CAF Investment Advisory Committee and CAF Bank ALCo.</p>

Financial risks (continued)

Risk	Mitigation
<p><i>Credit risk (continued)</i></p>	<p><i>Financial investments held for Trust funds</i></p> <p>CAF Charitable Trusts, CAF America Donor Advised Funds, CAF American Donor Fund Trusts and CAF Canada Donor Advised Funds (collectively 'Trust funds') are invested in accordance with policies approved by the CAF Investment Advisory Committee, on behalf of CAF's and CAF American Donor Fund's Trustees, and by the boards of CAF America and CAF Canada. Donors typically hold a proportion of their funds in cash in order to meet their short-term giving expectations and invest funds to meet their medium to long-term philanthropic objectives. Donors plan donations by reference to the market values and liquidity profile of the assets held for their Trust fund.</p> <p>The exposure to credit risk is also mitigated by directly investing only in liquid debt securities and with counterparties having a credit rating at purchase of at least A- or A3 from Moody's, Fitch, and S&P ratings.</p> <p>Cash held for Trust funds by investment managers pending investment is subject to the FCA's client money rules.</p> <p><i>Lending and programme related investments</i></p> <p>There are two principal streams of lending activity: CAF Bank and CAF Venturesome.</p> <p>CAF Bank has in place a system of limits and controls to manage credit risk on its loan portfolio. Loan applications are reviewed by a credit assessment team and presented for approval to the Sanctions Committee, a sub-committee of the CAF Bank Credit Committee, in accordance with policies and criteria approved by the CAF Bank Board. CAF Bank lending is secured on property and subject to maximum limits on loan-to-value ratios.</p> <p>CAF Bank's lending policies include maximum exposure values and limits to manage concentration risk by sector. Exposure to geographical area is monitored. CAF Bank's loans, overdrafts and BACS facilities are subject to regular monitoring of loan performance and individual annual review. Administration of the loan book is outsourced to Link Mortgage Services Ltd who provide regular management information on a loan-by-loan and aggregated basis.</p>

Financial risks (continued)

Risk	Mitigation
<p><i>Credit risk (continued)</i></p>	<p><i>Lending and programme related investments (continued)</i></p> <p>CAF Venturesome's programme-related investments enable charities to lever their operations and deliver more social impact.</p> <p>All loans are subject to regular monitoring of loan performance.</p> <p>Provisions are assessed for evidence of impairment at both specific and collective level and where appropriate, includes consideration of the impact of a reduction in property values of various degrees of severity.</p>
<p><i>Liquidity and funding risk</i></p> <p>Liquidity risk is the risk that a group entity does not have sufficient financial resources to meet its obligations as they fall due, or can secure them only at excessive cost.</p> <p>Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.</p>	<p><i>Treasury assets</i></p> <p>The liquidity position is monitored by the CAF Investment Advisory Committee and Liquidity risk for CAF by its ALCo and Executive Risk Committee. CAF Bank's liquidity is measured, monitored and reported against intra-day triggers and limits set by its Board. CAF Bank undertakes regular stress testing of its liquidity position and behavioural analysis of its liabilities and assets.</p> <p><i>Financial investments held for Trust funds</i></p> <p>Trust funds are invested at the discretion of donors in accordance with investment policies which require investments to be highly liquid. Investments by donors take into account anticipated liquidity requirements to fund donations. Should additional liquidity be required to fund donations, investments are disposed. In the event of a shortfall in anticipated proceeds, the value of the donation would be reduced.</p>

Financial risks (continued)

Risk	Mitigation
<p><i>Market and interest rate risk</i></p> <p>Market and interest rate risk is the risk from adverse movements in external markets, e.g. interest rate movements, changes in investment values or currency movements, that will reduce income or the value of assets. This includes interest rate risk in CAF Bank's banking book which is the risk arising from a mismatch between the duration of assets and liabilities.</p>	<p><i>Treasury assets</i></p> <p>Neither CAF nor CAF Bank undertake proprietary trading activities. Investments are usually held to maturity and valued at cost with any premium or discount amortised over the remaining term (the effective interest method).</p> <p>Market and interest rate risk is measured by monitoring mismatches between assets and liabilities assessed on a behavioural basis, which may result from movements in market interest rates over a specified time period within limits approved by the boards of group entities.</p> <p><i>Financial investments held for Trust funds</i></p> <p>Trust funds are invested to fund long-term philanthropic goals of donors. The value of investments determines the value of funds available to make donations. Accordingly, a movement in equity markets or interest rates may affect the value of Trust funds held by the group, but does not impact the level of unrestricted funds.</p>

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES REPORT AND THE FINANCIAL STATEMENTS

The Trustees 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The law applicable to charities in England and Wales 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 group and the charity and of the incoming resources and application of resources of the group and the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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 the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees report on pages 4 to 37 was approved by the Board of Trustees on 25 August 2020 and signed on their behalf



Sir James Leigh-Pemberton
Chairman of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF CHARITIES AID FOUNDATION

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of The Charities Aid Foundation (the 'Charity') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Charity's affairs as at 30 April 2020 and of the Group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements which comprise:

- the Group and Charity Statements of Financial Activities;
- the Group and Charity Balance Sheets;
- the Group and Charity Cash Flow Statement; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).





2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Charity.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key Audit Matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> ■ Recognition of income from legacies; ■ Recognition of donation income from new major donors; ■ Recognition of donations paid to new overseas beneficiaries and grants payable; and ■ Loan impairment provisions in CAF Bank Limited. <p>Within this report, key audit matters are identified as follows:</p> <p>  Newly identified  Increased level of risk  Similar level of risk </p> <p>  Decreased level of risk </p>
Materiality	<p>The materiality that we used for the Group financial statements was £7,000,000 which was determined on the basis of 1% of total income.</p>
Scoping	<p>Our audit scope included the audit of the Group's significant components namely the Charity, CAF Bank Limited, CAF America, CAF Financial Solutions Limited and CAF Investments Limited. These components account for 99% of funds as at 30 April 2020.</p>
Significant changes in our approach	<p>There have been no significant changes in our audit approach for the 30 April 2020 year end.</p>

4. Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Charity'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.

We have nothing to report in respect of these matters.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Recognition of income from legacies



<p>Key audit matter description</p>	<p>For the year ended 30 April 2020, the Group's legacy income was £21.7 million (2019: £16.9 million). There is a high degree of management judgement involved in the recognition of legacies which have been accrued at the year end. These judgements include assessing the entitlement, probability and measurement of the income. Accordingly, consistent with the prior year, we consider there to be an increased risk of misstatement due to error or fraud in respect of legacy income.</p> <p>Refer to the accounting policies in note 1.4 (a) and note 5 of the financial statements on pages 53 and 63.</p>
<p>How the scope of our audit responded to the key audit matter</p>	<p>We obtained an understanding of controls by performing walkthroughs of the Charity's control procedures over the recognition of legacy income.</p> <p>We tested a sample of legacies to assess whether income was recognised when the Group became entitled to the income, receipt of the income was probable and the amount of the income could be estimated reliably.</p> <p>Where legacies were received, we tested a sample of cash receipts and agreed them to bank statements.</p> <p>Where legacy income was subject to conditions, we tested the fulfilment of those conditions and, where relevant, the deferral or non-recognition of the legacies.</p>
<p>Key observations</p>	<p>Based on the procedures performed and evidence obtained, we considered management's assumptions in recognising legacies to be reasonable.</p>

5.2 Recognition of income from major donors



<p>Key audit matter description</p>	<p>Over 24% (2019: 28%) of donation income during the year was from major donors. We consider the risk of misstatement due to error or fraud to be higher where donations are received from new major donors given the lack of track record and the need to perform due diligence procedures in the current period to substantiate the source of funds.</p> <p>Refer to the accounting policies in note 1.4 (a) and note 5 of the financial statements on pages 53 and 63.</p>
<p>How the scope of our audit responded to the key audit matter</p>	<p>We obtained an understanding of controls by performing walkthroughs of the Charity's control procedures over the recognition of donations from new major donors.</p> <p>We tested a sample of donations from new major donors to assess whether the income was recognised when the Group became entitled to the income, receipt of the income was probable and the amount of the income could be reliably estimated.</p> <p>Where donations from new major donors had been received, we tested a sample of cash receipts and agreed them to bank statements.</p> <p>We tested the completeness of new major donations during the period by reference to client lists and files and testing a sample of cash receipts.</p>
<p>Key observations</p>	<p>Based on the procedures performed and evidence obtained, we considered management's recognition of donation income from major donations to be appropriate.</p>

5.3 Recognition of donations paid to new overseas beneficiaries and grants payable



Key audit matter description

Donations paid to charities, £640.5m (2019: £587.9m), are charged to the Statement of Financial Activities when both the Group and beneficiary charities are notified in the normal course of business of an unconditional obligation to transfer funds.

There is a higher degree of risk of misstatement associated with donations paid to new overseas beneficiaries as overseas not-for-profit entities are not necessarily subject to the levels of regulatory oversight applied to similar entities in the UK and new overseas beneficiaries require detailed due diligence to be undertaken in the current year.

Grants payable are payments where the beneficiary charity has been formally notified in writing of the award. This notification gives the beneficiary a reasonable expectation that they will receive the grant. The recognition of grants payable involves judgement to assess the obligation, probability and value of each grant.

Refer to the accounting policies in note 1.5 and note 5 of the financial statements on pages 54 and 63.

How the scope of our audit responded to the key audit matter

We obtained an understanding of controls by performing walkthroughs of the Charity's control procedures over the recognition of donations paid to new overseas beneficiaries and grants.

We obtained source documentation for a sample of donations paid to new overseas beneficiaries to assess whether the awards had been communicated by the donor to the Charity and communicated in turn to the beneficiary charity.

We tested a sample of overseas beneficiaries to confirm that validation and due diligence processes had been performed in accordance with the Group's policies.

We tested the completeness of donation expenditure to new overseas beneficiaries through sample testing of cheques, instructions from clients and cash disbursements.

Where grants, particularly multi-year grants, are subject to the beneficiary charity fulfilling conditions, we tested the fulfilment of those conditions and, where relevant, the deferral of the grants.

Key observations

Based on the procedures performed and evidence obtained, we identified a small number of grant liabilities that were overstated. Following correction of these amounts, we found management's expenditure recognition to be reasonable in respect of grants and donations paid to new beneficiaries overseas.

5.4 Loan impairment provisions in CAF Bank Limited



<p>Key audit matter description</p>	<p>Gross loans and advances to customers in CAF Bank Limited increased from £91.8m to £106.4m during the year since the prior period. The loans and advances to customers are measured at amortised cost less for loan impairment provisions as required under IAS 39 'Financial Instruments: Recognition and Measurement'.</p> <p>CAF Bank Limited has limited loss experience and therefore the valuation of both specific and collective provisions is inherently subjective. Furthermore, there is a risk that impairment triggers are not identified in a timely manner, and that incurred loss provisions are therefore understated. Management also make assumptions pertaining to inputs in their loan impairment calculation such as the probability of default, loss given default and emergence period in respect of their loans to customers. All of these factors have been heightened due to the impact of Covid-19 on the Bank and its customers.</p> <p>As a result we consider there to be an increased risk of misstatement due to fraud or error in respect of this key audit matter.</p> <p>The impairment provision balance at 30 April 2020 was £1.6m (2019: £0.4m), of which £0.7m related to the collective provision for incurred but not reported impairment losses and £0.9m related to provisions for individually assessed loans.</p>
<p>How the scope of our audit responded to the key audit matter</p>	<p>We obtained an understanding of and tested the relevant controls relating to the loan impairment provision;</p> <p>We reviewed CAF Bank Limited's loan impairment provisioning policy to assess whether it was in compliance with the requirements of IAS 39;</p> <p>We tested a sample of performing loans to assess whether there was objective evidence that impairment had arisen and not been identified;</p> <p>We challenged the key assumptions applied to estimate the collective loan impairment provision by comparing the assumptions to available market data and we re-performed the calculation of the provision;</p> <p>We challenged and re-performed the calculation of the individual provision balances by testing the appropriateness of key inputs and mathematical accuracy; and</p> <p>We considered management's assessment of the impact of Covid-19 on loan loss provisioning.</p>
<p>Key observations</p>	<p>Based on the procedures performed and evidence obtained, we found the Group's assumptions, judgements and approach to estimating loan impairment provision to be reasonable and therefore considered the level of provision to be appropriate.</p>

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Charity financial statements
Materiality	£7m (2019: £6m)	£3.9m (2019: £4.1m)
Basis for determining materiality	1% of total income (2019: 1%).	1% of total income (2019: 1%).
Rationale for the benchmark applied	We consider total income to be an appropriate benchmark as it is a key measure of the performance of the Group, being a not-for-profit organisation.	We consider total income to be an appropriate benchmark as it is a key measure of the performance of the Charity, being a not-for-profit organisation.



6.2 Performance Materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered factors including:

- our risk assessment, including our assessment of the Group's overall control environment; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Risk and Compliance Committee that we would report to the Committee all audit differences in excess of £350k (2019: £300k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit, Risk and Compliance Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the balances within each entity and the risks of material misstatement at the Group level.

Our Group audit scope included full scope audits of the Charity, CAF Bank Limited, CAF Financial Solutions Limited, CAF Investments Limited and CAF America. These components account for 99% of funds as at 30 April 2020 and their audits were performed at lower levels of materiality set by the Group audit team ranging between £4K and £3.9m. There are separate component teams in respect of respect of CAF UK, CAF Bank and CAF America.

At the Group level, we tested the consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement in the aggregated financial information of components not subject to audit or an audit of specified account balances.

During the year, we held discussions with each component to enable us to direct and supervise in the planning and risk assessment process in addition to overseeing their detailed audit procedures. Furthermore, we attended key meetings with component management and auditors, and reviewed detailed component auditor work papers.

