

TRUSTEES REPORT

and financial statements
for the year ended
30 April 2019



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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

It is my pleasure to introduce my first report as Chairman of Charities Aid Foundation. CAF has a unique and special place in the world, helping transform lives and communities across the globe.

The hundreds of millions of pounds we deliver to charities in the UK and internationally has a profound effect on a myriad of causes; from heritage and education to medicine and disaster relief. Our work with those who support causes so generously helps them build relationships with charities that can be enormously fulfilling. Our investment, banking and advisory work can transform the resilience of organisations, helping them do more to change lives.

The scale of generosity in this and other countries is humbling. In this past year CAF received £620 million from donors, an increase of 2 per cent. on 2018, which is a remarkable figure in a time of great uncertainty. It is made up of donations by thousands of people who give every month, exemplifying the culture of generosity that pervades our country, by those among the most successful in our society, whose means allow them to make a tremendous impact on their chosen causes and by major businesses and their employees, for whom giving is part of their purpose. We have also seen big increases in giving though CAF America to the rest of the world, and significant growth in transatlantic philanthropy through the CAF American Donor Fund.

As a result, we have been able to grant £646 million to charities during the year, a new record for the amount donated by CAF in a single year. As in previous years we have been able to support tens of thousands of charities, as well as UK and overseas foundations for onward granting to specialist causes. Beneath these headline figures are as many inspiring stories: the legacy which is opening up classical music to new generations of young people; the gift, supplemented by a CAF Bank loan, which has allowed Stoll to build new homes for veterans in Aldershot; the small grant to Donna Louise Trust to support their music therapy programme.

We were able to work with major companies like the Co-op to support grants to thousands of local organisations, and collaborate with AstraZeneca to deliver a programme to have a worldwide impact on childhood non-communicable diseases.

Our social investment has helped the Hubbub Foundation grow as a nationally recognised environmental charity supporting neighbourhood recycling and reuse. Our lending allowed Grace Eyre to offer accommodation to people with learning disabilities and mental health needs.

Yet the charitable sector is facing many headwinds: worries about trust; changes in fundraising; new regulation; pressure on national and local finances. These challenges have arisen at a time when the demand for what charities do is rising, and the need to bring people together in a common cause is increasing, despite polarisation in our wider society.

Our research makes plain some of the challenges charities face. While chief executives see increasing demand for what their charities do, fewer people are giving and fewer people say they trust most charities. These are worrying trends, which make difficult reading for all of us involved in civil society. There may be many explanations, and lessons which we need to learn. We will continue to use CAF's research expertise and many years of experience of the charitable sector to examine these issues, to understand what is happening and to signal a way forward.

On a more cheerful note, we are delighted the Government embraced our ideas on promoting civic giving in our towns and cities, and even more pleased to be working with the Department for Digital, Culture, Media and Sport to develop six schemes to build giving around the country.

Our World Giving Index, which this year celebrates a decade of chronicling global trends in generosity, has shown signs of upward trends in many parts of the world, notably Africa. We continue to work closely with our partners in the CAF Global Alliance. In South Africa, for example, we are supporting civil society by helping to create a foundation to celebrate the centenary of Walter and Albertine Sisulu, the great campaigners against apartheid; we are working through our colleagues in CAF India, to create online giving and corporate giving platforms to support local NGOs and their frontline response to disasters and emergencies in the country; and in Brazil, our partner organisation IDIS, has been instrumental in creating new legislation on endowments, which is expected to have a significant impact on charitable giving there.

These are just a few examples of the ways in which CAF underpins civil society in the UK, and many parts of the world. None of this important work would be possible without the strong support of the many donors who give through CAF year after year.

I would like to extend my thanks to all the staff of CAF, whose hard work and continuing commitment to CAF have contributed so much to the record outcomes this year. I am most grateful too to my fellow trustees, my predecessor as Chair, and those trustees whose terms of office ended during the year, for their wisdom and dedication to strengthening CAF's mission.

Above all, I would like to thank the hugely generous donors who give their unstinting support and commitment to the causes that are so important to civil society, and all those in the charities we support. They are an inspiration and example to us all.

A handwritten signature in black ink, reading "James Leigh-Pemberton". The script is fluid and cursive, with the first name "James" and last name "Pemberton" clearly legible.

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 organisation's 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 exists to make giving count by making it easier for people and businesses to give more, and by helping charities and social organisations to get money to where it is needed, as efficiently as possible.

Our purpose is to help people and businesses donate safely and effectively around the world. Growing donations and the amount we can grant to charities around the world is our fundamental aim, so we are delighted that once again 2018/19 was an exceptional year of generosity. Our donors have yet again increased their donations into our stewardship despite ongoing uncertainty in the British and global economies.

Central to our work is our ability to safely grant donations to charities in countries right across the world, so we are delighted to have granted a record £646m to charitable organisations in the past year. This exceptional figure exceeded our expectations and follows the choices made by our donors during the year, reflecting the flexibility we give donors to make philanthropic gifts for granting to charity at a later date. This money is granted to front line organisations and other grantmaking foundations in the UK and overseas for onward granting. We made it possible to make grants to charities in 96 countries during the year, continuing our tradition of helping donors support the work of charitable organisations in many parts of the world.

Against the continuing challenges of low interest rates in the UK, we have continued to make significant investments to improve the delivery of our products and services together with improvements in our efficiency.

Last year we set out our plan to invest in our services for donors and the digital systems which underpin and enable our work. For example, last year we reported on our project to create a new online service for donors using the CAF American Donor Fund, which celebrates 20 years of helping dual UK-US taxpayers give to causes across the world. This year we are delighted to have seen very strong growth in this year and very positive feedback from donors. Donations into the fund increased by nearly a quarter compared with 2017/18 and the amount granted to charities was up more than 36% to £78.4m. Donations into CAF America jumped more than 85%, reflecting the huge growth of our work helping American donors make vital grants across the globe.

Digital back office operations are key enablers to help us improve the experience for our clients and to manage costs. We embarked on a multi-year strategic project to invest in upgrading our IT systems, taking advantage of cloud computing technology to increase security, make our work more resilient and open up opportunities to use technology to make donating to charity ever more straightforward. This major investment in our systems is challenging in its complexity and is taking time to implement but will allow us to become still more efficient and encourage more people to give.

One outcome of our drive towards digital transformation is in our work with major donors, where we have built a new interface, upgrading our online donation journey, allowing donors to track their giving, and the causes they support on mobile devices wherever they are. Early feedback is very positive, with donors already telling us that they are more motivated to give.

Our financial services for charities continue to grow, and our work with major companies in the FTSE100 and beyond continues to provide hugely valuable support for charities, and a fulfilling experience for tens of thousands of employees who support the causes they care about through their payroll.

Our mission to transform lives and communities will not be fulfilled by financial means alone. Our policy and advocacy teams use our knowledge and expertise to influence policymakers. We were pleased to see the UK Government's civil society strategy take up many themes from our work, such as our thinking on civic philanthropy, and are delighted to be working with the Department for Digital, Culture, Media and Sport to develop place-based giving schemes in a number of areas across the UK. In Brazil, years of advocacy by our colleagues at our partner organisation IDIS have helped create a new law on endowments which will transform the civil society landscape for the better.

	2019	2018
Donations received from donors	£620m	£607m
Donations paid to charities	£646m	£505m

(further details are set out on page 16)

Major donors

CAF is carefully structured to provide all the services offered by Donor Advised Funds, but with significant additional flexibility, combined with more than 90 years of experience facilitating individual donations reaching millions of pounds. Donations into CAF Charitable Trusts reached £170.8m during the year, an impressive total given continuing economic uncertainty, but lower than the exceptional levels of giving which we recorded in 2017/18. Grants from our CAF Charitable Trusts were sharply up on last year. That trend reflects our work with donors to make grants from philanthropic funds built up in previous years for maximum impact and, as in previous years, the decision of some to fund UK and overseas grant making foundations for ongoing granting to specialist causes.

We are increasingly the partner of choice for wealth advisors who want to help clients with their philanthropy. We expect this trend to continue, and were delighted to welcome members of the advisory community join us in our work to analyse the annual Sunday Times Giving List.

The list, which we have supported over many years, chronicles the philanthropic achievements of Britain's wealthiest people, including many of those who use CAF to facilitate major philanthropic gifts.

The CAF American Donor Fund, which celebrates 20 years of facilitating cross border giving in 2019, enjoyed very significant growth, with the amount donated increasing by 23 per cent to £86.9m during the year. That increase, on top of an extraordinary year in 2017/18 reflects the exceptional generosity of the American community in the United Kingdom and British people living and working in the United States.

Regular givers

The donations made by our regular givers, people who use a CAF Charity Account or CAF Give As You Earn, are a hugely valuable source of support for charities. We were particularly pleased that we were able to grant more than £125m to charities on behalf of our regular givers, up nearly 16 per cent on the previous year and ahead of our expectations for the year.

CAF Give As You Earn, our payroll giving scheme, continues to be a market leading service for companies encouraging their staff to give, and continues to deliver tens of millions of pounds in invaluable regular funding to charities in the UK and across the world. We received £70.1m in payroll giving donations (£74.2m in 2017/18) during the year. The amount given directly to charity through employees' payroll contributions was broadly in line with the previous year at £31.6m (£31.5m in 2017/18) as was the amount given through CAF Give As You Earn-funded CAF Charity Accounts.

Donations paid to charities from CAF Charity Accounts	2019	2018
Gift Aid Funded	£95m	£75m
CAF Give As You Earn funded	£30m	£33m
	£125m	£108m

Companies

CAF continues to be market leader in corporate philanthropy and employee giving in the UK. We enabled businesses to give more than £92m, 30% up on 2017/18. This year has seen the launch of new digital services to deliver a faster, more efficient experience for employees and employers, making it simpler for companies to facilitate donations by their staff.

We continue to be a partner of choice for many global corporations and household brands. In the retail sector, our ongoing support helps major supermarkets deliver flagship community and employee programmes, from the Co-op's Community Fund to Tesco's Give As You Earn scheme. In addition, we have seen increased levels of giving across the finance and pharmaceutical sectors and helped to develop significant initiatives, such as working with AstraZeneca to help them deliver funds for their global Young Health Programme, which helps target risk behaviours in young people that can lead to common non-communicable diseases later on in life.

We have established strong relationships with several of the leading flexible benefits providers to deliver payroll giving schemes to more donors in a simple, accessible way. We continuously work to enhance our offering seeking partners to complement our services and products and meet client demand.

Our commitment to bolder thinking has helped our corporate advisory practice work with an increasing number of companies and corporate foundations to ensure they have a bigger impact. We are helping to develop strategies and programmes to deliver meaningful social change. We have, for instance, worked closely with npower, collaborating with senior leaders to build on their successful pilot Fuel Bank programme and create the npower Foundation, which aims to help people who are unable to pay their fuel bills through a combination of advocacy and direct support. We worked with Johnson Matthey to develop an impact framework to guide their strategy of creating a healthier and happier world through science.

Charities

Our online donation service CAF Donate processed more than £27m for charities during the year, slightly down on 2017/18. One charity, Who Cares? Scotland, an award-winning charity that offers care experienced people a platform to have their voice heard, has raised £26,000 over the last four years through CAF Donate – they said the online platform gives them easy access to their donors thanks to its reporting functionality. We are investigating how to improve the user experience of this tool for charities, and expect to upgrade this simple, low cost tool for fundraisers to create online donations pages and collect Direct Debit payments.

The CAF Resilience programme, funded by CAF private clients, continues to grow. This pilot scheme is providing 10 small to medium sized charities grant funding and bespoke advice over two years to help inspire donors to support charities planning for the longer term.

We anticipated growth in our charity advisory and grantmaking work. Our charity advisory practice has greatly exceeded our expectations this year, enjoying strong growth and is well placed to support organisations wanting to take advantage of our grant making capacity and expertise. We are expanding our work with government and regulators to put the financial proceeds of regulatory charges to good use in our sector. We are also delighted to be managing a ground-breaking programme with the Department for Digital, Culture, Media and Sport to develop place-based giving schemes in towns and cities across the country.

Our social investment arm CAF Venturesome made 35 social investments during the year worth £3.2m, nearly double the number of social investments made during 2017/18. We have supported a wide range of exciting organisations from the ground breaking environmental charity Hubbub Foundation through to a Scottish community gymnastics club.

Our customer services team ran a successful trial of web-chat services, and we will look closely at the results to determine how best to improve the experience of those who get in touch with us.

We have completed the re-platforming of the CAF Investment Account to Winterflood Business Services and have fulfilled our aim to roll out new functions in this industry-first account, the only vehicle which allows charities to invest and trade charity-specific funds online. Our new Investment Explorer allows charities to create simulated portfolios, helping them research the opportunities presented by our online investment service. We are pleased that these innovations are helping to make the world of investment more accessible to more charities.

CAF Bank

CAF Bank represents a key part of CAF's financial services offering to charities and manages around £1bn in deposits on behalf of charities across the UK. CAF Bank is wholly owned by Charities Aid Foundation and all its profits are gifted to CAF to invest in services to grow giving and support the charitable sector. In CAF Bank, we have started to roll out two-factor authentication to all customers, making our systems more secure for charities to use.

While demand for lending continues to be affected by economic uncertainty, CAF Bank broadly maintained its overall level of lending at £91m (2018: £92m) and increased its lending to charities by £11m to £81m, allowing us to support a wide range of projects. The CAF Bank board has agreed to realign the bank's activities to support a broad range of social purposes from housing associations and charities to supporting affordable housing development as well as supported and assisted living. Lending from CAF Bank has a major impact on the organisations we serve. For example Clydebank Housing Association were able to redevelop a derelict former cinema hall near Glasgow into much-needed social housing, thanks to a CAF Bank loan.

International

CAF's unique global alliance consisting of independent locally-led partner organisations around the globe, as well as overseas subsidiaries and branches in the USA, Canada and Russia, has made significant progress during the year towards its twin aims of increasing cross-border giving in major philanthropic centres and encouraging the growth of giving in fast growing economies worldwide.

CAF America and CAF Canada have both enjoyed rapid growth, harnessing CAF's expertise in international grant making to serve donors and develop strong partnerships with technology providers to ensure that charitable funds can be delivered around the world.

Donations through CAF America passed US\$100m barrier for the first time and reached US\$200m when combined with donations through the CAF American Donor Fund. We also saw strong growth in CAF Canada.

Our ground-breaking suite of research publications chronicling giving in nine different countries is already giving us unique insights into the role of women and young people around the world in driving the culture of giving. We were delighted to secure funding from a range of foundations to launch a research project into giving across East Africa, a study that will inform our desire to build infrastructure to support giving in fast-growing economies across the world.

In Brazil, our advocacy over many years has helped to secure a hugely significant new law on charitable endowments, meaning there will now be a legal financial instrument of endowment funds that can support institutions and projects focused on topics such as education, science, culture, health, and the environment. CAF Southern Africa is working with the Sisulu family to develop a foundation, celebrating the 100th anniversary of Walter and Albertine Sisulu. CAF India is working with the Indian government to develop important standards and guidance on CSR for Indian companies and successfully rolling out online giving and corporate giving platforms to support local NGOs and their frontline response to disasters and emergencies in the country.

This year has also seen a focus on sharing and exchanging knowledge between stakeholders in our partnering countries, as seen through the workshop programme between IDIS and CAF America, and a programme coordinated by EUCLID and CAF which hosted NGO leaders from the UK and Russia.

Elsewhere across the network the influence of #GivingTuesday is strong, with the campaign attracting 2,700 partners in Russia alone.

Sector support

CAF's knowledge and experience of facilitating giving worldwide over many decades makes us uniquely placed to inform and shape public debate about charity and increasing giving.

This is a challenge at a time of political uncertainty, social division and financial and operational pressure on many charities. Trust and confidence in the sector remains an issue and charities face a downward trend in the proportion of people donating to charities, according to our latest research.

We were delighted that the British Government's civil society strategy took up many themes of our advocacy work promoting individual and corporate giving. We look forward to continuing our work with policymakers inside and outside government to build on the strong, supportive environment for charities that is such a hallmark of British society.

We were particularly pleased by the creation of a £600,000 fund to stimulate giving in a number of towns and cities around the country, following our work on the potential for creating a culture of civic giving. We were delighted to be chosen to manage the fund on behalf of the Department for Digital, Culture, Media and Sport, and have high hopes this project will create inspiring examples that can be replicated throughout the country.

Our research and insight remains in high demand in the UK and overseas and continues to spark conversations at all levels of society. Our work on the potential for economic empowerment worldwide to fuel civil society is influencing thinking among policymakers and civil society alike, while our work on the potential for disruptive technology to transform the landscape for charities and the people they serve is provoking debate and leading thinking here and abroad.

Our flagship research project UK Giving revealed a worrying combination of declining trust and lower numbers of people giving, although the overall estimate of the sums donated to charity by people in the UK remains stable at around £10 billion. The trends, echoing declining trust in institutions worldwide, are something we need to understand better, and will form a focus for our research in the coming year. We will be expanding our country reports more fully this year – having already published Scotland Giving for the past two years, this year we will also report on Wales in its own right. We will also be looking to produce a giving report for Ireland, to add to our existing suite of reports.

Another influential insight series, the CAF World Giving Index, marks its 10th anniversary this autumn, and we will use this opportunity to chart the trends in giving worldwide over the past decade.

PLANS FOR THE FUTURE

Our plans follow four strategic principles:

Driving growth and impact

2019/20 is a year of significant anniversaries for CAF: 20 years of the CAF American Donor Fund; and 10 years of the CAF World Giving Index. We will build on this legacy to increase our support for those who give, from the largest major donors and multinational corporations giving tens of millions to everyday givers who spare a few pounds a week. While the donations we facilitate vary depending on the choices made by hundreds of thousands of people we serve, we always aim to increase our financial support for charities and strive towards reductions in the cost of what we do.

While donations to CAF and onward granting to charities is determined by donor choice, we always strive to increase the financial support we are able to give to charities. We hope our digital developments will help us encourage more people to give and to make use of the charitable funds we hold.

We aim to increase the number of charities using our unique CAF Investment Account to research and trade investments online, including a wide range of investment options available only to charities.

Our experience extending over 90 years in serving some of the UK's largest donors has made us the partner of choice for advisors and major philanthropists. We will build on that tradition of service, ensuring that we further enhance our unique heritage of making truly exceptional donations possible.

Our ability to share our experience and knowledge has been an important factor in shaping today's civil society and we aim to expand our impact, increasing our insight and finding new ways to share with the sector we serve.