7.2 Our consideration of the control environment

We had planned to test the operating effectiveness of IT controls over certain of the Group's financial systems and, depending on the results of that testing, seek to test and rely on the operating effectiveness of related business controls.

Due to the challenges of remote working as a result of the Covid-19 pandemic, we agreed with the Group that we would not complete our testing of the operating effectiveness of IT controls and, accordingly, we adapted our audit procedures such that we took a fully substantive approach.

8. Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustee's Report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

9. Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

11. Matters on which we are required to report by exception

11.1 Adequacy of explanations received and accounting records

Under the Charities (Accounts and Reports) Regulations 2008 we are required to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or

- sufficient accounting records have not been kept by the Charity; or
- the Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

12. Other matters

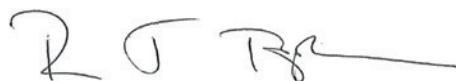
12.1 Auditor tenure

Following the recommendation of the Audit, Risk and Compliance Committee, we were appointed by the Audit Risk and Compliance Committee on 16 September 2016 to audit the financial statements for the year ending 30 April 2017 and subsequent financial periods.

Our total uninterrupted period of engagement is four years, covering the year of our appointment through to the year ended 30 April 2020.

13. Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charities trustees, for our audit work, for this report, or for the opinions we have formed.



Robert Topley FCA

For and on behalf of Deloitte LLP

Statutory Auditor

London

25 August 2020

GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 APRIL 2020

		Unrestricted		Restricted and endowment funds		Total	
	Notes	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Income							
Donations		2,809	2,628	630,428	545,482	633,237	548,110
Legacies		468	464	21,231	16,453	21,699	16,917
	5	3,277	3,092	651,659	561,935	654,936	565,027
Charitable activities:							
Fee income		17,206	15,771	-	(13)	17,206	15,758
CAF Bank net interest income		11,499	12,283	-	-	11,499	12,283
Investment income	4	7,873	6,983	14,808	14,252	22,681	21,235
Total income	5	39,855	38,129	666,467	576,174	706,322	614,303
Expenditure							
Charitable activities:							
Donations payable to charities		568	531	639,892	587,366	640,460	587,897
Other expenditure on charitable activities		42,938	38,429	-	-	42,938	38,429
Total expenditure	5	43,506	38,960	639,892	587,366	683,398	626,326
Net income/(expenditure) before group's share of losses in associate		(3,651)	(831)	26,575	(11,192)	22,924	(12,023)
Group's share of losses in associate	14	-	(100)	-	(3)	-	(103)
Net income/(expenditure) before net gains on investments		(3,651)	(931)	26,575	(11,195)	22,924	(12,126)
Net gains/(losses) on financial investments		6	-	(43,001)	15,186	(42,995)	15,186
Net gains/(losses) on other investments		-	3	-	(88)	-	(85)
Net income/(expenditure)	5	(3,645)	(928)	(16,426)	3,903	(20,071)	2,975
Transfers between funds	23	9,413	228	(9,413)	(228)	-	-
Net movement in funds before other recognised gains/(losses)		5,768	(700)	(25,839)	3,675	(20,071)	2,975
Other recognised gains/(losses)							
Gain on revaluation of tangible fixed assets	23	-	1,008	-	-	-	1,008
Defined benefit pension plan:							
Actuarial gains/(losses)	28	(507)	185	-	-	(507)	185
Removal of asset limit	28	-	979	-	-	-	979
Net movement in funds		5,261	1,472	(25,839)	3,675	(20,578)	5,147
Reconciliation of funds							
Total funds brought forward		61,746	60,274	1,358,083	1,354,408	1,419,829	1,414,682
Total funds carried forward	23	67,007	61,746	1,332,244	1,358,083	1,399,251	1,419,829

The notes on pages 53 to 97 form an integral part of these financial statements.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 APRIL 2020

		Unrestricted		Restricted and endowment funds		Total	
	Notes	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Income							
Donations		2,818	7,007	338,927	361,356	341,745	368,363
Legacies		468	464	20,840	16,453	21,308	16,917
	5	3,286	7,471	359,767	377,809	363,053	385,280
Charitable activities:							
Fee income		11,699	9,875	-	(13)	11,699	9,862
Investment income	4	8,171	7,519	13,501	13,162	21,672	20,681
Total income	5	23,156	24,865	373,268	390,958	396,424	415,823
Expenditure							
Charitable activities:							
Donations payable to charities		395	531	382,935	425,128	383,330	425,659
Other expenditure on charitable activities		27,365	25,778	-	-	27,365	25,778
Total expenditure	5	27,760	26,309	382,935	425,128	410,695	451,437
Net expenditure before net gains/(losses) on investments		(4,604)	(1,444)	(9,667)	(34,170)	(14,271)	(35,614)
Net gains/(losses) on financial investments		-	-	(42,555)	13,864	(42,555)	13,864
Net gains/(losses) on other investments		-	3	-	(88)	-	(85)
Net losses on associate undertakings		-	(100)	-	(3)	-	(103)
Net expenditure	5	(4,604)	(1,541)	(52,222)	(20,397)	(56,826)	(21,938)
Transfers between funds	23	9,476	228	(9,476)	(228)	-	-
Net movement in funds before other recognised gains/(losses)		4,872	(1,313)	(61,698)	(20,625)	(56,826)	(21,938)
Other recognised gains/(losses)							
Gain on revaluation of tangible fixed assets	23	-	1,008	-	-	-	1,008
Defined benefit pension plan:							
Actuarial gains/(losses)	28	(507)	185	-	-	(507)	185
Removal of asset limit	28	-	979	-	-	-	979
Net movement in funds		4,365	859	(61,698)	(20,625)	(57,333)	(19,766)
Reconciliation of funds							
Total funds brought forward		59,260	58,401	1,232,000	1,252,625	1,291,260	1,311,026
Total funds carried forward	23	63,625	59,260	1,170,302	1,232,000	1,233,927	1,291,260

The notes on pages 53 to 97 form an integral part of these financial statements.

GROUP BALANCE SHEET

AS AT 30 APRIL 2020

		Unrestricted funds		Restricted and endowment funds		Depositor and donor client balances		Total	
	Notes	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Assets									
Balances at Bank of England		43,859	46,718	522	1,068	283,191	270,389	327,572	318,175
Loans and advances to banks:									
Repayable on demand	9	27,680	23,612	259,753	318,489	11,169	13,617	298,602	355,718
Other	9	-	-	404,253	340,005	-	-	404,253	340,005
Loans and advances to customers	10	2,577	2,089	3,003	5,024	103,625	90,461	109,205	97,574
Debt securities	11	-	507	31,545	31,909	771,083	669,579	802,628	701,995
Financial investments	12	-	-	627,518	650,230	-	-	627,518	650,230
Other investments	13	818	717	3,820	3,250	-	-	4,638	3,967
Associate undertaking	14	3,273	3,273	81	81	-	-	3,354	3,354
Tangible fixed assets	15	5,650	5,595	-	-	-	-	5,650	5,595
Other debtors	16	1,278	1,379	5,492	6,182	-	-	6,770	7,561
Prepayments and accrued income		6,936	4,940	14,836	17,822	3,820	3,988	25,592	26,750
Pension scheme asset	28	1,082	1,452	-	-	-	-	1,082	1,452
Total assets		93,153	90,282	1,350,823	1,374,060	1,172,888	1,048,034	2,616,864	2,512,376
Liabilities									
CAF Bank depositor balances	17	-	-	-	-	1,156,473	1,033,160	1,156,473	1,033,160
CAF Give As You Earn and CAF Donate balances	18	-	-	-	-	4,792	4,500	4,792	4,500
Due to beneficiary charities	19	-	-	14,502	12,364	-	-	14,502	12,364
Other creditors	20	3,393	4,434	3,905	2,355	105	125	7,403	6,914
Accruals and deferred income		3,045	4,439	172	1,258	1,376	107	4,593	5,804
Provisions for Corporation Tax		3	3	-	-	-	-	3	3
Repurchase agreement	21	-	-	-	-	10,142	10,142	10,142	10,142
Long-term loan	22	19,705	19,660	-	-	-	-	19,705	19,660
Total liabilities		26,146	28,536	18,579	15,977	1,172,888	1,048,034	1,217,613	1,092,547
Funds	23	67,007	61,746	1,332,244	1,358,083	-	-	1,399,251	1,419,829
Total liabilities and charitable funds		93,153	90,282	1,350,823	1,374,060	1,172,888	1,048,034	2,616,864	2,512,376

The notes on pages 53 to 97 form an integral part of these financial statements

Approved by the Trustees and authorised for issue on 25 August 2020 and signed on their behalf by



Roger Perkin FCA
Trustee



Mike Dixon FCA
Director of Finance and Operations

CHARITY BALANCE SHEET

AS AT 30 APRIL 2020

		Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
Registered charity number 268369	Notes	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Assets									
Loans and advances to banks:									
Repayable on demand	9	22,399	20,233	165,821	253,643	4,897	4,625	193,117	278,501
Other	9	-	-	400,793	336,593	-	-	400,793	336,593
Loans and advances to customers	10	2,577	2,089	3,003	5,024	-	-	5,580	7,113
Debt securities	11	-	-	19,178	19,444	-	-	19,178	19,444
Financial investments	12	-	-	576,679	607,322	-	-	576,679	607,322
Other investments	13	818	717	3,820	3,250	-	-	4,638	3,967
Subsidiary undertakings	14	41,925	41,925	-	-	-	-	41,925	41,925
Associate undertaking	14	3,273	3,273	81	81	-	-	3,354	3,354
Tangible fixed assets	15	5,486	5,458	-	-	-	-	5,486	5,458
Other debtors	16	3,582	5,963	4,330	4,944	-	-	7,912	10,907
Prepayments and accrued income		6,522	4,656	14,730	17,674	-	-	21,252	22,330
Pension scheme asset	28	1,082	1,452	-	-	-	-	1,082	1,452
Total assets		87,664	85,766	1,188,435	1,247,975	4,897	4,625	1,280,996	1,338,366
Liabilities									
CAF Give As You Earn and CAF Donate balances	18	-	-	-	-	4,792	4,500	4,792	4,500
Due to beneficiary charities	19	-	-	14,101	12,362	-	-	14,101	12,362
Other creditors	20	2,528	2,899	3,860	2,355	105	125	6,493	5,379
Accruals and deferred income		1,806	3,947	172	1,258	-	-	1,978	5,205
Long-term loan	22	19,705	19,660	-	-	-	-	19,705	19,660
Total liabilities		24,039	26,506	18,133	15,975	4,897	4,625	47,069	47,106
Funds	23	63,625	59,260	1,170,302	1,232,000	-	-	1,233,927	1,291,260
Total liabilities and charitable funds		87,664	85,766	1,188,435	1,247,975	4,897	4,625	1,280,996	1,338,366

The notes on pages 53 to 97 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 25 August 2020 and signed on their behalf by



Roger Perkin FCA
Trustee



Mike Dixon FCA
Director of Finance and Operations

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2020

		2020		2019	
	Notes	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash provided by/(used in) operating activities	24		80,526		(72,793)
Cash flows from investing activities					
Increase in Cash Ratio Deposit with Bank of England			(242)		(635)
Net increase in loans and advances to banks			(64,248)		(110,096)
Net increase in debt securities			(103,541)		(96,273)
Payments to acquire financial investments			(149,334)		(112,632)
Proceeds on disposal of financial investments			170,747		162,464
Payments to aquire other investments			(820)		-
Proceeds on disposal of other investments			175		1,749
Payments to acquire tangible fixed assets			(319)		(32)
Decrease/(increase) in investment portfolio cash and settlements pending			4,279		(2,176)
Receipts of Trust Funds investment income			14,718		14,164
Net cash used in investing activities			(128,585)		(143,467)
Cash flows from financing activities					
Payments of interest on long-term loan			(1,022)		(1,021)
Net cash used in financing activities			(1,022)		(1,021)
Change in cash and cash equivalents in the year			(49,081)		(217,280)
Cash and cash equivalents as at 1 May			672,668		887,558
Change in cash and cash equivalents due to exchange rate movements			1,120		2,390
Cash and cash equivalents as at 30 April			624,707		672,668
Represented by:					
Balances at Bank of England repayable on demand			326,105		316,950
Loans and advances to banks repayable on demand			298,602		355,718
			624,707		672,668

The notes on pages 53 to 97 form an integral part of these financial statements.

CHARITY CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2020

		2020		2019	
	Notes	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash used in operating activities	24		(42,795)		(75,659)
Cash flows from investing activities					
Net increase in loans and advances to banks		(64,200)		(119,044)	
Payments to acquire financial investments		(125,298)		(87,138)	
Proceeds on disposal of financial investments		131,526		149,706	
Payments to acquire other investments		(820)		-	
Proceeds on disposal of other investments		175		1,749	
Payments to acquire tangible fixed assets		(272)		(26)	
Decrease/(increase) in investment portfolio cash and settlements pending		3,360		(1,659)	
Receipts of Trust Funds investment income		13,453		13,075	
Net cash used in investing activities			(42,076)		(43,337)
Cash flows from financing activities					
Payments of interest on long-term loan		(1,022)		(1,021)	
Net cash used in financing activities			(1,022)		(1,021)
Change in cash and cash equivalents in the year			(85,893)		(120,017)
Cash and cash equivalents as at 1 May			278,501		398,434
Change in cash and cash equivalents due to exchange rate movements			509		84
Cash and cash equivalents as at 30 April			193,117		278,501

The notes on pages 53 to 97 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies

The principal accounting policies and judgements used in the preparation of the financial statements are:

1.1 Basis of preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Statement of Recommended Practice: Accounting and Reporting by Charities ('Charity SORP (FRS 102)'), except for the adoption of a balance sheet format which the Trustees believe more clearly represents the group's financial assets and liabilities.