We look forward to expanding the geographical footprint of our CAF Global Alliance, and are working to increase our insight in Africa to support the development of infrastructure in fast-growing markets.

Accelerate digital capacity

We are embracing digital ways of giving, making it even easier for people to support the causes close to their hearts. Our aspiration is to become a fully digital organisation so that charities, businesses and the people who support good causes can work with us online and offline which helps us drive down the cost of granting vital funds around the world.

We will continue to refine our sector-leading digital services for our major donors so we can continue to serve those whose generosity is so important. We will implement a new online portal for charities giving information to CAF and CAF Bank to make it simpler for them to receive funds, re-engineer our charity search function so it is easier for donors to find the charities they want to support, and improve the experience of people using our CAF Charity Accounts, so we can encourage them to give by making it even easier to donate.

Customer service excellence

CAF's strength has always been our helpful and knowledgeable staff and we are always looking for ways to make it even easier for people to get in touch. We have piloted web-chat in the past year and are embarking on a project to update our telephony systems, which will allow us to introduce features such as live chat online in the future, making it easier for people with busy lives, to give and make it easier for busy charity staff and trustees so they can concentrate on achieving their charity's mission.

We also want to make it ever easier for charities to work and communicate with us, both when they register their details so we can grant them donations and when they apply for our services, such as CAF Bank accounts.

We are also making it easier for companies to give, streamlining the way people can give through their payroll to make it simpler than ever for firms to offer this valuable way of supporting causes.

Quality and efficiency

We continue to develop cloud computing, a major investment to transform our back office systems so we can drive down the cost of what we do and ensure money reaches the front line as efficiently as possible. This investment will underpin our efforts to roll out improved digital services, enhancing security and resilience and allowing us to deliver more features, more quickly and at less cost.

Our improved charity search function will be developed in the cloud, allowing people to find and donate to a huge range of charities and we will introduce new internal productivity tools to drive continuous improvement in our service.

We are committed to improving our use of data, maintaining our absolute commitment to individual privacy but also ensuring we can better tailor our work to the needs of charities and donors, while carefully protecting those we serve.

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.

We have described earlier in this report, how the enduring generosity of the donors using these CAF services ensured that overall giving exceeded £600m for a third successive year. Although donations and legacies received did not match the exceptional levels of 2017/18, we were delighted to have paid a record level of donations to charities of £646m.

	Donations & legacies received		Donations paid to charities	
	2019 £m	2018 £m	2019 £m	2018 £m
Restricted funds per Group Statement of Financial Activities (SOFA)	561.9	546.6	587.4	445.4
Donor client balances (note 18 to the Financial Statements)	97.2	102.9	59.0	59.9
less: CAF Give As You Earn receipts transferred to restricted funds and included in the Group SOFA	(38.8)	(42.4)	-	-
Net donor client balance	58.4	60.5	59.0	59.9
Total	620.3	607.1	646.4	505.3

At 30 April 2019 restricted funds held in respect of our services, offering donors flexibility to make donations at a later date and to grow philanthropic capital, increased to £1,358.1m (2018: £1,354.4m). Our restricted funds benefited from the addition of investment income of £14.3m (2018: £14.1m) and net gains on financial investments of £15.2m (2018: £14.6m), each principally attributable to investments held for CAF Charitable Trusts. Our donor client balances remained substantially unchanged at £4.4m (2018: £5.1m). These reflect donations in the course of processing for CAF Give As You Earn and CAF Donate.

CAF Bank - depositor balances

Depositor balances reflect the value of the accounts held by customers with CAF Bank, the specialist bank for charities, wholly owned by CAF. At 30 April 2019 CAF Bank depositor balances stood at £1,033.2m (2018: £1,048.1m).

CAF Bank benefits from a loyal base of charity deposit customers, who provide a strong and stable source of funds. This enables CAF Bank to also make loans at competitive rates, principally to charities and other social purpose organisations.

During the year the value of drawn loans fell slightly to £91.4m compared to £92.0m last year. Charity loans increased by £11m. However, this was counter-balanced by a fall in drawn residential development loans of £11m as a result of reduced demand in the South East of England. A further £14.5m of loans were committed but not yet drawn at 30 April 2019 (2018: £11.8m).

Although demand for loans from social purpose organisations continues, feedback from charity customers is that Brexit has resulted in delaying decisions to invest and borrow, leading to slightly slower growth than planned in CAF Bank's loan book.

CAF Bank is continuing a significant programme of investment in IT to improve operational resilience and security. Two factor authentication is currently being rolled out to all its customers to improve security and a further series of IT hardware and software upgrades is planned for 2019/20.

CAF Bank reported a profit on ordinary activities before taxation of £5.9m for the year, an increase of £1.4m on 2017/18. In common with many other banks, CAF Bank benefited from rising interest rates during the year, although this was partly offset by higher staff costs to meet increased regulation costs. CAF Bank's profits are gifted to CAF to support its charitable activities.

Unrestricted funds

At 30 April 2019 group unrestricted funds stood at £61.7m (2018: £60.3m), an increase of £1.4m (2018: £0.1m).

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

- a decrease in income from legacies from £1.8m in 2017/18 to £0.5m in 2018/19;
- ongoing low interest rates in the UK;
- continuing investment in digital services, cyber security and protection from financial crime;
- recognition of a £1m gain upon revaluation of premises occupied by CAF; and
- recognition of a surplus (as determined in accordance with FRS 102) arising on a defined benefit pension scheme, which is closed to new employees and further benefit accrual.

Although we benefited from the increase in UK base rates in August 2018, CAF and the group continue to be impacted by low interest rates. As a result of this, combined with the unpredictable nature of income from legacies, we continue to control costs tightly across the group.

There was a controlled increase in expenditure, as we invested further in digital services and resilient and secure IT systems and ensured continuing compliance with the ever-changing regulatory environment.

A professional valuation of the long leasehold property occupied by CAF was performed at 30 April 2019, the first in five years. The premises were valued at £5.24m, which was in excess of the carrying value. Consequently a revaluation gain of £1m was recognised at 30 April 2019.

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 was established in September 2015, solely to receive a transfer from the Growth Plan, a multi-employer section of the Pensions Trust in which CAF was a participating employer. Between inception and 30 April 2019, CAF has made deficit reduction payments to the scheme of £1.0m (2018: £0.6m).

At 30 April 2018 the scheme's independent actuary (the actuary) estimated that the scheme's funding deficit amounted to £800k. As at the same date, the actuary determined that, in accordance with FRS 102 requirements, the scheme's assets exceeded its obligation by £979k. Given that a formal triennial valuation of the scheme was not due to be performed until April 2019 and that one valuation basis resulted in a deficit and the other a surplus, CAF did not recognise the surplus of £979k (determined in accordance with the requirements of FRS 102) at 30 April 2018.

The triennial actuarial valuation is currently being performed by the actuary. The provisional results show a deficit of £231k at 30 April 2019. This compares with the actuary's estimate that at 30 April 2019, for FRS 102 purposes, the scheme's assets exceed its obligation by £1,452k (2018: £979k). The full surplus of £1,452k, determined in accordance with FRS 102, has been recognised in CAF's balance sheet as at 30 April 2019. Consequently, 'Other recognised gains' in the SOFA include a credit of £979k, in respect of the surplus not previously recognised. Further details are set out in note 28 to the financial statements.

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.

Group unrestricted funds, which also represent our reserves, stood at £61.7m (2018: £60.3m). This level of reserves at 30 April 2019 is considered to be sufficient to support the ongoing activities and development of the group.

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 including allocating reserves in respect of repayment of a long-term loan in 2026. We will continue to monitor our reserves position closely to ensure an adequate level is maintained to support the 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 extremely cautious in the current financial climate, only placing funds, over which we have discretion, with UK banks.

Unrestricted funds – Wholesale 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 2018/19 funds were invested primarily in term deposits with UK banks, but may from time-to-time be invested in gilts, multilateral development bank bonds and in a small value of 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 and CAF American Donor Fund Trusts (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 – Wholesale treasury assets

Other restricted funds principally comprise balances held pending onward donation to other charities and are invested in term deposits with UK banks and in gilts, multilateral development bank bonds and corporate bonds.

As at 30 April 2019 our portfolio yield was 1.2006% (2018: 0.9519%), compared with a benchmark of 6 month LIBOR of 0.9419% (2018: 0.8679%). While, in some circumstances, we have benefited from higher interest rates on time deposits, we continue to experience volatility with regard to rates available as deposits mature.

Investment policies of subsidiary and associated companies and trusts are determined and managed by their respective boards.

Going concern

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the group's financial position, reserves and forecasts for the foreseeable future. They have considered the assumptions underlying those forecasts and the impact of the potential risks affecting them.

Having made those 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.

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 1 May 2018 to 30 April 2019	Total no. of meetings attended during 2018/19
Sir James Leigh-Pemberton (Chairman)	5/5
Dominic Casserley (former Chairman) – retired, 18 September 2018	2/2
Cyrus Ardalan (Chair, Investment Advisory Committee) – appointed, 1 December 2018	3/3
Saphié Ashtiany (former Vice Chair) – retired, 18 September 2018	2/2
Robin Creswell (former Chair, Investment Advisory Committee) – retired, 18 September 2018	2/2
Matt Hammerstein	4/5
Peter Kellner (<i>Chair, NCVO</i>)	3/5
Tiina Lee	5/5
Carole Machell	4/5
Dr Julie Maxton – resigned, 6 December 2018	0/2
Roger Perkin (Chair, Audit, Risk & Compliance Committee)	4/5
Janet Pope (Chair, CAF Bank Ltd)	4/5
Susannah Storey	3/5

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.

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 and branches CAF American Donor Fund, CAF America, CAF Canada and CAF Russia. However, due to regulatory and legal changes in Russia, it will be necessary for the CAF Russian Foundation to become an independent entity, carrying the CAF brand under licence as a member of the CAF Global Alliance. As a result its accounts will not be consolidated in future Group accounts.

The CAF Global Alliance also includes a range of independent organisations including BCause (Bulgaria), Good2Give (Australia), CAF India, CAF Southern Africa and IDIS Brazil.

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 £2.12m (2018: £2.11m) was paid to NCVO during the year.

Public benefit

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 by creating value for other charities and helping to shape the charitable sector.

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.

Fundraising

There have been no 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.

Brexit

We continue to monitor developments around the UK's exit from the European Union (Brexit). At present there is uncertainty regarding the timing and outcome of negotiations. 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 Brexit occurring without the UK establishing an agreement with the European Union and we hold reserves and liquidity to cater for any significant adverse movements.

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 the exit of the UK from the EU (Brexit) have been described earlier. But we also continue to assess and monitor other associated risks, including the future of EU 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 where 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 that became effective from 25 May 2018.</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 continues to develop 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 allocate capital to operational risk exposures.</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><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 wholesale treasury counterparties and lending to charities and personal customers.</p>	<p><i>Wholesale treasury assets</i></p> <p>Wholesale 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 and CAF American Donor Fund Trusts (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 board of CAF America. 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.</p> <p>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>Wholesale treasury assets</i></p> <p>Liquidity and funding risk is measured and monitored against daily limits and for CAF Bank against intra-day triggers. The liquidity position is monitored by the CAF Investment Advisory Committee and for CAF Bank by its ALCO and Executive Risk Committee. 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>
<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>Wholesale 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 30 was approved by the Board of Trustees on 10 July 2019 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

Opinion

In our opinion the financial statements of Charities Aid Foundation (the 'Charity') and its subsidiaries (the 'Group') for the year ended 30 April 2019:

- give a true and fair view of the state of the Group's and of the Charity's affairs as at 30 April 2019 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 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 of Charities Aid Foundation (the 'Charity') and its subsidiaries (the 'Group') for the year ended 30 April 2019 which comprise:

- the Group and Charity Statements of Financial Activities;
- the Group and Charity Balance Sheets;
- the Group and Charity Cash Flow Statements; 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).

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.

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 new major donors and legacies; ■ Recognition of donations paid to new overseas beneficiaries and grants payable; and ■ Loan impairment provisions in CAF Bank Limited.
Materiality	<p>The materiality that we used for the Group was £6 million 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 and CAF America. These components account for 99% of funds as at 30 April 2019.</p>
Significant changes in our approach	<p>There have been no significant changes in our audit approach for the 2019 year end.</p>

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 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.

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.

Recognition of income from new major donors and legacies

Refer to the accounting policy in note 1.4 on page 46 and note 5 on pages 55 to 58.

Key audit matter description



Over 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.

During the year, the Group earned a total of £16.9m of legacy income, of which £0.5m was received as unrestricted income. Management judgement is involved in assessing the entitlement, probability and measurement of the income. Accordingly, we consider there to be an increased risk of misstatement due to error or fraud in respect of legacy income.

How the scope of our audit responded to the key matter



We evaluated the design and tested the implementation of controls by performing walkthroughs of the Charity's control procedures over the recognition of donations from new major donors and legacies.

We tested a sample of donations from new major donors and legacies to assess whether the income was recognised when the Charity became entitled to the income, receipt of the income was probable and the amount of the income could be reliably estimated.

Where donations from new major donors and legacies had been received, we tested a sample of cash receipts and agreed them to bank statements.

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.

Where donations from new major donors and legacies were subject to conditions, we tested the fulfilment of those conditions and, where relevant, the deferral or non-recognition of the donations and legacies.

Key observations



Our work identified an immaterial amount of legacy income which should have been accrued as at 30 April 2019 which had not been recognised.

Based on the procedures performed and evidence obtained, we considered management's assumptions in recognising legacies and income from new major donors to be reasonable.

Recognition of donations paid to new overseas beneficiaries and grants payable

Refer to the accounting policy in note 1.5 on page 47 and note 5 on pages 55 to 58.

Key audit matter description



Donations paid to charities (£587.9m) represent donations by donor clients and 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. Grants payable for the year ended 30 April 2019 were £12.0m. The recognition of grants payable involves judgement to assess the obligation, probability and value of each grant.

How the scope of our audit responded to the key matter



We evaluated the design and implementation 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 found management's expenditure recognition to be reasonable in respect of grants and donations paid to new beneficiaries overseas.

Loan impairment provisions in CAF Bank Limited

Refer to the accounting policy in note 1.14 on page 50 and note 10 on page 62.

Key audit matter description



CAF Bank Limited's gross loans and advances to customers decreased from £92.8m to £91.8m during the year.

The provisions for loan impairment requires judgement in the identification of impairment triggers and in assessing the expected recoverable cash flows for impaired loans. Given lending to customers remains a developing part of the business, CAF Bank has limited loss experience which increases the judgement required for both specific and collective provisions. Given the level of judgement required, we consider there to be a higher risk of misstatement due to error or fraud in respect of loan impairment provisions.

The impairment provision as at 30 April 2019 was £445k (2018: £641k). This is a collective provision for incurred but not reported impairment losses. There was no individually identified loan impairment provision.

How the scope of our audit responded to the key matter



We have assessed the design and tested the implementation of controls by performing walkthroughs of CAF Bank Limited's control procedures relating to the loan impairment provisions.

We challenged the company's loan impairment provisioning policy to assess whether it is in compliance with the requirements of the accounting framework.

We tested the recoverable cash flows, valuation of the security assumed and other key assumptions used in estimating the specific impairment provisions for loans identified as impaired;

We tested a sample of performing loans to assess whether there is objective evidence that impairment had arisen and not been identified;

We challenged the key assumptions by benchmarking to historic performance and industry peers; and

We re-performed the calculation of the provisions to test its mathematical accuracy.

Key observations



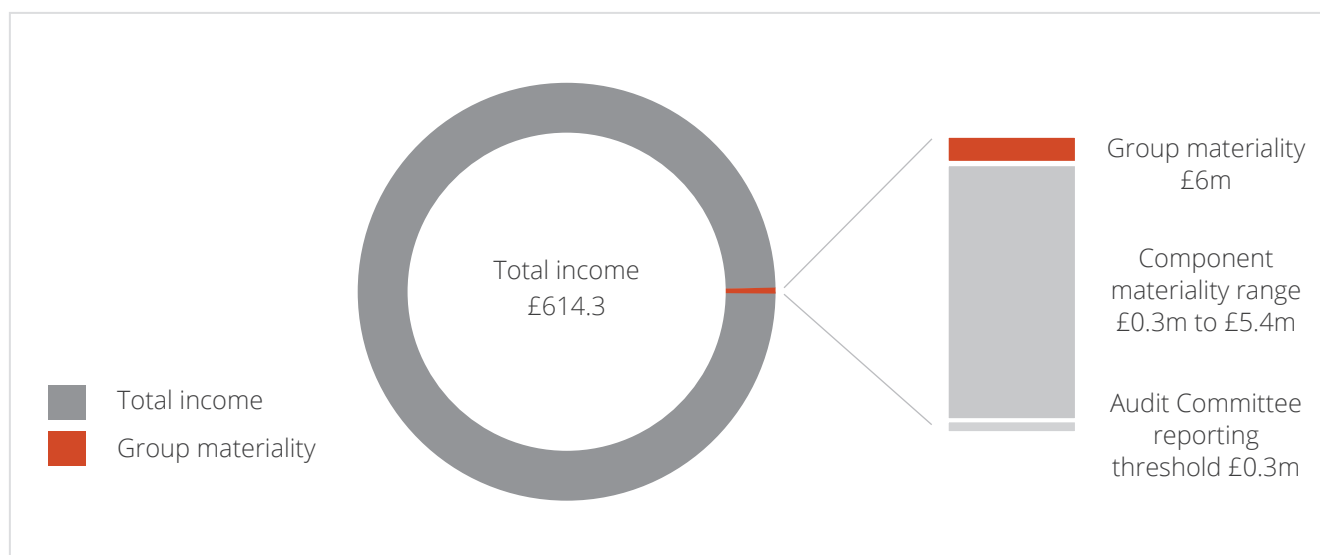
Based on the procedures performed and evidence obtained, we found the Group's assumptions, judgements and approach to estimating loan impairment provisions to be reasonable and therefore consider the level of provisions to be appropriate.

Our application of 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	Parent Charity financial statements
Materiality	£6m (2018: £6m)	£4.1m (2018: £4.9m)
Basis for determining materiality	1% of total income (2018: 1%)	1% of total income (2018: 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.



We agreed with the Audit Risk and Compliance Committee that we would report to the Committee all audit differences in excess of £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.

An overview of the scope of our audit

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 and CAF America. These components account for 99% of funds as at 30 April 2019 and their audits were performed at lower levels of materiality set by the Group audit team ranging between £300k and £5.4m.