Monetary amounts in these financial statements are stated in pounds sterling and are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2 Going concern

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the group's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future taking into account the principal risks to which the group is exposed including the potential impacts of the Covid-19 pandemic and Brexit. Recognising the uncertainty associated with predicting the economic impact of Covid-19, in particular, the Trustees have considered the impact of a severe economic outcome on CAF and its subsidiaries and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of CAF and its subsidiaries would be unable to continue. After taking into account annual cost reductions which have been or are expected to be achieved, the current level of the group's cash and reserves and the financial performance of the group since 30 April 2020, the Trustees have concluded that the risk of this situation occurring is remote. Accordingly and after making appropriate enquiries, the Trustees have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due for at least twelve months from the date of signing this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Funding accounting

The Group holds restricted, unrestricted and endowment funds.

Fund classification is an area of significant judgement and is dealt with in Note 1.15 (a).

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects of the Group.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors. Restricted funds comprise donations to the Group which are held pending instructions for investment or onward donation to charitable organisations.

Two endowments representing donations to support the Group's operations in Russia are not material and are reported in these financial statements along with restricted funds.

Further details of each fund are disclosed in note 23.

1.4 Income recognition

Income is recognised once the Group has entitlement to the income, it is probable that the income will be received and the amount can be measured reliably.

1.4 (a) Donations and legacies

Donations received are recognised once the Group has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

In the event that a donation or grant is subject to conditions, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Group and it is probable that those conditions will be fulfilled.

Legacy donations are recognised on a case-by-case basis where there has been a grant of probate or notification has been made by executors that a distribution will be made. In the event that the gift is in the form of an asset other than cash, or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

Where legacies have been notified with an estimated value but the criteria for income recognition have not been met, then the legacies are treated as contingent assets and disclosed if material (see note 27).

Donations processed by the Group acting in an agency role are recognised in the balance sheet. Such donations consist of amounts in respect of CAF Give As You Earn and CAF Donate services.

1. Accounting policies (continued)

1.4 (b) Fee income

Income in respect of grant administration services provided to grant-makers, which forms part of wider arrangements including the receipt and onward payment of funds to beneficiary charities, is recognised upon delivery of the administration services. Recognition of this income is dependent upon being able to measure reliably: the stage of completion, the costs incurred in delivering the service and the costs to complete the requirements of the service.

Loan arrangement fees are recognised using the effective interest method over the term of the loan. Non-utilisation fees on undrawn loans are recognised as income in the period they are earned.

1.4 (c) Investment income

Interest receivable on financial assets is recognised using the effective interest method. Dividends are recognised once the dividend has been declared and notification has been received of the value of the dividend due. Where investments are managed by external investment managers, this is normally upon notification by the investment manager of the dividend income.

1.5 Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Donations paid to charities principally represent donations by donor clients and are charged to the Statement of Financial Activities (SOFA) when both the Group and beneficiary charities are notified in the normal course of business of an unconditional obligation to transfer funds.

Amounts to be paid at a future date are included in creditors.

Grants payable are payments where the beneficiary charity has been formally notified in writing of the award. This notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. Grant awards that are subject to the recipient fulfilling performance conditions are accrued when any remaining unfulfilled conditions attaching to that grant are outside of the control of the Group.

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Group that would permit the Group to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made.

1.6 Allocation of support cost

All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Where support costs cannot be directly attributed to one or more categories, they are apportioned on the basis of staff headcount. No support costs are allocated to restricted funds.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Irrecoverable VAT is charged as a cost.

1.7 Operating leases

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

1.8 Pension costs

Details of the Group's pension arrangements are set out in note 28. The following policies are applied to the recognition and measurement of costs and liabilities in respect of the pension plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

Defined contribution pension plans

Pension contributions payable for the year in respect of defined contribution pension plans are recognised as an expense and as a liability, after deducting any amounts already paid.

1. Accounting policies (continued)

Defined benefit pension plan

The CAF-specific defined benefit pension plan (Charities Aid Foundation Pension Scheme) is closed to both new members and benefit accrual. In accordance with the requirements of FRS 102, if CAF's obligations under the plan exceed the value of the plan's assets, CAF recognises a 'net defined benefit liability'. In the event of a winding up of the plan, the trust deed allows CAF to recover any surplus which may exist. Consequently, where the value of the plan's assets exceed CAF's obligation under the plan, CAF recognises a 'net defined benefit asset'.

The net defined benefit asset or liability is measured in accordance with the requirements of FRS 102 and is determined by an independent actuary. The net change in the defined benefit asset or liability during the period is recognised in the SOFA.

1.9 Foreign currency

Transactions in foreign currencies are translated to Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to Sterling at the exchange rate ruling at that date.

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

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

1.10 Taxation

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

1.11 Tangible fixed assets

Tangible fixed assets, other than long-leasehold property, are stated at cost less accumulated depreciation and accumulated impairment losses.

Long-leasehold property is stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains and losses on revaluation are recognised in the SOFA and accumulated in the revaluation reserve.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Group entities assess at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the SOFA on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- | | |
|---|---|
| ■ Long-leasehold property | 50 years |
| ■ Long-leasehold and other leasehold improvements | Shorter of the remaining term of the lease or the useful economic life of the asset |
| ■ Furniture and fittings | Up to 4 years |
| ■ Computer equipment | Up to 3 years |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change in the pattern by which the Group expects to consume an asset's future economic benefits.

1.12 Basic financial instruments

Investments

Investments may be held for two broad investment objectives:

- to generate income to support the Group's charitable activities – 'Wholesale treasury assets' which include CAF Bank's investments, or
- to achieve capital appreciation and to generate income for CAF and CADF Charitable Trusts – 'Financial investments'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies (continued)

Wholesale treasury assets

Debt securities are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial investments

Pools of investments are held for CAF Charitable Trusts, CAF America Donor Advised Funds and CAF American Donor Fund Trusts (collectively 'Trust funds') to achieve an investment return to fund future charitable donations. The value of the investments determines the funds available for donation at any point in time.

Basic financial instruments held as 'Financial investments' are, therefore, measured initially at fair value, which is normally the transaction price. Transaction costs are expensed in the SOFA (where material) if the investments are subsequently measured at fair value through profit or loss. Subsequent to initial recognition all types of investments, including debt securities, that can be measured reliably are measured at fair value with changes recognised in the SOFA. Where the fair value of such investments cannot be reliably measured because, for example they are not publicly traded, the investments are measured at cost less impairment.

Other investments

Investments in equity instruments, such as ordinary and preference shares, are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded (where material) if the investments are subsequently measured at fair value through profit or loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in the SOFA.

Investment properties are measured initially at fair value which is typically probate value. They are subsequently reviewed at each balance sheet date for any changes in fair value which is typically open market value.

Investments in subsidiaries

Investments in subsidiaries which consist of ordinary share capital, preference share capital and Additional Tier 1 (AT1) securities are carried at cost less impairment.

Investment in associate

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

The Group's share of the profits less losses of associates is included in the Group SOFA and its interest in their net assets is recorded on the balance sheet using the equity method.

In the parent financial statements, investments in associates are carried at cost less impairment.

Investments in subsidiaries held for subsequent resale

Interests held as part of an investment portfolio are deemed to be held with a view to subsequent resale. These interests are not consolidated but are included in the accounts of the investing entity at fair value with movements in the fair value recognised through the SOFA.

Loans and advances to banks

Loans and advances to banks comprise the Group's cleared and uncleared balances held at clearing banks and deposits with an original maturity of five years or less. These are shown at the lower of cost or estimated realisable value.

Where a pool of 'Financial investments' is managed on a discretionary basis by an investment manager and the portfolio includes cash and cash deposits, those balances are included with the investment balance to reflect that the funds do not form part of normal day-to-day operational cash flows and balances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies (continued)

CAF Bank depositor balances

CAF Bank depositor balances represent the value of deposits by account holders and are recorded as liabilities.

Debtors and creditors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid.

Creditors are recognised where there is a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

Interest-bearing loans receivable and payable

Interest-bearing loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost using the effective interest method, less any impairment losses.

Concessionary loans receivable and payable

Concessionary loans may be receivable from other charities as a result of social lending activity undertaken by CAF Venturesome and loans advanced by CAF Charitable Trusts. Such loans are advanced at concessionary (non-market) rates of interest, which may include interest-free loans. These are initially recognised at the amount advanced to the borrower and are subsequently measured at the amount advanced less amounts received less any impairment.

Concessionary loans may be payable in respect of funds advanced to support social lending undertaken by CAF Venturesome. Such loans are advanced at concessionary (non-market) rates and are usually interest-free loans. These are initially recognised at the amount advanced by the lender and are subsequently measured at the amount advanced less any amounts repaid to the lender.

1.13 Other financial instruments - financial instruments not considered to be 'Basic financial instruments'

Other financial instruments not meeting the definition of 'Basic financial instruments' are recognised initially at fair value. Subsequent measurement is at fair value with changes recognised in the SOFA, except for equity instruments which are not publicly traded and whose value cannot otherwise be measured reliably, which are measured at cost less impairment.

Derivative financial instruments are not held by the Group, except where a pool of 'Financial investments' is managed on a discretionary basis by an investment manager and derivative financial instruments (such as forward currency exchange contracts) may be used to mitigate risk.

1.14 Impairment of assets

Financial assets (including trade and other debtors)

Financial assets including loans are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence can include default or delinquency by a borrower, restructuring of a loan or advance on terms the Group would otherwise not consider, indications that a borrower or issuer may become insolvent, or a reduction in marketability of security.

The Group considers evidence for impairment for loans and advances (including on-demand commitments) at both specific and collective level. If there is evidence of impairment leading to an impairment loss for an individual counterparty relationship, then the amount of the loss is determined as the difference between the carrying amount of the loan, including accrued interest, and the estimated recoverable amount. The estimated recoverable amount is measured as the present value of expected future cash flows discounted at the loan's original effective interest rate, including cash flows that may result from foreclosure less costs for obtaining and selling collateral. The carrying amount of the loan is reduced by the use of an allowance account and the amount of the loss is recognised in the SOFA.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies (continued)

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and loss experience for assets with credit risk characteristics similar to those in the Group. In addition, the Group uses its judgement to estimate the amount of an impairment loss, supported by historical loss experience data for similar assets. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the SOFA. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investment properties

Investment properties which are only acquired upon donation, usually by legacies, to the Group are measured initially at probate valuation. Subsequent to initial recognition, investment properties are held at open market value.

1.15 Significant estimates and judgements

(a) Judgements

Classification of funds

Judgement has been applied in whether certain funds held in accordance with CAF's standard terms and conditions should be classified as restricted funds or designated funds under the SORP. These funds, which amount to £407.5m (2019: £416.1m), are held by CAF pending instruction for onward distribution to third party charities.

The Trustees consider that the following factors indicate that these funds held in CAF Charity Accounts, CAF Company Accounts and CAF Charitable Trusts are more appropriately classified as restricted funds:

- The SORP states that a restriction may result from a decision by the donor to support a specific purpose of the charity. So, although the standard terms and conditions of CAF do not themselves restrict the funds, the view of the Trustees is that the donor decision results in a restriction in substance.
- There is an expectation from the donor and users of the accounts that these funds will be used in line with the wishes of the donor.
- In the ordinary course of business, there is no expectation that these funds will be used for any purposes other than onward distribution. This is supported by long term business practice and the fact that use of these funds for CAF's own needs would likely be damaging to the business model and would only ever be contemplated in an extreme event.

Legacies

Judgement has been applied in recognising income from legacies gifted to CAF. Legacies are recognised as income where receipt is probable, which is determined from a review of a number of criteria including grant of probate, sufficiency of assets and the existence of any conditions to be met.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

1. Accounting policies (continued)

(b) Estimates

With respect to the next reporting period, 2020/21, the most significant areas of uncertainty that affect the carrying value of assets held by the Group are the level of investment return and the performance of investment markets.

Pensions

An estimate has been made of the fair value of the assets and of the present value of the defined benefit obligations in respect of a defined benefit pension arrangement (the Charities Aid Foundation Pension Scheme), which is no longer available to staff (see note 28 for more information).

Fair value – estimations and assumptions in valuation models used

Where no market value is available for an investment or no recent transactions of an identical asset are available, an estimate is made of fair value using other valuation models. Such models include those in accordance with International Private Equity and Venture Capital Valuation Guidelines.

The Group carries its investment property at fair value, with changes in fair value being recognised in the SOFA. The Group engaged independent valuation specialists to determine fair value of all investment properties as at 30 April 2020. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards 2015 and in accordance with United Kingdom Guidance Note 7 – Valuations for Charities.

1.16 Entity status

CAF meets the definition of a Public Benefit Entity under FRS102.

2. Consolidation

The Group financial statements include the accounts of CAF (the charity) and its subsidiary undertakings for the year. The income and donations received and net movement in funds for CAF are disclosed in note 23.

Consolidated entities

The following entities are controlled by CAF and are consolidated in the Group financial statements:

Trading subsidiaries

By way of mixed-motive investments, CAF owns 100% of the equity share capital of the following:

- **CAF Bank Limited** (registered in England & Wales – company number 01837656), a bank for charities authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- **CAF Financial Solutions Limited** (registered in England & Wales – company number 02771873), a company authorised and regulated by the Financial Conduct Authority, responsible for the marketing and promotion of regulated savings and investment products to customers of CAF and its subsidiaries
- **CAF Investments Limited** (registered in England & Wales – company number 07469408), the sponsor of an Open Ended Investment Company (OEIC), namely, FP CAF Investment Fund

UK registered charities

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

2. Consolidation (continued)

Overseas charitable entities

CAF controls the following overseas charitable entities:

- CAF America, a US public charity recognised by the US Internal Revenue Service. CAF America provides US citizens with the opportunity to make tax-effective gifts for the support of overseas charities. CAF has the power to appoint and remove the members of CAF America at any time
- CAF Canada, a Canadian charity registered with the Canadian Revenue Agency of which CAF and CAF America are the only members

The following Russia-based entities ceased to be subsidiary undertakings during 2019/20.