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 subject to audit to enable us to be involved 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.

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.

Responsibilities of the Trustees

As explained more fully in the Statement of Trustee's 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.

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

Matters on which we are required to report by exception

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 Trustees' Report is inconsistent in any material respect with the financial statements; or
- we have not received all the information and explanations we require for our audit; 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.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the Audit Risk and Compliance Committee, we were appointed by the Group at its Board of Trustees meeting on 16 September 2016 to audit the financial statements of the Group for the year ended 30 April 2017 and subsequent financial periods.

Our total uninterrupted period of engagement is three years covering the year of our appointment through to the year ended 30 April 2019.

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 Charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Topley FCA

Deloitte LLP

Statutory Auditor

London

10 July 2019

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 APRIL 2019

		Unrestricted		Restricted and endowment funds		Total	
	Notes	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Income							
Donations		2,628	2,521	545,482	514,814	548,110	517,335
Legacies		464	1,818	16,453	31,739	16,917	33,557
	5	3,092	4,339	561,935	546,553	565,027	550,892
Charitable activities:							
Fee income		15,771	15,387	(13)	24	15,758	15,411
CAF Bank net interest income		12,283	11,090	-	-	12,283	11,090
Investment income	4	6,983	6,252	14,252	14,090	21,235	20,342
Total income	5	38,129	37,068	576,174	560,667	614,303	597,735
Expenditure							
Charitable activities:							
Donations payable to charities		531	633	587,366	445,447	587,897	446,080
Other expenditure on charitable activities		38,429	36,425	-	-	38,429	36,425
Total expenditure	5	38,960	37,058	587,366	445,447	626,326	482,505
Net income/(expenditure) before group's share of losses in associate		(831)	10	(11,192)	115,220	(12,023)	115,230
Group's share of losses in associate	14	(100)	(54)	(3)	(3)	(103)	(57)
Net income/(expenditure) before net gains on investments		(931)	(44)	(11,195)	115,217	(12,126)	115,173
Net gains on financial investments		-	-	15,186	14,622	15,186	14,622
Net gains/(losses) on other investments		3	-	(88)	109	(85)	109
Net income/(expenditure)	5	(928)	(44)	3,903	129,948	2,975	129,904
Transfers between funds	23	228	340	(228)	(340)	-	-
Net movement in funds before other recognised gains/(losses)		(700)	296	3,675	129,608	2,975	129,904
Other recognised gains/(losses)							
Gain on revaluation of tangible fixed assets	23	1,008	-	-	-	1,008	-
Defined benefit pension plan:							
Actuarial gains	28	185	444	-	-	185	444
Removal/(remeasurement) of asset limit	28	979	(674)	-	-	979	(674)
Net movement in funds		1,472	66	3,675	129,608	5,147	129,674
Reconciliation of funds							
Total funds brought forward		60,274	60,208	1,354,408	1,224,800	1,414,682	1,285,008
Total funds carried forward	23	61,746	60,274	1,358,083	1,354,408	1,419,829	1,414,682

The notes on pages 46 to 89 form an integral part of these financial statements.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 APRIL 2019

		Unrestricted		Restricted and endowment funds		Total	
Notes		2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Income							
Donations		7,007	5,833	361,356	405,065	368,363	410,898
Legacies		464	1,818	16,453	24,529	16,917	26,347
		7,471	7,651	377,809	429,594	385,280	437,245
Charitable activities:							
Fee income		9,875	10,388	(13)	24	9,862	10,412
Investment income		4	7,519	6,978	13,162	13,200	20,681
Total income		5	24,865	25,017	390,958	442,818	415,823
Expenditure							
Charitable activities:							
Donations payable to charities			531	660	425,128	344,859	425,659
Other expenditure on charitable activities			25,778	24,573	-	-	25,778
Total expenditure		5	26,309	25,233	425,128	344,859	451,437
Net income/(expenditure) before net gains/(losses) on investments			(1,444)	(216)	(34,170)	97,959	(35,614)
Net gains on financial investments			-	-	13,864	14,373	13,864
Net gains/(losses) on other investments			3	-	(88)	109	(85)
Net losses on associate undertakings			(100)	(54)	(3)	(3)	(103)
Net income/(expenditure)		5	(1,541)	(270)	(20,397)	112,438	(21,938)
Transfers between funds		23	228	340	(228)	(340)	-
Net movement in funds before other recognised gains/(losses)			(1,313)	70	(20,625)	112,098	(21,938)
Other recognised gains/(losses)							
Gain on revaluation of tangible fixed assets		23	1,008	-	-	-	1,008
Defined benefit pension plan:							
Actuarial gains		28	185	444	-	-	185
Removal/(remeasurement) of asset limit		28	979	(674)	-	-	979
Net movement in funds			859	(160)	(20,625)	112,098	(19,766)
Reconciliation of funds							
Total funds brought forward			58,401	58,561	1,252,625	1,140,527	1,311,026
Total funds carried forward		23	59,260	58,401	1,232,000	1,252,625	1,291,260

The notes on pages 46 to 89 form an integral part of these financial statements.

GROUP BALANCE SHEET AS AT 30 APRIL 2019

		Unrestricted funds		Restricted and endowment funds		Depositor and donor client balances		Total	
	Notes	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Assets									
Balances at Bank of England		46,718	45,592	1,068	1,361	270,389	368,392	318,175	415,345
Loans and advances to banks:									
Repayable on demand	9	23,612	23,688	318,489	439,640	13,617	9,475	355,718	472,803
Other	9	-	-	340,005	221,909	-	8,000	340,005	229,909
Loans and advances to customers	10	2,089	1,405	5,024	2,354	90,461	91,425	97,574	95,184
Debt securities	11	507	514	31,909	26,282	669,579	581,994	701,995	608,790
Financial investments	12	-	-	650,230	640,510	-	-	650,230	640,510
Other investments	13	717	726	3,250	5,075	-	-	3,967	5,801
Associate undertaking	14	3,273	3,373	81	84	-	-	3,354	3,457
Tangible fixed assets	15	5,595	4,840	-	-	-	-	5,595	4,840
Other debtors	16	1,379	1,331	6,182	9,136	-	-	7,561	10,467
Prepayments and accrued income		4,940	6,306	17,822	30,257	3,988	4,177	26,750	40,740
Pension scheme asset	28	1,452	-	-	-	-	-	1,452	-
Total assets		90,282	87,775	1,374,060	1,376,608	1,048,034	1,063,463	2,512,376	2,527,846
Liabilities									
CAF Bank depositor balances	17	-	-	-	-	1,033,160	1,048,065	1,033,160	1,048,065
CAF Give As You Earn and CAF Donate balances	18	-	-	-	-	4,500	5,191	4,500	5,191
Due to beneficiary charities	19	-	-	12,364	19,295	-	-	12,364	19,295
Other creditors	20	4,434	4,620	2,355	2,240	125	16	6,914	6,876
Accruals and deferred income		4,439	3,262	1,258	665	107	49	5,804	3,976
Provisions for Corporation Tax		3	5	-	-	-	-	3	5
Repurchase agreement	21	-	-	-	-	10,142	10,142	10,142	10,142
Long-term loan	22	19,660	19,614	-	-	-	-	19,660	19,614
Total liabilities		28,536	27,501	15,977	22,200	1,048,034	1,063,463	1,092,547	1,113,164
Funds	23	61,746	60,274	1,358,083	1,354,408	-	-	1,419,829	1,414,682
Total liabilities and charitable funds		90,282	87,775	1,374,060	1,376,608	1,048,034	1,063,463	2,512,376	2,527,846

The notes on pages 46 to 89 form an integral part of these financial statements

Approved by the Trustees and authorised for issue on 10 July 2019 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 2019

		Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
Registered charity number 268369	Notes	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Assets									
Loans and advances to banks:									
Repayable on demand	9	20,233	20,894	253,643	372,333	4,625	5,207	278,501	398,434
Other	9	-	-	336,593	217,549	-	-	336,593	217,549
Loans and advances to customers	10	2,089	1,405	5,024	2,245	-	-	7,113	3,650
Debt securities	11	-	-	19,444	19,708	-	-	19,444	19,708
Financial investments	12	-	-	607,322	619,829	-	-	607,322	619,829
Other investments	13	717	726	3,250	5,075	-	-	3,967	5,801
Subsidiary undertakings	14	41,925	41,925	-	-	-	-	41,925	41,925
Associate undertaking	14	3,273	3,373	81	84	-	-	3,354	3,457
Tangible fixed assets	15	5,458	4,684	-	-	-	-	5,458	4,684
Other debtors	16	5,963	4,479	4,944	7,810	-	-	10,907	12,289
Prepayments and accrued income		4,656	6,064	17,674	30,170	-	-	22,330	36,234
Pension scheme asset	28	1,452	-	-	-	-	-	1,452	-
Total assets		85,766	83,550	1,247,975	1,274,803	4,625	5,207	1,338,366	1,363,560
Liabilities									
CAF Give As You Earn and CAF Donate balances	18	-	-	-	-	4,500	5,191	4,500	5,191
Due to beneficiary charities	19	-	-	12,362	19,273	-	-	12,362	19,273
Other creditors	20	2,899	2,908	2,355	2,240	125	16	5,379	5,164
Accruals and deferred income		3,947	2,627	1,258	665	-	-	5,205	3,292
Long-term loan	22	19,660	19,614	-	-	-	-	19,660	19,614
Total liabilities		26,506	25,149	15,975	22,178	4,625	5,207	47,106	52,534
Funds	23	59,260	58,401	1,232,000	1,252,625	-	-	1,291,260	1,311,026
Total liabilities and charitable funds		85,766	83,550	1,247,975	1,274,803	4,625	5,207	1,338,366	1,363,560

The notes on pages 46 to 89 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 10 July 2019 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 2019

		2019		2018	
	Notes	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities	24	(72,793)		50,126	
Cash flows from investing activities					
Increase in Cash Ratio Deposit with Bank of England		(635)		(63)	
Net (increase)/decrease in loans and advances to banks		(110,096)		24,318	
Net (increase)/decrease in debt securities		(96,273)		126,787	
Payments to acquire financial investments		(112,632)		(237,601)	
Proceeds on disposal of financial investments		162,464		217,094	
Payments to aquire other investments		-		(175)	
Proceeds on disposal of other investments		1,749		280	
Payments to acquire tangible fixed assets		(32)		(8)	
(Increase)/decrease in investment portfolio cash and settlements pending		(2,176)		3,798	
Proceeds on advance from repurchase agreement		-		10,142	
Receipts of Trust Funds investment income		14,164		13,988	
Net cash (used in)/provided by investing activities		(143,467)		158,560	
Cash flows from financing activities					
Payments of interest on long-term loan		(1,021)		(1,021)	
Net cash used in financing activities		(1,021)		(1,021)	
Change in cash and cash equivalents in the year		(217,280)		207,664	
Cash and cash equivalents as at 1 May		887,558		682,732	
Change in cash and cash equivalents due to exchange rate movements		2,390		(2,838)	
Cash and cash equivalents as at 30 April		672,668		887,558	
Represented by:					
Balances at Bank of England repayable on demand		316,950		414,755	
Loans and advances to banks repayable on demand		355,718		472,803	
		672,668		887,558	

The notes on pages 46 to 89 form an integral part of these financial statements.

CHARITY CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2019

		2019		2018	
	Notes	£000	£000	£000	£000
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities	24	(75,659)		4,652	
Cash flows from investing activities					
Net (increase)/decrease in loans and advances to banks		(119,044)		12,349	
Net increase in debt securities		-		(19,914)	
Payments to acquire financial investments		(87,138)		(236,545)	
Proceeds on disposal of financial investments		149,706		209,722	
Payments to acquire other investments		-		(175)	
Proceeds on disposal of other investments		1,749		280	
Payments to acquire subsidiary undertakings		-		(11,000)	
Payments to acquire tangible fixed assets		(26)		-	
(Increase)/decrease in investment portfolio cash and settlements pending		(1,659)		4,542	
Receipts of Trust Funds investment income		13,075		13,124	
Net cash used in investing activities		(43,337)		(27,617)	
Cash flows from financing activities					
Payments of interest on long-term loan		(1,021)		(1,021)	
Net cash used in financing activities		(1,021)		(1,021)	
Change in cash and cash equivalents in the year		(120,017)		(23,986)	
Cash and cash equivalents as at 1 May		398,434		423,142	
Change in cash and cash equivalents due to exchange rate movements		84		(722)	
Cash and cash equivalents as at 30 April		278,501		398,434	

The notes on pages 46 to 89 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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, reserves and forecasts for the foreseeable future. They have considered the assumptions underlying those forecasts and the impact of the potential risks affecting them.

After making due 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 of this report. For this reason, they continue to adopt the going concern basis in preparing the accounts.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 2019

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 2019

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 2019

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 £1,113.1m (2018: £1,103.5m), 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 2019

1. Accounting policies (continued)

(b) Estimates

With respect to the next reporting period, 2019/20, 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 2017. Similarly, any new properties acquired since that date also had their value determined by independent valuation specialists. 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.

The fair value of properties held as at 30 April 2018 and 30 April 2019 were determined by the Group and reviewed by our CAF Bank lending team.

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 2019

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.
- CAF Philanthropy Services LLC and the CAF Foundation for Philanthropy Support and Development, which were founded in Russia by CAF and operate alongside our branch in Moscow. Together they work to raise awareness of NGOs and to advance giving and philanthropy in Russia.

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 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 is a strategic partner 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 remained at 17.0% throughout the year with CAF's voting rights remaining at 24.5%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 Bank, whose results significantly affect the Group accounts. The movement of donor funds within CAF's principal subsidiaries, other than CAF Bank, are set out in note 23.2.

	2019	2018		2019	2018
CAF Bank Limited	£000	£000		£000	£000
Profit and loss account			Balance Sheet		
Interest receivable	12,908	11,405	Total assets	1,092,300	1,106,256
Interest payable	(625)	(315)	Total liabilities		
Net interest income	12,283	11,090	Depositors' balances	1,034,228	1,049,426
Other operating income	1,028	1,074	Other liabilities	16,722	15,480
Administrative expenses	(7,583)	(7,517)		1,050,950	1,064,906
Loan loss provision	196	(119)	Shareholders' funds	41,350	41,350
FSCS levy	(27)	(31)		1,092,300	1,106,256
Profit on ordinary activities before taxation	5,897	4,497			
Tax on profit on ordinary activities	1	(3)			
Profit on ordinary activities after taxation	5,898	4,494			
Profit and loss account balance brought forward	-	-			
Charitable donation to CAF	(4,908)	(3,600)			
Dividends payable to AT1 shareholders	(990)	(894)			
Profit and loss account balance carried forward	-	-			

4. Investment income

	Unrestricted		Restricted		Total	
Group	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Interest on fixed interest securities and cash deposits	6,782	6,055	1,451	1,266	8,233	7,321
Dividends	11	30	12,801	12,820	12,812	12,850
Interest on concessionary loans to charities	190	167	-	4	190	171
	6,983	6,252	14,252	14,090	21,235	20,342
Charity						
Interest on fixed interest securities and cash deposits	6,332	5,888	1,008	890	7,340	6,778
Dividends	1,001	923	12,154	12,310	13,155	13,233
Interest on concessionary loans to charities	186	167	-	-	186	167
	7,519	6,978	13,162	13,200	20,681	20,178

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 2019	Total 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income									
Donations	10	1,245	553	105	711	-	4	2,628	2,521
Legacies	-	-	-	-	-	-	464	464	1,818
	10	1,245	553	105	711	-	468	3,092	4,339
Charitable activities:									
Fee income	2,862	368	2,280	4,393	5,834	34	-	15,771	15,387
CAF Bank net interest income	-	-	-	12,283	-	-	-	12,283	11,090
Investment income	3,418	1,403	1,053	348	466	91	204	6,983	6,252
Total income	6,290	3,016	3,886	17,129	7,011	125	672	38,129	37,068
Expenditure on charitable activities									
Donations paid to charities	-	-	-	306	205	10	10	531	633
Direct costs	2,414	1,779	2,974	9,775	6,888	1,906	997	26,732	26,678
Support costs:									
Human resources	129	103	207	471	26	99	-	1,035	982
Property	234	187	374	854	47	179	-	1,875	1,752
Finance	218	174	350	798	44	167	-	1,751	1,902
Information systems	897	778	1,241	2,100	123	412	-	5,551	3,727
Governance costs	165	132	265	693	104	126	-	1,485	1,384
Total support costs	1,643	1,374	2,437	4,916	344	983	-	11,697	9,747
Total expenditure	4,057	3,153	5,411	14,997	7,436	2,899	1,007	38,960	37,058
Net income/ (expenditure) before group's share of losses in associate	2,234	(137)	(1,525)	2,132	(425)	(2,774)	(335)	(831)	10
Group's share of losses in associate	-	-	-	-	-	-	(100)	(100)	(54)
Net gains on other investments	-	-	-	3	-	-	-	3	-
Net income/(expenditure)	2,234	(137)	(1,525)	2,135	(425)	(2,774)	(435)	(928)	(44)

For the above table, and subsequent tables in this note, only summary comparative information only has been provided as it is considered that the provision of full comparatives, required by the SORP, 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 2019

5.2 Charity unrestricted funds	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Other funds	Total 2019	Total 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income									
Donations*	10	1,245	553	5,195	-	-	4	7,007	5,833
Legacies	-	-	-	-	-	-	464	464	1,818
	10	1,245	553	5,195	-	-	468	7,471	7,651
Charitable activities:									
Fee income	2,862	368	2,280	2,977	1,354	34	-	9,875	10,388
Investment income	3,418	1,403	1,053	348	12	91	1,194	7,519	6,978
Total income	6,290	3,016	3,886	8,520	1,366	125	1,662	24,865	25,017
Expenditure on charitable activities									
Donations paid to charities	-	-	-	306	205	10	10	531	660
Direct costs	2,414	1,779	2,974	2,245	1,925	1,906	997	14,240	14,969
Support costs:									
Human resources	129	103	207	471	26	99	-	1,035	982
Property	234	187	374	854	47	179	-	1,875	1,752
Finance	218	174	350	798	44	167	-	1,751	1,902
Information systems	897	778	1,241	2,100	123	412	-	5,551	3,727
Governance costs	165	132	265	604	34	126	-	1,326	1,241
Total support costs	1,643	1,374	2,437	4,827	274	983	-	11,538	9,604
Total expenditure	4,057	3,153	5,411	7,378	2,404	2,899	1,007	26,309	25,233
Net income/ (expenditure) before net gains/(losses) on investments	2,233	(137)	(1,525)	1,142	(1,038)	(2,774)	655	(1,444)	(216)
Net losses on associate undertakings	-	-	-	-	-	-	(100)	(100)	(54)
Net gains on other investments	-	-	-	3	-	-	-	3	-
Net income/ (expenditure)	2,233	(137)	(1,525)	1,145	(1,038)	(2,774)	555	(1,541)	(270)