- CAF Foundation for Philanthropy Support and Development, with CAF ceasing to have control as a result of a change in the Foundation's governance structure; and
- CAF Philanthropy Services LLC, which was dissolved

CAF Global Trustees (CAF GT)

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

Entities not consolidated

Good2Give (Australia), BCause (Bulgaria), CAF India, The "CAF" Charitable Foundation for Philanthropy Development (CAF Russia), and CAF Southern Africa are independent members of the CAF Global Alliance. CAF does not have a controlling interest in these entities and consequently their results are not consolidated in the Group financial statements. IDIS Brazil and TUSEV in Turkey are strategic partners within the CAF Global Alliance.

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

- CAF UK Equitrack Fund
- CAF Socially Responsible Portfolio
- FP CAF Investment Fund and its sub-funds
- CAF Managed Portfolio Service
- CAF 60 Day Notice Account
- CAF 90 Day Notice Account
- CAF One Year Fixed Term Deposit Account
- CAF 12 Month Bond

Associate undertaking

Charity Bank

CAF's intention is to be a long-term passive investor in Charity Bank, but does not intend to be a source of further capital as Charity Bank's needs grow.

CAF's interest in Charity Bank reduced from 17.0% to 16.6% during the year with CAF's voting rights reducing from 24.5% to 22.9%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

3. Results and net assets of subsidiaries

Due to the number of subsidiary undertakings, the disclosure required by the Charities SORP would result in information of excessive length being given. As a result, detailed information is only given for CAF America, CAF American Donor Fund and CAF Bank, whose results significantly affect the Group accounts.

	2020	2019		2020	2019
	£000	£000		£000	£000
CAF Bank Limited					
Profit and loss account			Balance Sheet		
Interest receivable	12,534	12,908	Total assets	1,212,930	1,092,300
Interest payable	(1,035)	(625)	Total liabilities		
Net interest income	11,499	12,283	Depositors' balances	1,156,995	1,034,228
Other operating income	1,102	1,028	Other liabilities	14,585	16,722
Administrative expenses	(10,079)	(7,583)		1,171,580	1,050,950
Loan loss provision	(1,201)	196	Shareholders' funds	41,350	41,350
FSCS levy	(30)	(27)		1,212,930	1,092,300
Profit on ordinary activities before taxation	1,291	5,897			
Tax on profit on ordinary activities	(1)	1			
Profit on ordinary activities after taxation	1,290	5,898			
Profit and loss account balance brought forward	-	-			
Charitable donation to CAF	(297)	(4,908)			
Dividends payable to AT1 shareholders	(993)	(990)			
Profit and loss account balance carried forward	-	-			
	2020	2019		2020	2019
	£000	£000		£000	£000
CAF America					
Statement of Financial Activities			Balance Sheet		
Donations and legacies receivable	205,191	91,063	Total assets		
Fee income	5,160	3,490	Unrestricted funds	4,270	2,229
Investment income	789	593	Designated funds*	75,601	39,673
Income from group entities	1,238	1,156	Total assets	79,871	41,902
Total income	212,378	96,302	Total liabilities		
Donations paid to charities	166,078	80,569	Unrestricted funds	1,977	723
Donations paid to group entities	4,636	5,706	Total funds		
Direct costs of charitable activities	4,820	3,616	Unrestricted funds	2,293	1,506
Governance costs	62	45	Designated funds*	75,601	39,673
Total expenditure	175,596	89,936	Total funds	77,894	41,179
Net income before net gains/(losses) on investments	36,782	6,366	Total liabilities and funds	79,871	41,902
Net gains/(losses) on financial investments	(67)	447			
Net income	36,715	6,813			
Funds brought forward	41,179	34,366			
Funds carried forward	77,894	41,179			

Following a review of intra-group charges, the amount CAF Bank pays to CAF for shared services increased in 2019/20 by £1.6m to £3m to more accurately reflect the cost of these services. Shared services include the cost of providing CAF Bank with IT, HR, premises, marketing and communications. The largest element of the charge is in respect of IT.

* These funds are designated for Donor Advised grant making purposes in CAF America but restricted for use within CAF America. Therefore, they are treated as restricted funds within the group accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

3. Results and net assets of subsidiaries (continued)

CAF American Donor Fund	2020	2019		2020	2019
	£000	£000		£000	£000
Profit and Loss Account			Balance Sheet		
Donations receivable	79,399	86,859	Total assets		
Donations receivable from group entities	89	1,776	Unrestricted funds	1,458	949
Investment income	1,233	942	Designated funds*	75,698	77,594
Total income	80,721	89,577	Total assets	77,156	78,543
Donations paid to charities	80,148	77,658	Total liabilities		
Donations paid to group entities	1,380	1,408	Unrestricted funds	630	137
Direct costs of charitable activities	364	424	Designated funds*	228	-
Direct costs paid to group entities	115	82	Total liabilities	858	137
Governance costs	19	11	Funds		
Total expenditure	82,026	79,583	Unrestricted funds	828	812
Net income/(expenditure) before net gains/(losses) on investments	(1,305)	9,994	Designated funds*	75,470	77,594
Net gains/(losses) on financial investments	(803)	845	Total funds	76,298	78,406
Net income/(expenditure)	(2,108)	10,839	Total liabilities and funds	77,156	78,543
Funds brought forward	78,406	67,567			
Funds carried forward	76,298	78,406			

* These funds are designated for Donor Advised grant making purposes in the CAF American Donor Fund but restricted for use within the CAF American Donor Fund. Therefore, they are treated as restricted funds within the group accounts.

4. Investment income

Group	Unrestricted		Restricted		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Interest on fixed interest securities and cash deposits	7,541	6,782	1,250	1,451	8,790	8,233
Dividends	104	11	13,558	12,801	13,662	12,812
Interest on concessionary loans to charities	228	190	-	-	228	190
	7,873	6,983	14,808	14,252	22,681	21,235
Charity						
Interest on fixed interest securities and cash deposits	6,844	6,332	926	1,008	7,769	7,340
Dividends	1,099	1,001	12,575	12,154	13,674	13,155
Interest on concessionary loans to charities	228	186	-	-	228	186
	8,171	7,519	13,501	13,162	21,672	20,681

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

5. Income and donations received and charitable activities expenditure

5.1 Group unrestricted funds	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Other funds	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income									
Donations	17	1,239	586	218	448	-	301	2,809	2,628
Legacies	-	-	-	-	-	-	468	468	464
	17	1,239	586	218	448	-	769	3,277	3,092
Charitable activities:									
Fee income	2,924	365	2,325	4,615	6,869	108	-	17,206	15,771
CAF Bank net interest income	-	-	-	11,499	-	-	-	11,499	12,283
Investment income	3,934	1,309	1,132	393	816	89	200	7,873	6,983
Total income	6,875	2,913	4,043	16,725	8,133	197	969	39,855	38,129
Expenditure on charitable activities									
Donations paid to charities	-	-	-	155	410	-	3	568	531
Direct costs	2,556	1,497	3,212	12,292	7,057	1,872	1,367	29,853	26,732
Support costs:									
Human resources	122	73	197	410	24	92	-	918	1,035
Property	246	148	399	829	49	187	-	1,858	1,875
Finance	260	156	421	875	52	197	-	1,961	1,751
Information systems	1,205	906	1,681	2,452	178	504	-	6,926	5,551
Governance costs	156	93	253	680	122	118	-	1,422	1,485
Total support costs	1,989	1,376	2,951	5,246	425	1,098	-	13,085	11,697
Total expenditure	4,545	2,873	6,163	17,693	7,892	2,970	1,370	43,506	38,960
Net income/ (expenditure) before group's share of losses in associate	2,330	40	(2,120)	(968)	241	(2,773)	(401)	(3,651)	(831)
Group's share of losses in associate	-	-	-	-	-	-	-	-	(100)
Net gains on other investments	-	-	-	-	-	-	-	-	3
Net income/(expenditure)	2,330	40	(2,120)	(968)	247	(2,773)	(401)	(3,645)	(928)

For the above table, and subsequent tables in this note, summary comparative information only has been provided as it is considered that the provision of full comparatives would add a disproportionate volume of additional information, compared with the benefit obtained by the reader of the accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

5.2 Charity unrestricted funds	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Other funds	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income									
Donations*	17	1,239	586	675	-	-	301	2,818	7,007
Legacies	-	-	-	-	-	-	468	468	464
	17	1,239	586	675	-	-	769	3,286	7,471
Charitable activities:									
Fee income	2,924	365	2,325	4,750	1,227	108	-	11,699	9,875
Investment income	3,934	1,309	1,132	393	121	89	1,193	8,171	7,519
Total income	6,875	2,913	4,043	5,818	1,348	197	1,962	23,156	24,865
Expenditure on charitable activities									
Donations paid to charities	-	-	-	155	237	-	3	395	531
Direct costs	2,556	1,497	3,212	2,533	1,490	1,872	1,366	14,526	14,240
Support costs:									
Human resources	122	73	197	410	24	92	-	918	1,035
Property	246	148	399	829	49	187	-	1,858	1,875
Finance	260	156	421	875	52	197	-	1,961	1,751
Information systems	1,205	906	1,681	2,452	178	504	-	6,926	5,551
Governance costs	156	93	253	525	31	118	-	1,176	1,326
Total support costs	1,989	1,376	2,951	5,091	334	1,098	-	12,839	11,538
Total expenditure	4,545	2,873	6,163	7,779	2,061	2,970	1,369	27,760	26,309
Net income/ (expenditure) before net gains/(losses) on investments	2,330	40	(2,120)	(1,961)	(713)	(2,773)	593	(4,604)	(1,444)
Net losses on associate undertakings	-	-	-	-	-	-	-	-	(100)
Net gains on other investments	-	-	-	-	-	-	-	-	3
Net income/ (expenditure)	2,330	40	(2,120)	(1,961)	(713)	(2,773)	593	(4,604)	(1,541)

*Donation income, in respect of services for charities ('Charities'), includes £0.30m (2019: £4.91m) from CAF Bank (see note 3).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

5.3 Unrestricted funds - Allocation of support costs

Support costs of charitable activities comprise costs of certain central functions, which underpin the delivery of our services to support donors, charities and the sector and are shared across more than one of our activities. These shared functions provide support in areas such as information systems, premises, human resources, finance, executive management and governance. Where the costs of these shared functions cannot be attributed directly to an area of our activities, they are allocated on the basis of staff headcount.

No support costs are allocated to restricted funds.

5.4 Group and endowment restricted funds	Major donors	Regular givers	Companies	Charities	Inter- national	Sector support	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Donations	156,497	101,545	75,186	(3)	296,631	572	630,428	545,482
Legacies	20,840	-	-	-	391	-	21,231	16,453
	177,337	101,545	75,186	(3)	297,022	572	651,659	561,935
Fee income	-	-	-	-	-	-	-	(13)
Investment income	13,501	-	-	-	1,307	-	14,808	14,252
Total income	190,838	101,545	75,186	(3)	298,329	572	666,467	576,174
Expenditure on charitable activities								
Donations paid to charities	176,166	106,279	91,999	749	261,047	3,652	639,892	587,366
Total expenditure	176,166	106,279	91,999	749	261,047	3,652	639,892	587,366
Net income/(expenditure) before net gains/(losses) on investments	14,672	(4,734)	(16,813)	(752)	37,282	(3,080)	26,575	(11,192)
Group's share of losses in associate	-	-	-	-	-	-	-	(3)
Net gains/(losses) on financial investments	(42,508)	-	-	-	(493)	-	(43,001)	15,186
Net gains/(losses) on other investments	-	-	-	-	-	-	-	(88)
Net income/(expenditure)	(27,836)	(4,734)	(16,813)	(752)	36,789	(3,080)	(16,426)	3,903

The group receives and holds some donations in currencies other than sterling; principally US dollars. Foreign currency translation differences arise upon their subsequent distribution for charitable purposes, usually in the original currency, or upon translation of such funds held at the balance sheet date. Net income includes foreign currency translation gains of £3.00m (2019: £4.50m).

Terms and conditions vary between products. As a result, a proportion of investment income on restricted funds awaiting charitable distribution is allocated to unrestricted funds (see note 5.1).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

5.5 Charity restricted and endowment funds	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Total 2020	Total 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Donations	156,553	101,545	79,511	(3)	749	572	338,927	361,356
Legacies	20,840	-	-	-	-	-	20,840	16,453
	177,393	101,545	79,511	(3)	749	572	359,767	377,809
Fee income	-	-	-	-	-	-	-	(13)
Investment income	13,501	-	-	-	-	-	13,501	13,162
Total income	190,894	101,545	79,511	(3)	749	572	373,268	390,958
Expenditure on charitable activities								
Donations paid to charities	176,166	106,289	92,279	749	3,801	3,651	382,935	425,128
Total expenditure	176,166	106,289	92,279	749	3,801	3,651	382,935	425,128
Net income/(expenditure) before net gains/(losses) on investments	14,728	(4,744)	(12,768)	(752)	(3,052)	(3,079)	(9,667)	(34,170)
Net losses on associate undertakings	-	-	-	-	-	-	-	(3)
Net gains on financial investments	(42,508)	-	-	-	(47)	-	(42,555)	13,864
Net gains/(losses) on other investments	-	-	-	-	-	-	-	(88)
Net expenditure	(27,780)	(4,744)	(12,768)	(752)	(3,099)	(3,079)	(52,222)	(20,397)

CAF receives and holds some donations in currencies other than sterling; principally US dollars. Foreign currency translation differences arise upon their subsequent distribution for charitable purposes, usually in the original currency, or upon translation of such funds held at the balance sheet date. Net income includes foreign currency translation gains of £0.89m (2019: £0.98m).