* Donation income, in respect of services for charities ('Charities'), includes £4.91m (2018: £3.60m) from CAF Bank (see note 3).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 2019	Total 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Donations	154,370	106,540	92,225	10	191,100	1,237	545,482	514,814
Legacies	16,453	-	-	-	-	-	16,453	31,739
	170,823	106,540	92,225	10	191,100	1,237	561,935	546,553
Fee income	-	-	-	(13)	-	-	(13)	24
Investment income	13,150	-	-	-	1,102	-	14,252	14,090
Total income	183,973	106,540	92,225	(3)	192,202	1,237	576,174	560,667
Expenditure on charitable activities								
Donations paid to charities	215,973	125,013	78,772	552	166,051	1,005	587,366	445,447
Total expenditure	215,973	125,013	78,772	552	166,051	1,005	587,366	445,447
Net income/(expenditure) before net gains/(losses) on investments	(32,000)	(18,473)	13,453	(555)	26,151	232	(11,192)	115,220
Group's share of losses in associate	(3)	-	-	-	-	-	(3)	(3)
Net gains on financial investments	13,803	-	-	-	1,383	-	15,186	14,622
Net gains/(losses) on other investments	(88)	-	-	-	-	-	(88)	109
Net income/(expenditure)	(18,288)	(18,473)	13,453	(555)	27,534	232	3,903	129,948

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 £4.50m (2018 translation losses of £4.31m).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

5.5 Charity restricted and endowment funds	Major donors	Regular givers	Companies	Charities	Inter-national	Sector support	Total 2019	Total 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Donations	154,445	106,729	97,236	10	1,700	1,237	361,356	405,065
Legacies	16,453	-	-	-	-	-	16,453	24,529
	170,898	106,729	97,236	10	1,700	1,237	377,809	429,594
Fee income	-	-	-	(13)	-	-	(13)	24
Investment income	13,150	-	-	-	12	-	13,162	13,200
Total income	184,048	106,729	97,236	(3)	1,712	1,237	390,958	442,818
Expenditure on charitable activities								
Donations paid to charities	217,702	125,060	78,772	552	2,037	1,005	425,128	344,859
Total expenditure	217,702	125,060	78,772	552	2,037	1,005	425,128	344,859
Net income/(expenditure) before net gains/(losses) on investments	(33,654)	(18,331)	18,464	(555)	(325)	231	(34,170)	97,959
Net losses on associate undertakings	(3)	-	-	-	-	-	(3)	(3)
Net gains on financial investments	13,803	-	-	-	61	-	13,864	14,373
Net gains/(losses) on other investments	(88)	-	-	-	-	-	(88)	109
Net income/(expenditure)	(19,942)	(18,331)	18,464	(555)	(264)	231	(20,397)	112,438

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 £0.98m (2018 translation losses of £1.29m).

Terms and conditions vary between products. As a result, a proportion of investment income on 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 £2.12m (2018: £2.11m) paid to NCVO in respect of this obligation.

6. Governance costs

	Group		Charity	
Governance costs include the following amounts:	2019 £000	2018 £000	2019 £000	2018 £000
Internal audit	322	343	146	156
Fees payable to the external auditor, net of VAT:				
Audit of financial statements	344	307	177	156
Other services	-	64	-	-
Trustees' indemnity insurance	43	40	30	28

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

7. Staff costs

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Salaries and wages	19,720	18,043	13,799	12,859
Social security costs	1,993	1,880	1,450	1,397
Defined contribution scheme pension costs	1,299	1,093	951	823
Training and welfare	755	674	464	469
	23,767	21,690	16,664	15,548
Other pension costs (see note 28)	104	150	104	150
	23,871	21,840	16,768	15,698

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, in addition to consolidated overseas entities.

Included within salaries and wages are redundancy and termination costs totalling £78k for the Group and £18k for the Charity (2018: £86k for the Group and £83k for the Charity).

Employee emoluments

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

	Group		Charity	
	2019 Number	2018 Number	2019 Number	2018 Number
£60,001 - £70,000	12	10	8	8
£70,001 - £80,000	6	4	4	2
£80,001 - £90,000	10	6	9	5
£90,001 - £100,000	1	4	1	3
£100,001 - £110,000	3	2	3	2
£110,001 - £120,000	2	4	1	1
£120,001 - £130,000	3	-	1	-
£130,001 - £140,000	-	1	-	1
£140,001 - £150,000	1	-	1	-
£160,001 - £170,000	-	1	-	-
£170,001 - £180,000	-	1	-	1
£180,001 - £190,000	1	1	1	-
£210,001 - £220,000	1	-	-	-
£260,001 - £270,000	1	-	-	-
	41	34	29	23

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).

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 table above and below, in addition to consolidated overseas entities. This represents a change from the prior year and, consequently, the comparatives are reclassified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

7. Staff costs (continued)

The Chief Executive of CAF received salary and benefits of £195k (2018: £169k). In addition, he received a bonus of £32k (2018: £32k) which was donated to a CAF Charitable Trust account and employer pension contributions of £9k (2018: £19k).

The emoluments of the highest paid employee in the table above included a one-off end-of-contract payment and therefore does not reflect ongoing annual salary.

Pension contributions and pension allowances were paid in respect of the employees included in the preceding table as follows:

	Group		Charity	
	2019 Number	2018 Number	2019 Number	2018 Number
Number of employees	41	35	30	24
	£000	£000	£000	£000
The aggregate value of those contributions	331	277	229	187

Employee numbers

The average number of employees during the year was:

	Group		Charity	
	2019 Number	2018 Number	2019 Number	2018 Number
Full-time and part-time employees	606	554	415	400
Full-time equivalent	546	497	368	359

Average number of full-time equivalent employees analysed by function:

	Number	Number	Number	Number
Major donors	56	52	56	52
Regular givers	45	42	45	42
Companies	90	90	90	90
Charities	206	194	98	102
International	105	84	35	38
Sector support	43	34	43	34
Governance	1	1	1	1
	546	497	368	359

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 £1,239,030 (2018: £1,033,655) plus pension contributions and pension allowances of £81,782 (2018: £95,529). Employers' National Insurance contributions amounted to £151,091 (2018: £130,099). The amounts paid to third parties for management services were £101,570 (2018: £nil).

The Trustees receive no remuneration for their services, but are reimbursed for out-of-pocket expenses in respect of attending meetings and carrying out duties on behalf of CAF. The aggregate value reimbursed for the year was £nil (2018: £nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 credit of £1,000 (2018: charge of £3,000) 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	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Repayable on demand	23,612	23,688	318,489	439,640	13,617	9,475	355,718	472,803
Remaining maturity of other loans and advances:								
Less than 6 months	-	-	105,426	65,123	-	8,000	105,426	73,123
Over 6 months to 1 year	-	-	51,079	41,986	-	-	51,079	41,986
Over 1 year to 5 years	-	-	183,500	114,800	-	-	183,500	114,800
	23,612	23,688	658,494	661,549	13,617	17,475	695,723	702,712

Charity	Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Repayable on demand	20,233	20,894	253,643	372,333	4,625	5,207	278,501	398,434
Remaining maturity of other loans and advances:								
Less than 6 months	-	-	102,014	62,121	-	-	102,014	62,121
Over 6 months to 1 year	-	-	51,079	40,628	-	-	51,079	40,628
Over 1 year to 5 years	-	-	183,500	114,800	-	-	183,500	114,800
	20,233	20,894	590,236	589,882	4,625	5,207	615,094	615,983

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

10. Loans and advances to customers

	Unrestricted funds		Restricted and endowment funds		Depositor and donor client balances		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Concessionary loans:								
CAF Venturesome loans to charities	2,089	1,405	273	319	-	-	2,362	1,724
CAF Charitable Trust loans to charities	-	-	4,751	1,926	-	-	4,751	1,926
Charity	2,089	1,405	5,024	2,245	-	-	7,113	3,650
CAF Bank Loans:								
To charities	-	-	-	-	81,182	71,021	81,182	71,021
To individuals	-	-	-	-	9,279	20,404	9,279	20,404
CADF loans to charities	-	-	-	109	-	-	-	109
Group	2,089	1,405	5,024	2,354	90,461	91,425	97,574	95,184

	Group		Charity	
Maturity	2019 £000	2018 £000	2019 £000	2018 £000
Amounts receivable in less than one year				
CAF Venturesome loans to charities	2,227	2,835	2,227	2,835
CAF Charitable Trust loans to charities	3,993	2,806	3,993	2,806
CAF Bank loans	11,836	18,131	-	-
CADF loans to charities	25	-	-	-
	18,081	23,772	6,220	5,641
Amounts receivable in one to five years				
CAF Venturesome loans to charities	2,162	1,474	2,162	1,474
CAF Charitable Trust loans to charities	1,578	80	1,578	80
CAF Bank loans	14,838	19,117	-	-
CADF loans to charities	97	109	-	-
	18,675	20,780	3,740	1,554
Amounts receivable in more than five years				
CAF Venturesome loans to charities	619	28	619	28
CAF Bank loans	65,123	55,618	-	-
	65,742	55,646	619	28
Less: Deferred income and provisions				
CAF Venturesome loans to charities	(2,646)	(2,613)	(2,646)	(2,613)
CAF Charitable Trust loans to charities	(820)	(960)	(820)	(960)
CAF Bank loans	(1,336)	(1,441)	-	-
CADF loans to charities	(122)	-	-	-
	(4,924)	(5,014)	(3,466)	(3,573)
Total loans	97,574	95,184	7,113	3,650