Terms and conditions vary between products. As a result, a proportion of investment income on restricted funds awaiting charitable distribution is allocated to unrestricted funds (see note 5.2).

5.6 Restricted funds - Payments to NCVO

CAF was founded by NCVO to whom it has an ongoing annual obligation to collect charitable contributions on its behalf. Donations paid to charities include £2.11m (2019: £2.12m) paid to NCVO in respect of this obligation.

6. Governance costs

	Group		Charity	
Governance costs include the following amounts:	2020 £000	2019 £000	2020 £000	2019 £000
Internal audit	285	322	134	146
Fees payable to the external auditor, net of VAT:				
Audit of financial statements	474	344	242	177
Other services	-	-	-	-
Trustees' indemnity insurance	43	43	36	30

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

7. Staff costs

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Salaries and wages	20,606	19,720	13,963	13,799
Social security costs	1,904	1,993	1,388	1,450
Defined contribution scheme pension costs	1,834	1,299	1,391	951
Training and welfare	849	755	483	464
	25,193	23,767	17,225	16,664
Other pension costs (see note 28)	267	104	267	104
	25,460	23,871	17,492	16,768

Where employees of CAF are assigned to duties exclusively for either CAF Bank or CAF American Donor Fund, the associated staff costs are included within the Group figures in the table above, along with staff costs for consolidated overseas entities.

Included within salaries and wages are redundancy and termination costs totalling £63k for the Group and £4k for the Charity (2019: £78k for the Group and £18k for the Charity).

Employee emoluments

Emoluments include gross salary, taxable benefits and one-off end-of-contract payments such as redundancy, but exclude pension contributions and pension allowances (made through salary sacrifice or otherwise).

The number of employees, excluding the Chief Executive of CAF, whose total emoluments exceeded £60,000 during the year is as follows:

	Group		Charity	
	2020 Number	2019 Number	2020 Number	2019 Number
£60,001 - £70,000	11	12	8	8
£70,001 - £80,000	14	6	8	4
£80,001 - £90,000	4	10	3	9
£90,001 - £100,000	5	1	4	1
£100,001 - £110,000	2	3	2	3
£110,001 - £120,000	1	2	1	1
£120,001 - £130,000	3	3	1	1
£130,001 - £140,000	2	-	2	-
£140,001 - £150,000	-	1	-	1
£180,001 - £190,000	-	1	-	1
£190,001 - £200,000	1	-	1	-
£210,001 - £220,000	-	1	-	-
£230,001 - £240,000	1	-	-	-
£260,001 - £270,000	-	1	-	-
	44	41	30	29

Where employees of CAF are assigned to duties exclusively for either CAF Bank or CAF American Donor Fund, the associated staff numbers are included within the group figures in the tables above and below, along with the staff numbers for consolidated overseas entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

7. Staff costs (continued)

The Chief Executive of CAF received salary and benefits of £209k (2019: £195k). In addition, he received a bonus of £35k (2019: £32k) which was donated to a CAF Charitable Trust account and employer pension contributions of £10k (2019: £9k).

The emoluments of the highest paid employee in 2019 in the table above included a one-off end-of-contract payment.

Pension contributions and pension allowances were paid in respect of the employees included in the preceding table together with the Chief Executive of CAF are as follows:

Pension contributions	Group		Charity	
	2020 Number	2019 Number	2020 Number	2019 Number
Number of employees	45	41	31	30
	£000	£000	£000	£000
The aggregate value of those contributions	332	331	207	229

Employee numbers	Group		Charity	
	2020 Number	2019 Number	2020 Number	2019 Number
The average number of employees during the year was:				
Full-time and part-time employees	560	606	394	415
Full-time equivalent	518	546	360	368
Average number of full-time equivalent employees analysed by function:	Number	Number	Number	Number
Major donors	61	56	61	56
Regular givers	37	45	37	45
Companies	99	90	99	90
Charities	207	206	99	98
International	67	105	17	35
Sector support	46	43	46	43
Governance	1	1	1	1
	518	546	360	368

The key management personnel of the Group are the Executive Committee of CAF. Total salary and employee benefits received by key management personnel during the year amounted to £1,095,248 (2019: £1,239,030) plus pension contributions and pension allowances of £86,026 (2019: £81,782). Employers' National Insurance contributions amounted to £131,325 (2019: £151,091). The amounts paid to third parties for management services were £288,933 (2019: £101,570).

The Trustees receive no remuneration for their services, but may be reimbursed for out-of-pocket expenses in respect of attending meetings and carrying out duties on behalf of CAF. No reimbursements were paid during the current or preceding year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

8. Taxation

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

During the year, a tax charge of £1,000 (2019: credit of £1,000) arose for the Group which is attributable to adjustments for disallowed expenditure in CAF Bank.

9. Loans and advances to banks

Group	Unrestricted funds		Restricted and endowment funds		Depositor and donor client balances		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Repayable on demand	27,680	23,612	259,753	318,489	11,169	13,617	298,602	355,718
Remaining maturity of other loans and advances:								
Less than 6 months	-	-	160,051	105,426	-	-	160,051	105,426
Over 6 months to 1 year	-	-	70,702	51,079	-	-	70,702	51,079
Over 1 year to 5 years	-	-	173,500	183,500	-	-	173,500	183,500
	27,680	23,612	664,006	658,494	11,169	13,617	702,855	695,723

Charity	Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Repayable on demand	22,399	20,233	165,821	253,643	4,897	4,625	193,117	278,501
Remaining maturity of other loans and advances:								
Less than 6 months	-	-	156,991	102,014	-	-	156,991	102,014
Over 6 months to 1 year	-	-	70,302	51,079	-	-	70,302	51,079
Over 1 year to 5 years	-	-	173,500	183,500	-	-	173,500	183,500
	22,399	20,233	566,614	590,236	4,897	4,625	593,910	615,094

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

10. Loans and advances to customers

	Unrestricted funds		Restricted and endowment funds		Depositor and donor client balances		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Concessionary loans:								
CAF Venturesome loans to charities	2,577	2,089	352	273	-	-	2,929	2,362
CAF Charitable Trust loans to charities	-	-	2,651	4,751	-	-	2,651	4,751
Charity	2,577	2,089	3,003	5,024	-	-	5,580	7,113
CAF Bank Loans:								
To charities	-	-	-	-	100,909	81,182	100,909	81,182
To individuals	-	-	-	-	2,716	9,279	2,716	9,279
CADF loans to charities	-	-	-	-	-	-	-	-
Group	2,577	2,089	3,003	5,024	103,625	90,461	109,205	97,574

	Group		Charity	
Maturity	2020 £000	2019 £000	2020 £000	2019 £000
Amounts receivable in less than one year				
CAF Venturesome loans to charities	2,367	2,227	2,367	2,227
CAF Charitable Trust loans to charities	2,571	3,993	2,571	3,993
CAF Bank loans	4,635	11,836	-	-
CADF loans to charities	57	25	-	-
	9,630	18,081	4,938	6,220
Amounts receivable in one to five years				
CAF Venturesome loans to charities	2,683	2,162	2,683	2,162
CAF Charitable Trust loans to charities	766	1,578	766	1,578
CAF Bank loans	20,344	14,838	-	-
CADF loans to charities	56	97	-	-
	23,849	18,675	3,449	3,740
Amounts receivable in more than five years				
CAF Venturesome loans to charities	875	619	875	619
CAF Charitable Trust loans to charities	14	-	14	-
CAF Bank loans	81,421	65,123	-	-
	82,310	65,742	889	619
Less: Deferred income and provisions				
CAF Venturesome loans to charities	(2,996)	(2,646)	(2,996)	(2,646)
CAF Charitable Trust loans to charities	(700)	(820)	(700)	(820)
CAF Bank loans	(2,775)	(1,336)	-	-
CADF loans to charities	(113)	(122)	-	-
	(6,584)	(4,924)	(3,696)	(3,466)
Total loans	109,205	97,574	5,580	7,113

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

11. Debt securities

	Group				Charity			
	Book value		Market value		Book value		Market value	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Unrestricted funds								
Listed:								
Multilateral financial institutions	-	507	-	380	-	-	-	-
	-	507	-	380	-	-	-	-
Restricted and endowment funds								
Listed:								
Multilateral financial institutions	19,178	19,444	19,433	19,408	19,178	19,444	19,433	19,408
	19,178	19,444	19,433	19,408	19,178	19,444	19,433	19,408
Unlisted:								
Certificates of deposit	12,367	12,465	12,367	12,465	-	-	-	-
	12,367	12,465	12,367	12,465	-	-	-	-
	31,545	31,909	31,800	31,873	19,178	19,444	19,433	19,408
Depositor and donor client balances								
Listed:								
UK government	63,036	105,825	63,102	106,016	-	-	-	-
Multilateral financial institutions	536,545	452,241	540,386	452,071	-	-	-	-
Fixed coupon corporate bonds	43,521	36,515	43,657	36,433	-	-	-	-
Floating rate corporate bonds	107,981	74,998	107,876	75,170	-	-	-	-
	751,083	669,579	755,021	669,690	-	-	-	-
Unlisted:								
Certificates of deposit	20,000	-	20,029	-	-	-	-	-
	20,000	-	20,029	-	-	-	-	-
	771,083	669,579	775,050	669,690	-	-	-	-
Total debt securities	802,628	701,995	806,851	701,943	19,178	19,444	19,433	19,408

Maturity	Book value			
	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
1 day to 8 days	914	-	-	-
Over 8 days to 3 months	2,071	-	-	-
3 months to 6 months	100,093	139,437	-	-
6 months to 1 year	85,907	117,120	-	-
	188,985	256,557	-	-
1 year to 5 years	613,643	444,931	19,178	19,444
	802,628	701,488	19,178	19,444
5 years and over	-	507	-	-
Total debt securities	802,628	701,995	19,178	19,444
Unamortised premiums	(4,272)	(2,649)	(678)	(944)

In accordance with FRS102 debt securities are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

11. Debt securities (continued)

	Cost	Amortisation	Book value
Group	£000	£000	£000
Unrestricted funds			
At 1 May 2019	576	(69)	507
Redemptions	(576)	69	(507)
At 30 April 2020	-	-	-
Restricted and endowment funds			
At 1 May 2019	32,247	(338)	31,909
Acquisitions	12,137	(113)	12,024
Redemptions	(11,972)	(74)	(12,046)
Amortisation	-	(411)	(411)
Foreign exchange gains	67	2	69
At 30 April 2020	32,479	(934)	31,545
Depositor and donor client balances			
At 1 May 2019	672,767	(3,188)	669,579
Acquisitions	514,420	(800)	513,620
Redemptions	(413,140)	2,675	(410,465)
Amortisation	-	(1,651)	(1,651)
At 30 April 2020	774,047	(2,964)	771,083
Total	806,526	(3,898)	802,628

	Cost	Amortisation	Book value
Charity	£000	£000	£000
Restricted and endowment funds			
At 1 May 2019	19,914	(470)	19,444
Amortisation	-	(266)	(266)
At 30 April 2020	19,914	(736)	19,178

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

12. Financial investments

The following tables show the carrying amounts of investments held by the Group at fair value and represent restricted funds held for CAF Charitable Trusts, CAF America Donor Advised Funds and CAF American Donor Fund Trusts (collectively 'Trust funds'). They do not include fair value information for other financial assets and liabilities held by the Group which are not measured at fair value.

Nature of Trust funds

Trust funds are held pending onward donation instructions from clients. Until such instructions are received there is no constructive obligation or liability to pay a defined amount within a set time period. Donors typically hold a proportion of their funds in cash in order to meet their short-term giving expectations and invest funds to meet their medium to long-term philanthropic objectives. Donors plan donations by reference to the market values and liquidity profile of the assets held for their trust fund.

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Restricted and endowment funds				
At 1 May 2019	632,371	624,827	590,960	605,126
Additions	195,315	169,761	165,047	136,615
Disposal proceeds	(170,747)	(177,403)	(149,775)	(164,645)
Net investment gains/(losses)	(43,001)	15,186	(42,555)	13,864
	613,938	632,371	563,677	590,960
Investment portfolio cash and settlements pending	13,580	17,859	13,002	16,362
At 30 April 2020	627,518	650,230	576,679	607,322
Historical cost of investments	575,597	540,582	527,831	503,669

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

12. Financial investments (continued)

Group	Level 1		Level 3		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Represented by:						
Listed securities:						
UK Government fixed interest	6,620	6,979			6,620	6,979
Overseas Government fixed interest	3,210	1,609			3,210	1,609
Other fixed interest	8,474	55,054			8,474	55,054
UK equities	26,215	36,368			26,215	36,368
Overseas equities	18,952	20,137			18,952	20,137
CAF investment funds:						
FP CAF UK Equity Fund	56,005	72,677			56,005	72,677
FP CAF Fixed Interest Fund	29,763	33,476			29,763	33,476
CAF UK Equitrack Fund	36,006	44,251			36,006	44,251
FP CAF International Equity	15,077	16,932			15,077	16,932
FP CAF Alternative Strategies	7,167	9,134			7,167	9,134
Unit trusts and other pooled investments	388,318	322,211			388,318	322,211
Investment trusts	16,813	12,499			16,813	12,499
Unlisted investments:						
UK	-	-	1,318	1,032	1,318	1,032
Overseas	-	-	-	12	-	12
	612,620	631,327	1,318	1,044	613,938	632,371
Investment portfolio cash and settlements pending	13,580	17,859	-	-	13,580	17,859
	626,200	649,186	1,318	1,044	627,518	650,230

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

12. Financial investments (continued)

	Level 1		Level 3		Total	
Charity	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Represented by:						
Listed securities:						
UK Government fixed interest	6,620	6,979	-	-	6,620	6,979
Overseas Government fixed interest	1,216	1,609	-	-	1,216	1,609
Other fixed interest	7,707	52,455	-	-	7,707	52,455
UK equities	26,042	36,084	-	-	26,042	36,084
Overseas equities	16,072	14,284	-	-	16,072	14,284
CAF investment funds:						
FP CAF UK Equity Fund	55,864	72,677	-	-	55,864	72,677
FP CAF Fixed Interest Fund	29,763	33,476	-	-	29,763	33,476
CAF UK Equitrack Fund	31,687	38,962	-	-	31,687	38,962
FP CAF International Equity	15,065	16,932	-	-	15,065	16,932
FP CAF Alternative Strategies	7,167	9,134	-	-	7,167	9,134
Unit trusts and other pooled investments	348,513	294,964	-	-	348,513	294,964
Investment trusts	16,643	12,360	-	-	16,643	12,360
Unlisted investments:						
UK	-	-	1,318	1,032	1,318	1,032
Overseas	-	-	-	12	-	12
	562,359	589,916	1,318	1,044	563,677	590,960
Investment portfolio cash and settlements pending	13,002	16,362	-	-	13,002	16,362
	575,361	606,278	1,318	1,044	576,679	607,322

Measurement of fair values

The Group uses the following hierarchy to estimate the fair value of investments held for Trust funds:

Level 1: The quoted price for an identical asset in an active market.

Level 2: When quoted prices are unavailable, the fair value is taken as the price of a recent transaction for an identical asset. No investments were held in this category as at 30 April 2020 or 30 April 2019.

Level 3: If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, a valuation technique is used to estimate the fair value. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arms length exchange motivated by normal business considerations. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the assets are valued at cost less impairment until a reliable measure of fair value becomes available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

13. Other investments

	Unrestricted funds		Restricted and endowment funds		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Group and charity						
Investment properties	465	465	3,820	3,250	4,285	3,715
Unlisted investments	323	222	-	-	323	222
Other investments	30	30	-	-	30	30
At 30 April 2020	818	717	3,820	3,250	4,638	3,967

	Unrestricted funds	Restricted and endowment funds	Total
	£000	£000	£000
Group and charity			
As at 1 May 2019	717	3,250	3,967
Additions	250	570	820
Disposal proceeds	(175)	-	(175)
Release of provision	26	-	26
At 30 April 2020	818	3,820	4,638

The open market valuation of each investment property was reviewed as at 30 April 2020. In February 2020 independent valuation specialists were engaged to determine the fair value of each of the three investment properties. Two of the valuations were performed in February 2020 before the onset of Covid-19. The valuation of the third property was not performed. Due to uncertainties of property values as a result of Covid-19 the charity has made no adjustment to the carrying value of the portfolio of properties, with the only change in the year relating to renovation costs in respect of one property.

14. Subsidiary and associate undertakings

	Associate undertaking	Total
	£000	£000
Group		
At 1 May 2019	3,354	3,354
Group's share of profits/(losses)	-	-
At 30 April 2020	3,354	3,354

	Trading subsidiaries	Associate undertaking	Total
	£000	£000	£000
Charity			
At 1 May 2019	41,925	3,354	45,279
Impairment	-	-	-
At 30 April 2020	41,925	3,354	45,279

Details of the entities held as subsidiary and associate undertakings are disclosed in note 2 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

15. Tangible fixed assets

	Long leasehold property & improvements	Other leasehold improvements	Furniture, fittings & computer equipment	Total
Group - unrestricted funds	£000	£000	£000	£000
Cost or valuation				
At 1 May 2019	5,240	571	2,448	8,259
Additions	67	-	252	319
Disposals	-	-	(7)	(7)
At 30 April 2020	5,307	571	2,693	8,571
Depreciation				
At 1 May 2019	-	280	2,384	2,664
Charged in year	150	53	61	264
On disposal	-	-	(7)	(7)
At 30 April 2020	150	333	2,438	2,921
Net book value				
At 30 April 2020	5,157	238	255	5,650
At 30 April 2019	5,240	291	64	5,595

	Long leasehold property & improvements	Other leasehold improvements	Furniture, fittings & computer equipment	Total
Charity - unrestricted funds	£000	£000	£000	£000
Cost or valuation				
At 1 May 2019	5,240	456	2,337	8,033
Additions	67	-	205	272
Disposals	-	-	(7)	(7)
At 30 April 2020	5,307	456	2,535	8,298
Depreciation				
At 1 May 2019	-	257	2,318	2,575
Charged in year	150	45	49	244
On disposal	-	-	(7)	(7)
At 30 April 2020	150	302	2,360	2,812
Net book value				
At 30 April 2020	5,157	154	175	5,486
At 30 April 2019	5,240	199	19	5,458

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

15. Tangible fixed assets (continued)

Long leasehold property

The long leasehold property consists of the lease to the year 2190 on the land and buildings occupied by CAF as its principal place of business. The property is held at valuation and was valued at 30 April 2019 by CBRE, Chartered Surveyors. The valuation was carried out in accordance with the guidelines of the Royal Institution of Chartered Surveyors. The open market value, on a vacant possession basis, at that date was estimated at £5.24m.

A revaluation in accordance with appropriate professional guidelines will be carried out when needed to ensure valuation is kept up-to-date.

The historical cost carrying value of the property and improvements at the balance sheet date was £3.55m.

16. Other debtors

Group	Unrestricted funds		Restricted and endowment funds		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Income tax recoverable	-	-	3,686	4,634	3,686	4,634
Other debtors	1,278	1,379	1,806	1,548	3,084	2,927
	1,278	1,379	5,492	6,182	6,770	7,561

Charity	Unrestricted funds		Restricted and endowment funds		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Amounts due from subsidiary undertakings	3,286	5,091	-	-	3,286	5,091
Income tax recoverable	-	-	2,525	3,663	2,525	3,663
Other debtors	296	872	1,805	1,281	2,101	2,153
	3,582	5,963	4,330	4,944	7,912	10,907

All balances fall due within one year.

17. CAF Bank Depositor balances

Group	Depositor and donor client balances	
	2020 £000	2019 £000
Repayable on demand	1,137,318	1,012,503
Repayable within 30 days	19,155	20,657
	1,156,473	1,033,160

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

18. Donor client balances

The following are donations to other charities which are being processed by CAF.

	At 1 May 2019	Amounts received	Amounts paid to charities	Donations paid to CAF	At 30 April 2020
Group and charity	£000	£000	£000	£000	£000
CAF Give As You Earn	4,409	68,554	(28,232)	(40,563)	4,168
CAF Donate	39	34,154	(33,591)	-	602
	4,448	102,708	(61,823)	(40,563)	4,770
Other donor client balances	52	101	(113)	(18)	22
	4,500	102,810	(61,936)	(40,581)	4,792

	At 1 May 2018	Amounts received	Amounts paid to charities	Donations paid to CAF	At 30 April 2019
Group and charity	£000	£000	£000	£000	£000
CAF Give As You Earn	4,714	70,140	(31,645)	(38,801)	4,409
CAF Donate	367	27,016	(27,344)	-	39
	5,081	97,156	(58,988)	(38,801)	4,448
Other donor client balances	110	193	(178)	(73)	52
	5,191	97,349	(59,166)	(38,874)	4,500

Other charitable funds

In addition to the above, the Group manages the following charitable funds on behalf of other trusts and foundations through its Global Trustee service. The investments are maintained in segregated portfolios held in the name of the relevant entity. None of these amounts are included in the financial statements of CAF or the Group.

	2020 £000	2019 £000
Investments	95,737	95,125
Money market deposits and bank balances	68	31
	95,805	95,156

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

19. Amounts due to beneficiary charities

Group	Restricted and endowment funds	
	2020 £000	2019 £000
Payable within 1 year	12,971	7,495
Payable after more than 1 year	1,531	4,869
	14,502	12,364

Charity	Restricted and endowment funds	
	2020 £000	2019 £000
Payable within 1 year	12,570	7,493
Payable after more than 1 year	1,531	4,869
	14,101	12,362

Amounts due to beneficiary charities represent constructive obligations, principally in respect of longer term grants.

20. Other creditors

Group	Unrestricted funds		Restricted and endowment funds		Depositor and donor client balances		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Payable on acquisition of investments	-	-	5	214	-	-	5	214
Trade creditors	912	888	-	-	-	-	912	888
Tax and social security	457	548	-	-	-	-	457	548
Other creditors	2,024	2,998	3,900	2,141	105	125	6,029	5,264
	3,393	4,434	3,905	2,355	105	125	7,403	6,914

Charity	Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Payable on acquisition of investments	-	-	5	214	-	-	5	214
Trade creditors	377	609	-	-	-	-	377	609
Tax and social security	454	545	-	-	-	-	454	545
Other creditors	1,697	1,745	3,855	2,141	105	125	5,657	4,011
	2,528	2,899	3,860	2,355	105	125	6,493	5,379

Included within other creditors are amounts totalling £1.49m (2019: £1.41m) repayable to six (2019: six) third party investors of CAF Venturesome. Amounts are repayable within three or six months from receipt of written instruction. These concessionary loans do not bear interest and amounts are repaid net of any losses incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

21. Repurchase agreements

Repurchase agreements total £10.14m (2019: £10.14m). The corresponding carrying value of assets of £10.04m (2019: £10.11m) sold under sale and repurchase agreements is included within debt securities (note 11). Amounts relate to Group unrestricted funds only.

22. Long-term loan

	Carrying value	
	2020 £000	2019 £000
Group and charity		
Unrestricted funds		
At 1 May 2019	19,660	19,614
Amortisation of capitalised costs	47	46
Interest payable for the year	1,020	1,021
Interest paid	(1,022)	(1,021)
At 30 April 2020	19,705	19,660

	Carrying value	
	2020 £000	2019 £000
Payable		
3 months to 6 months	50	53
	50	53
5 years and over	19,655	19,607
	19,705	19,660

In April 2016 Retail Charity Bonds plc (RCB) launched the CAF Retail Charity Bond, which was issued through and is listed on the London Stock Exchange Retail Bonds platform. RCB raised £20m from the issue of this bond.

The full amount of the funds raised by RCB have been loaned to CAF under the terms of a loan agreement between CAF and RCB.

The loan is repayable in full in April 2026. Interest is payable at a rate of 5% per annum.

CAF was advanced £19.6m net of the bond issue costs. The bond issue costs of £0.4m, together with other costs of £0.2m associated with the advance of this loan, including legal and accountancy fees, have been capitalised and are being amortised over the term of the loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Statement of funds

		At 1 May 2019	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2020
Group	Notes	£000	£000	£000	£000	£000	£000
Unrestricted funds	23.1	61,746	39,855	(43,506)	9,413	(501)	67,007
Restricted funds	23.2	1,355,736	666,467	(637,616)	(9,390)	(42,954)	1,332,244
Endowment funds	23.2	2,346	-	(2,276)	(23)	(47)	-
		1,419,829	706,322	(683,397)	-	(43,502)	1,399,251

Charity							
Unrestricted funds	23.1	59,260	23,156	(27,760)	9,476	(507)	63,625
Restricted funds	23.2	1,229,655	373,268	(380,659)	(9,453)	(42,508)	1,170,302
Endowment funds	23.2	2,346	-	(2,276)	(23)	(47)	-
		1,291,260	396,424	(410,694)	-	(43,062)	1,233,927

		At 1 May 2018	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2019
Group	Notes	£000	£000	£000	£000	£000	£000
Unrestricted funds	23.1	60,274	38,129	(38,960)	228	2,075	61,746
Restricted funds	23.2	1,352,176	576,162	(587,407)	(228)	15,034	1,355,736
Endowment funds	23.2	2,232	12	41	-	61	2,346
		1,414,682	614,303	(626,326)	-	17,170	1,419,829

Charity							
Unrestricted funds	23.1	58,401	24,865	(26,309)	228	2,075	59,260
Restricted funds	23.2	1,250,393	390,946	(425,169)	(228)	13,712	1,229,655
Endowment funds	23.2	2,232	12	41	-	61	2,346
		1,311,026	415,823	(451,437)	-	15,848	1,291,260

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Statement of funds (continued)

23.1 Unrestricted funds

	At 1 May 2019	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2020
Group	£000	£000	£000	£000	£000	£000
General funds	60,082	39,855	(43,506)	9,466	(501)	65,396
Property revaluation reserve	1,664	-	-	(53)	-	1,611
	61,746	39,855	(43,506)	9,413	(501)	67,007
Charity						
General funds	57,596	23,156	(27,760)	9,529	(507)	62,014
Property revaluation reserve	1,664	-	-	(53)	-	1,611
	59,260	23,156	(27,760)	9,476	(507)	63,625

	At 1 May 2018	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2019
Group	£000	£000	£000	£000	£000	£000
General funds	59,597	38,129	(38,960)	249	1,067	60,082
Property revaluation reserve	677	-	-	(21)	1,008	1,664
	60,274	38,129	(38,960)	228	2,075	61,746
Charity						
General funds	57,724	24,865	(26,309)	249	1,067	57,596
Property revaluation reserve	677	-	-	(21)	1,008	1,664
	58,401	24,865	(26,309)	228	2,075	59,260

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

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

Transfers from restricted funds to unrestricted funds – represents funds previously held as restricted funds from which the donors have lifted the restriction. Transfers from restricted funds during the year include £8.6m from two CAF Charitable Trusts, the trusts upon which the funds were held by CAF had failed and therefore the funds have been applied for the general charitable purposes of CAF. A further £0.7m held in a CAF Charitable Legacy Service account was applied for the general charitable purposes of CAF due to the specific circumstances and consistent with previous advice and precedent.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Statement of funds (continued)

23.2 Restricted and endowment funds	At 1 May 2019	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2020
Group	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	1,019,145	190,813	(176,166)	(17,148)	(42,508)	974,136
Regular givers						
CAF Charity Accounts	103,748	67,538	(73,313)	4,248	-	102,221
CAF Give As You Earn Charity Accounts	35,142	33,986	(32,966)	(95)	-	36,067
	138,890	101,524	(106,279)	4,153	-	138,288
Companies						
CAF Company accounts	54,589	75,186	(91,998)	3,214	-	40,991
Charities						
CAF Venturesome accounts	8,323	(4)	(749)	175	-	7,745
International						
CAF American Donor Fund	77,596	80,383	(80,799)	(907)	(803)	75,469
CAF America	39,674	205,438	(166,457)	(3,432)	378	75,600
CAF Canada	8,084	11,868	(9,058)	-	(21)	10,873
CAF Russia grant programmes	778	439	(1,525)	311	-	3
CAF Foundation for Philanthropy	728	205	(933)	-	-	-
	126,857	298,333	(258,772)	(4,028)	(446)	161,945
Sector support						
CAF Coronavirus Emergency Fund	-	43	(1,482)	5,318	-	3,879
CAF discretionary funds	7,615	5	(2,011)	(601)	-	5,008
Other funds	317	567	(159)	(474)	-	251
	7,932	615	(3,652)	4,243	-	9,138
	1,355,736	666,467	(637,616)	(9,390)	(42,954)	1,332,244
Endowments						
CAF Russia:						
Endowment Fund	758	-	(735)	-	(23)	-
The Ford Foundation	1,588	-	(1,541)	(23)	(24)	-
	2,346	-	(2,276)	(23)	(47)	-
	1,358,083	666,467	(639,892)	(9,413)	(43,001)	1,332,244

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Statement of funds (continued)

23.2 Restricted and endowment funds (continued)

	At 1 May 2019	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2020
Charity	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	1,019,143	190,870	(176,166)	(17,203)	(42,508)	974,136
Regular givers						
CAF Charity Accounts	103,747	67,539	(73,313)	4,248	-	102,221
CAF Give As You Earn charity accounts	35,142	33,986	(32,976)	(85)	-	36,067
	138,888	101,525	(106,289)	4,163	-	138,288
Companies						
CAF Company accounts	54,589	79,511	(92,278)	(831)	-	40,991
Charities						
CAF Venturesome accounts	8,323	(4)	(749)	175	-	7,745
International						
CAF Russia grant programmes	779	749	(1,525)	-	-	3
Sector support						
CAF Coronavirus Emergency Fund	-	43	(1,482)	5,318	-	3,879
CAF discretionary funds	7,615	5	(2,011)	(601)	-	5,008
Other funds	317	567	(159)	(474)	-	251
	7,932	615	(3,652)	4,243	-	9,138
	1,229,655	373,268	(380,659)	(9,453)	(42,508)	1,170,302
Endowments						
CAF Russia:						
Endowment Fund	758	-	(735)	-	(23)	-
The Ford Foundation	1,588	-	(1,541)	(23)	(24)	-
	2,346	-	(2,276)	(23)	(47)	-
	1,232,000	373,268	(382,935)	(9,476)	(42,555)	1,170,302

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Statement of funds (continued)

23.2 Restricted and endowment funds (continued)

Group	At 1 May 2018	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2019
	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	1,043,512	183,973	(215,973)	(6,080)	13,712	1,019,145
Regular givers						
CAF Charity Accounts	115,437	73,931	(94,606)	8,986	-	103,748
CAF Give As You Earn Charity Accounts	32,532	32,609	(30,407)	408	-	35,142
	147,969	106,540	(125,013)	9,393	-	138,890
Companies						
CAF Company accounts	41,310	92,225	(78,772)	(173)	-	54,589
Charities						
CAF Venturesome accounts	7,464	(3)	(552)	1,414	-	8,323
CAF Social Impact Fund	1,607	-	-	(1,607)	-	-
	9,071	(3)	(552)	(193)	-	8,323
International						
CAF American Donor Fund	67,027	87,678	(78,398)	445	844	77,596
CAF America	33,226	91,185	(80,655)	(4,616)	534	39,674
CAF Canada	1,065	9,913	(2,860)	23	(57)	8,084
CAF Russia grant programmes	1,157	1,050	(2,078)	649	-	778
CAF Foundation for Philanthropy	464	2,365	(2,101)	-	-	728
	102,939	192,190	(166,092)	(3,499)	1,321	126,857
Sector support						
CAF discretionary funds	7,102	4	(247)	756	-	7,615
Other funds	273	1,233	(758)	(431)	-	317
	7,375	1,237	(1,005)	325	-	7,932
	1,352,176	576,162	(587,407)	(228)	15,034	1,355,736
Endowments						
CAF Russia:						
Endowment Fund	728	-	-	-	30	758
The Ford Foundation	1,504	12	41	-	31	1,588
	2,232	12	41	-	61	2,346
	1,354,408	576,174	(587,366)	(228)	15,095	1,358,083

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Statement of funds (continued)

23.2 Restricted and endowment funds (continued)

	At 1 May 2018	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2019
Charity	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	1,043,511	184,048	(217,702)	(4,426)	13,712	1,019,143
Regular givers						
CAF Charity Accounts	115,437	74,119	(94,612)	8,803	-	103,747
CAF Give As You Earn Charity Accounts	32,532	32,609	(30,448)	449	-	35,142
	147,969	106,728	(125,060)	9,251	-	138,888
Companies						
CAF Company accounts	41,310	97,236	(78,772)	(5,184)	-	54,589
Charities						
CAF Venturesome accounts	7,464	(3)	(552)	1,414	-	8,323
CAF Social Impact Fund	1,607	-	-	(1,607)	-	-
	9,071	(3)	(552)	(193)	-	8,323
International						
CAF Russia grant programmes	1,157	1,700	(2,078)	-	-	779
Sector support						
CAF discretionary funds	7,102	4	(247)	756	-	7,615
Other funds	273	1,233	(758)	(431)	-	317
	7,375	1,237	(1,005)	325	-	7,932
	1,250,393	390,946	(425,169)	(228)	13,712	1,229,655
Endowments						
CAF Russia:						
Endowment Fund	728	-	-	-	30	758
The Ford Foundation	1,504	12	41	-	31	1,588
	2,232	12	41	-	61	2,346
	1,252,625	390,958	(425,128)	(228)	13,773	1,232,000

Restricted funds comprise:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

23. Statement of funds (continued)

23.2 Restricted funds (continued)

- g. **CAF Foundation for Philanthropy Development** - represent funds received from institutional donors which may only be used to make payments to charities in the former Soviet Union in accordance with restrictions imposed by the donor. The Foundation became independent during the year and is no longer part of the CAF Group.
- h. **CAF Coronavirus Emergency Fund** – represents funds set aside by and gifted to CAF by individual and corporate donors in response to the Coronavirus pandemic. Grants from the fund are awarded to small charities.
- i. **CAF discretionary funds** – represent funds available to support the sector at Trustees' discretion.
- j. **CAF Russia endowments**– The principals were maintained in segregated funds and the income from each used to support CAF's operations in Russia. With CAF's operations in Russia being brought together within the newly independent CAF Russian Foundation, the original donors agreed that these funds could be granted to endow the CAF Russian foundation.

Transfers between restricted funds

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

24. Cash flow statement

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Net income/(expenditure) for the year	(20,071)	2,976	(56,826)	(21,938)
Adjustments for:				
Depreciation	264	277	244	252
Losses on disposal of tangible fixed assets	-	8	-	8
(Gains)/losses on financial investments	42,995	(15,186)	42,555	(13,864)
Loss on disposal on other investments	-	85	-	85
Release of provision on other investments	(26)	-	(26)	-
Group share of losses in associate	-	103	-	103
Amortisation and other revaluations of debt securities	2,909	3,068	266	264
Amortisation of capitalised costs of borrowing	47	46	47	46
Non-cash transactions:				
In specie transfers and share gifts	(45,981)	(42,190)	(21,500)	(34,538)
Defined benefit pension plan expense	267	104	267	104
Interest on long-term loan	1,022	1,021	1,022	1,021
Investment income receivable on Trust Funds	(14,808)	(14,252)	(13,501)	(13,162)
(Increase)/decrease in loans and advances to customers	(11,631)	(2,390)	1,533	(3,463)
Decrease in other assets and prepayments	2,042	16,984	4,119	15,373
Increase/(decrease) in amounts due to beneficiary charities	2,138	(6,931)	1,739	(6,911)
(Decrease)/Increase in other liabilities and accruals	(722)	1,863	(2,113)	2,128
Pension deficit reduction plan payments	(404)	(392)	(404)	(392)
Increase/(decrease) in donor client balances	292	(691)	292	(691)
Increase/(decrease) in CAF Bank depositor balances	123,313	(14,905)	-	-
Unrealised (gains)/losses on foreign currency	(1,120)	(2,390)	(509)	(84)
Net cash (used in)/provided by operating activities	80,526	(72,793)	(42,795)	(75,659)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

25. Operating lease commitments

At the balance sheet date the Group and CAF had total commitments under non-cancellable operating leases for land and buildings as set out below:

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Operating lease payments falling due:				
Within one year	603	625	391	411
Between one and five years	1,705	2,046	796	1,187
After more than five years	663	868	-	-
	2,971	3,539	1,187	1,598

The amounts charged to the SOFA totalled £0.78m and £0.45m (2019: £0.79m and £0.50m) for the Group and CAF, respectively.

26. Financial commitments and contingent liabilities

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

	2020 £000	2019 £000
Grant commitments	258	249
CAF Venturesome loans	2,554	2,663
Charity	2,812	2,912
CAF Bank:		
Commitments to customers	33,439	14,911
Other commitments	5,323	-
Group	41,574	17,823

Grant commitments to beneficiary charities

At the balance sheet date the Group was committed to pay donations from restricted funds to beneficiary charities over a period to 2022, subject to certain conditions being met by the charities. No amount has been recorded in the balance sheet for these amounts.

CAF Venturesome loans to charities

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

CAF Bank commitments to customers

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

CAF Bank - other commitments

At 30 April 2020 CAF Bank was committed to the purchase of a covered bond with a book value of £5,323,000 which had not settled by this date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

27. Contingent assets

At the balance sheet date, the charity had been notified of a number of legacies for which probate was not yet granted or other factors indicated that these legacies should not be recognised as income. The aggregate value of those legacies was £4.9m (2019: £1.5m).

28. Pension obligations

During the year CAF participated in the following pensions.

a. Hargreaves Lansdown

The Hargreaves Lansdown scheme is a defined contribution self invested group pension. Since 1 July 2012 new employees have been enrolled into this scheme and from 1 May 2016 all current employees contributed to this scheme only.

From 1 April 2019, upon auto-enrolment the employee contribution rate is 2.67% of basic salary and CAF contributed 6.33%. After three months employees are able to elect to increase their contribution rate to either 3% or 5.67% of basic salary, with CAF contributing 6% or 11.33% respectively.

b. The Charities Aid Foundation Pension Scheme

The Charities Aid Foundation Pension Scheme is a defined benefit scheme established on 15 September 2015 and is closed to new employees and further benefit accrual. The Charities Aid Foundation Pension Scheme was established solely to receive a transfer from the Growth Plan, a multi-employer section of The Pensions Trust in which CAF was a participating employer.

The results of the actuary's estimate of the scheme's assets and liabilities at 30 April 2020, based on assumptions used for FRS 102 are as follows:

i) Amounts recognised in the balance sheet:

	2020	2019
	£000	£000
Present value of liabilities	(18,235)	(16,335)
Fair value of assets	19,317	17,787
Net defined benefit asset	1,082	1,452

ii) Amounts included in the SOFA under FRS 102:

	2020	2019
	£000	£000
Scheme expenses	305	134
Interest on asset	(38)	(30)
Total expense recognised in the SOFA	267	104

iii) Movement in the net defined benefit asset/liability:

	2020	2019
	£000	£000
Net defined benefit liability at 1 May 2019	1,452	-
Pension cost in SOFA	(267)	(104)
Employer contributions	404	392
Actuarial gains/(losses)	(507)	185
Removal/remeasurement of asset limit	-	979
Net defined benefit asset at 30 April 2020	1,082	1,452

iv) Movement in present value of the defined benefit obligation:

	2020	2019
	£000	£000
Defined benefit obligation at 1 May 2019	16,335	16,352
Interest on obligation	403	433
Actuarial losses	1,912	153
Benefits paid	(415)	(603)
Defined benefit obligation at 30 April 2020	18,235	16,335

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

28. Pension obligations (continued)

v) Movement in fair value of scheme assets:

	2020	2019
	£000	£000
Fair value of the scheme assets at 1 May 2019	17,787	17,331
Interest on scheme assets	441	463
Actuarial experience gains	1,405	338
Contributions by the employer	404	392
Scheme expenses	(305)	(134)
Benefits paid	(415)	(603)
Fair value of scheme assets at 30 April 2020	19,317	17,787

vi) Analysis of the change in the asset not recognised:

	2020	2019
	£000	£000
Asset not recognised at 1 May 2019	-	979
(Removal)/remeasurement of the asset not recognised	-	(979)
Asset not recognised at 30 April 2020	-	-

vii) Major categories of the scheme assets as a percentage of total assets are as follows:

	2020	2019
	Allocation	Allocation
Equities	27%	28%
Diversified growth funds	0%	16%
Corporate bonds	20%	11%
Government bonds	7%	0%
Cash	7%	6%
Property	8%	9%
LDI funds	14%	13%
Annuity policies	17%	17%
	100%	100%

The Scheme does not invest directly in property occupied by the employer or in financial securities issued by the employer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

28. Pension obligations (continued)

viii) Principal assumptions at the balance sheet date:

	2020	2019
	Allocation	Allocation
Discount rate	1.6% pa	2.5% pa
Inflation measured by Retail Price Index (RPI)	2.6% pa	3.5% pa
Inflation measured by Consumer Price Index (CPI)	2.0% pa	2.5% pa
Pension increases in deferment	0.0% pa	0.0% pa
Pension increases in payment:		
CPI capped at 5% pa	2.0% pa	2.5% pa
CPI capped at 2.5% pa	1.8% pa	2.1% pa
Exchange of pension for cash on retirement	50% of members assumed to exchange 25% of their pension sum for a cash sum	50% of members assumed to exchange 25% of their pension sum for a cash sum
Base mortality table	S3PMA/S3PFA tables with a 90% scaling factor	S2PMA/S2PFA tables with a 90% scaling factor
Mortality projection basis	CMI (Core) 2019 projection with a long-term rate of improvement of 1.5% p.a. for males and 1.0% p.a. for females	CMI (Core) 2018 projection with a long-term rate of improvement of 1.5% p.a. for males and 1.0% p.a. for females
Life expectancy of a male aged 65 at accounting date	87.8 yrs	87.4 yrs
Life expectancy of a male aged 65 20 years from accounting date	89.5 yrs	89.1 yrs
Life expectancy of a female aged 65 at accounting date	89.8 yrs	89.0 yrs
Life expectancy of a female aged 65 20 years from accounting date	90.9 yrs	90.2 yrs

29. Transactions with related parties

Other than the matters detailed below, none of the Trustees nor any connected persons had a material or beneficial interest in any contract or undertaking with CAF, other than in the ordinary course of business, nor in the shares of its subsidiary companies.

One of CAF's trustees is the Chair of NCVO. Donations paid by CAF, during the year, included £2,106,032 (2019: £2,124,486) to NCVO under the terms of CAF's Declaration of Trust. The amount due to NCVO at 30 April 2020 was £423,736 (2019: £399,299).

30. Post balance sheet events

As a trading subsidiary of CAF, CAF Bank entered into a Charitable Deed of Covenant in 2002 to donate its annual profit each year to CAF. Following a review of applicable capital regulations, CAF Bank concluded that the deed represented an obligation to make distributions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

30. Post balance sheet events (continued)

After seeking external advice, CAF Bank exercised its right to terminate the Charitable Deed of Covenant with CAF on 12 August 2020. CAF Bank expects to make the final donation in respect of the 2019/20 profit to CAF.

31. CAF Bank financial instruments and risk management

CAF Bank is a wholly owned subsidiary of CAF and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The group's risk management framework and principal risks, including those applicable to CAF Bank, are set out in the Risk Management Report on pages 29 to 36 within the Trustees' Report. CAF Bank's exposure to its principal risks, which are those associated with holding financial instruments, is further described below:

31.1 Credit Risk

CAF Bank's exposure to and management of credit risk is described on pages 33 to 35 in the Group Risk Management Report. The following tables set out CAF Bank's principal financial instruments from which credit risk arises.

Treasury assets by class	2020		2019	
	Book value £000	Market value £000	Book value £000	Market value £000
Listed:				
UK government	63,036	63,102	105,825	106,016
Multilateral financial institutions	536,545	540,386	452,748	452,451
Fixed coupon corporate bonds	43,521	43,657	36,515	36,433
Floating rate corporate bonds	107,981	107,876	74,998	75,170
	751,083	755,021	670,086	670,070
Unlisted:				
Certificates of deposit	20,000	20,029	-	-
Debt securities	771,083	775,050	670,086	670,070
Balances at Bank of England	327,571	327,571	318,175	318,175
Loans and advances to banks	6,273	6,273	8,993	8,993
	1,104,927	1,108,894	997,254	997,238

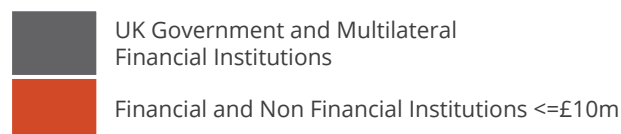
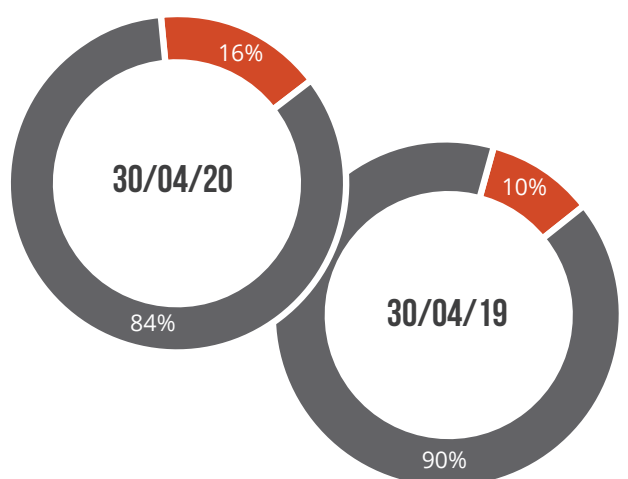
Treasury asset by credit rating Category (Fitch equivalent credit rating)	2020		2019	
	Book value £000	% of book	Book value £000	% of book
UK government	390,609	35.35%	424,000	42.51%
AAA	526,185	47.62%	323,544	32.44%
AA+	82,893	7.50%	129,204	12.96%
AA	4,238	0.38%	4,408	0.44%
AA-	48,937	4.43%	61,114	6.13%
A+	52,065	4.72%	40,000	4.01%
A	-	0.00%	11,824	1.19%
BBB+	-	0.00%	2,653	0.27%
BBB	-	0.00%	507	0.05%
	1,104,927	100.00%	997,254	100.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

31. CAF Bank financial instruments and risk management (continued)

31.1 Credit Risk (continued)

Treasury assets by exposure value:



Lending

CAF Bank's management and exposure to credit risk in respect of lending is described on page 34 to 35 in the group Risk Management Report.

CAF Bank's policies include maximum exposure values, and limits to manage concentration risk by sector. Exposure to geographical area is monitored. At 30 April 2020, the largest loan was £4.9m (2019: £4.5m). The maximum aggregate exposures to any one sector (Social Housing) and geographical area were 55% and 26% respectively (2019: 50% and 23% respectively).

Loans, overdrafts and BACS facilities are subject to regular monitoring of loan performance and individual annual review. Administration of the loan book is outsourced to Link Mortgage Services Ltd who provide regular management information on a loan by loan and aggregated basis. A provision of £707k has been made at 30 April 2020 reflecting losses that have been incurred but not yet identified (2019: £445k) and £938k has been provided for specific loan provisions (2019: nil). No overdrafts were written off during the year (2019: none).

No loans were in arrears at 30 April 2020 (2019: none).

Secured and unsecured lending

	2020	2019
	£000	£000
Gross loans and advances to customers	106,400	91,797
Contingent liabilities and commitments	33,439	14,911
	139,839	106,708
Amounts included within the above:		
Secured on property	139,805	106,657
Unsecured:		
Loans	-	31
Overdrafts	34	20
	139,839	106,708

As at 30 April 2020 the average loan to value ratio across the lending portfolio was 54% (2019: 57%).

31.2 Liquidity and Funding Risk

CAF Bank's exposure to and management of Liquidity and Funding risk is described on page 35 in the group Risk Management Report.

CAF Bank holds liquidity buffer eligible assets of £916m (2019: £865m), excluding assets pledged as security under repurchase agreements. Liquidity buffer assets comprise investments in the Bank of England Reserve Account, UK Gilts, Treasury Bills and multilateral development banks.

31.3 Market and Interest Rate Risk

CAF Bank's exposure to and management of Market and Interest Rate risk is described on page 36 in the group Risk Management Report. The following tables set out details of the maturity and duration of financial instruments held by CAF Bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

Non-maturity (on-demand) deposits are behaviourally adjusted as follows:

Current accounts

£0 - £249,999	2 - 3 years
£250,000 - £999,999	1 - 2 years
Over £1m	6 - 12 months

Assets and liabilities analysed by interest rate pricing time periods:

	Next Day	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Other items	Total
As at 30 April 2020	£000	£000	£000	£000	£000	£000	£000	£000
Assets								
Balances at Bank of England	326,104	1,467	-	-	-	-	-	327,571
Loans and advances to banks	6,273	-	-	-	-	-	-	6,273
Loans and advances to customers	95,473	-	-	-	8,152	-	-	103,625
Debt securities	-	236,724	49,952	69,858	413,576	-	973	771,083
Prepayments and accrued income	-	240	-	-	-	-	4,138	4,378
	427,850	238,431	49,952	69,858	421,728	-	5,111	1,212,930
Liabilities								
Customer accounts	662,804	-	-	52,429	430,289	-	11,473	1,156,995
Repurchase agreements	-	10,142	-	-	-	-	-	10,142
Other liabilities	-	-	-	-	-	-	4,197	4,197
Accruals and deferred income	-	-	-	-	-	-	246	246
Shareholders' funds	-	-	-	-	-	-	41,350	41,350
	662,804	10,142	-	52,429	430,289	-	57,266	1,212,930
Interest rate sensitivity gap	(234,954)	228,289	49,952	17,429	(8,561)	-	(52,155)	-
Impact of 2% change in interest rates	-	6	(370)	(257)	635	-	-	14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

31.3 Market and Interest Rate Risk (continued)

	Next Day	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Other items	Total
At 30 April 2019	£000	£000	£000	£000	£000	£000	£000	£000
Assets								
Balances at Bank of England	316,950	1,225	-	-	-	-	-	318,175
Loans and advances to banks	8,993	-	-	-	-	-	-	8,993
Loans and advances to customers	90,462	-	-	-	-	-	-	90,462
Debt securities	-	153,910	55,969	106,162	352,512	-	1,533	670,086
Prepayments and accrued income	-	240	-	-	-	-	4,344	4,584
	416,405	155,375	55,969	106,162	352,512	-	5,877	1,092,300
Liabilities								
Customer accounts	546,559	-	-	66,529	408,433	-	12,707	1,034,228
Repurchase agreements	10,142	-	-	-	-	-	-	10,142
Other liabilities	-	-	-	-	-	-	6,473	6,473
Accruals and deferred income	-	-	-	-	-	-	107	107
Shareholders' funds	-	-	-	-	-	-	41,350	41,350
	556,701	-	-	66,529	408,433	-	60,637	1,092,300
Interest rate sensitivity gap	(140,296)	155,375	55,969	39,633	(55,921)	-	(54,760)	-
Impact of 2% change in interest rates	-	(45)	(414)	(575)	758	123	-	(153)

31.4 Other categories of risk

- Reputational risk
- Strategy and Mission risk
- Regulatory risk
- Operational risk
- Cyber risk
- Financial Crime risk

The Group approach to exposure to and management of each of the above risks is described in the Group Risk Management Report on pages 29 to 36 and includes particular reference to CAF Bank in respect of regulatory and operational risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2020

31.5 Capital Management

CAF Bank aims at all times to maintain an adequate level of capital to support the development of its business and to meet regulatory capital requirements.

Business and capital plans are drawn up annually covering a three year period and approved by CAF Bank's Board. The plans ensure that adequate levels of capital are maintained by CAF Bank to support its strategy. This is integrated with CAF Bank's annual planning process.

The capital plan takes the following into account:

- current and anticipated future regulatory capital requirements;
- increases in demand for capital due to business development, including planned lending growth;
- potential demand for capital from market shocks or stresses;
- available supply of capital and capital raising options;
- achieving a minimum required leverage ratio; and
- internal controls and governance for managing the Bank's risk, operations and capital.

CAF Bank undertakes a detailed capital adequacy assessment to support its capital requirements. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined. The capital adequacy assessment is a key part of CAF Bank's risk and planning framework and a minimum capital requirement is assessed and agreed with the PRA. CAF Bank's internal capital adequacy assessment is regularly updated.

Subsequent to the balance sheet date, CAF Bank identified that as a result of the Charitable Deed of Covenant with CAF, which requires transfer of CAF Bank's annual profit to CAF, CAF Bank was not in full compliance with European capital regulations. Following legal advice on the steps necessary to achieve compliance, the directors of CAF Bank have terminated the Charitable Deed of Covenant (see note 30). It is not possible to determine at this stage any future action the regulator may take or to predict the impact of any such action on CAF Bank.

CAF Bank Capital Resources comprise:

	2020	2019
	£000	£000
Ordinary share capital	29,350	29,350
Distributable reserves	1,000	1,000
Additional tier 1 capital	11,000	11,000
	41,350	41,350

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Patron

HRH The Prince Philip, Duke of Edinburgh KG KT

Board of Trustees

Chairman

The Hon Sir James Leigh-Pemberton CVO

Cyrus Ardalan

Matt Hammerstein

Anne Heal, Interim Chair NCVO (appointed 16 September 2019)

Peter Kellner, Chairman of NCVO (resigned 16 September 2019)

Tiina Lee

Carole Machell (resigned 22 April 2020)

Roger Perkin FCA

Janet Pope

The Rt Hon Sir Ernest Ryder TD DL (appointed 12 February 2020)

David Shalders (appointed 15 July 2020)

Susannah Storey CB

Executive Committee

at the date of signing

Chief Executive

Sir John Low CBE

Director of Finance and Operations

Mike Dixon FCA

Director of External Affairs and Global Engagement

Michael Mapstone

Director of Philanthropy, Product and Marketing

Bridgit Richards

CAF Bank CEO

Alison Taylor

Director of Human Resources

Corinne Wells

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Mazars LLP, Internal Auditor

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