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

11. Debt securities

	Group				Charity			
	Book value		Market value		Book value		Market value	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Unrestricted funds								
Listed:								
Multilateral financial institutions	507	514	380	380	-	-	-	-
	507	514	380	380	-	-	-	-
Restricted and endowment funds								
Listed:								
Multilateral financial institutions	19,444	19,708	19,408	19,474	19,444	19,708	19,408	19,474
	19,444	19,708	19,408	19,474	19,444	19,708	19,408	19,474
Unlisted:								
Certificates of deposit	12,465	6,574	12,465	6,574	-	-	-	-
	12,465	6,574	12,465	6,574	-	-	-	-
	31,909	26,282	31,873	26,048	19,444	19,708	19,408	19,474
Depositor and donor client balances								
Listed:								
UK government	105,825	25,171	106,016	25,266	-	-	-	-
Multilateral financial institutions	452,241	350,420	452,071	349,180	-	-	-	-
Fixed coupon corporate bonds	36,515	98,865	36,433	99,035	-	-	-	-
Floating rate corporate bonds	74,998	97,538	75,170	98,072	-	-	-	-
	669,579	571,994	669,690	571,553	-	-	-	-
Unlisted:								
Certificates of deposit	-	10,000	-	10,111	-	-	-	-
	-	10,000	-	10,111	-	-	-	-
	669,579	581,994	669,690	581,664	-	-	-	-
Total debt securities	701,995	608,790	701,943	608,092	19,444	19,708	19,408	19,474

Maturity	Book value			
	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
3 months to 6 months	139,437	31,559	-	-
6 months to 1 year	117,120	165,427	-	-
	256,557	196,986	-	-
1 year to 5 years	444,931	411,804	19,444	19,708
	701,488	608,790	19,444	19,708
5 years and over	507	-	-	-
Total debt securities	701,995	608,790	19,444	19,708
Unamortised premiums	(2,649)	(6,298)	(944)	(1,208)

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 2019

11. Debt securities (continued)

	Cost	Amortisation	Book value
Group	£000	£000	£000
At 1 May 2018	576	(62)	514
Amortisation	-	(7)	(7)
At 30 April 2019	576	(69)	507
Restricted and endowment funds			
At 1 May 2018	26,530	(248)	26,282
Acquisitions	12,282	176	12,458
Redemptions	(6,891)	-	(6,891)
Amortisation	-	(266)	(266)
Foreign exchange gains	326	-	326
At 30 April 2019	32,247	(338)	31,909
Depositor and donor client balances			
At 1 May 2018	586,854	(4,860)	581,994
Acquisitions	379,581	(645)	378,936
Disposals	(288,706)	4,715	(283,991)
Redemptions	(4,962)	254	(4,708)
Amortisation	-	(2,652)	(2,652)
At 30 April 2019	672,767	(3,188)	669,579
Total	705,590	(3,595)	701,995

	Cost	Amortisation	Book value
Charity	£000	£000	£000
Restricted and endowment funds			
At 1 May 2018	19,914	(206)	19,708
Amortisation	-	(264)	(264)
At 30 April 2019	19,914	(470)	19,444

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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.

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Restricted and endowment funds				
At 1 May 2018	624,827	546,820	605,126	529,116
Additions	169,761	280,479	136,615	271,359
Disposal proceeds	(177,403)	(217,094)	(164,645)	(209,722)
Net investment gains	15,186	14,622	13,864	14,373
	632,371	624,827	590,960	605,126
Investment portfolio cash and settlements pending	17,859	15,683	16,362	14,703
At 30 April 2019	650,230	640,510	607,322	619,829
Historical cost of investments	540,582	532,094	503,669	516,283
Represented by:				
Listed securities:				
UK Government fixed interest	6,979	45,576	6,979	45,576
Overseas Government fixed interest	1,609	2,001	1,609	2,001
Other fixed interest	55,054	59,820	52,455	53,517
UK equities	36,368	25,899	36,084	25,899
Overseas equities	20,137	17,943	14,284	17,943
CAF investment funds:				
FP CAF UK Equity Fund	72,677	77,595	72,677	77,595
FP CAF Fixed Interest Fund	33,476	33,716	33,476	33,716
CAF UK Equitrack Fund	44,251	44,815	38,962	39,448
FP CAF International Equity	16,932	14,903	16,932	14,903
FP CAF Alternative Strategies	9,134	7,344	9,134	7,344
Unit trusts and other pooled investments	322,211	277,915	294,964	270,018
Investment trusts	12,499	14,284	12,360	14,150
Unlisted investments:				
UK	1,032	1,270	1,032	1,270
Overseas	12	1,746	12	1,746
	632,371	624,827	590,960	605,126
Investment portfolio cash and settlements pending	17,859	15,683	16,362	14,703
	650,230	640,510	607,322	619,829

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

12. Financial investments (continued)

Accounting classifications and fair values – Group

	Level 1	Level 3	Total
Financial investments measured at fair value	2019 £000	2019 £000	2019 £000
Sovereign debt securities	10,569	-	10,569
Corporate debt securities	10,637	-	10,637
Pooled funds - fixed interest	44,535	-	44,535
	65,741	-	65,741
Equity securities	73,380	1,045	74,425
Pooled funds - equity	474,471	-	474,471
	547,851	1,045	548,896
Pooled funds - alternative funds	12,053	-	12,053
Pooled funds - property funds	5,682	-	5,682
Investment portfolio cash and settlements pending	17,858	-	17,858
	649,185	1,045	650,230

Accounting classifications and fair values – Charity

	Level 1	Level 3	Total
Financial investments measured at fair value	2019 £000	2019 £000	2019 £000
Sovereign debt securities	8,587	-	8,587
Corporate debt securities	10,020	-	10,020
Pooled funds - fixed interest	44,535	-	44,535
	63,142	-	63,142
Equity securities	67,104	1,045	68,149
Pooled funds - equity	441,934	-	441,934
	509,038	1,045	510,083
Pooled funds - alternative funds	12,053	-	12,053
Pooled funds - property funds	5,682	-	5,682
Investment portfolio cash and settlements pending	16,362	-	16,362
	606,277	1,045	607,322

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

12. Financial investments (continued)

Accounting classifications and fair values – Group

	Level 1	Level 3	Total
Financial investments measured at fair value	2018 £000	2018 £000	2018 £000
Sovereign debt securities	47,576	-	47,576
Corporate debt securities	10,183	-	10,183
Pooled funds - fixed interest	64,669	-	64,669
	122,428	-	122,428
Equity securities	58,126	3,016	61,142
Pooled funds - equity	423,052	-	423,052
	481,178	3,016	484,194
Pooled funds - alternative funds	10,262	-	10,262
Pooled funds - property funds	7,943	-	7,943
Investment portfolio cash and settlements pending	15,683	-	15,683
	637,494	3,016	640,510

Accounting classifications and fair values – Charity

	Level 1	Level 3	Total
Financial investments measured at fair value	2018 £000	2018 £000	2018 £000
Sovereign debt securities	47,576	-	47,576
Corporate debt securities	10,183	-	10,183
Pooled funds - fixed interest	58,366	-	58,366
	116,125	-	116,125
Equity securities	57,992	3,016	61,008
Pooled funds - equity	409,788	-	409,788
	467,780	3,016	470,796
Pooled funds - alternative funds	10,262	-	10,262
Pooled funds - property funds	7,943	-	7,943
Investment portfolio cash and settlements pending	14,703	-	14,703
	616,813	3,016	619,829

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 2019 or 30 April 2018.

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 2019

13. Other investments

	Unrestricted funds		Restricted and endowment funds		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Group and charity						
Investment properties	465	465	3,250	5,075	3,715	5,540
Unlisted investments	222	231	-	-	222	231
Other investments	30	30	-	-	30	30
At 30 April 2019	717	726	3,250	5,075	3,967	5,801

	Unrestricted funds	Restricted and endowment funds	Total
	£000	£000	£000
Group and charity			
As at 1 May 2018	726	5,075	5,801
Disposal proceeds	(12)	(1,737)	(1,749)
Revaluation	3	(88)	(85)
At April 2019	717	3,250	3,967

The open market valuation of each investment property was reviewed as at 30 April 2019. The valuations of properties held as at 30 April 2018 were reviewed by our CAF Bank lending team whilst those acquired in the year were valued by an independent, qualified chartered surveyor.

14. Subsidiary and associate undertakings

	Associate undertaking	Total
	£000	£000
Group		
At 1 May 2018	3,457	3,457
Group's share of losses	(103)	(103)
At 30 April 2019	3,354	3,354

	Trading subsidiaries	Associate undertaking	Total
	£000	£000	£000
Charity			
At 1 May 2018	41,925	3,457	45,382
Impairment	-	(103)	(103)
At 30 April 2019	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 2019

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 2018	5,328	634	2,431	8,393
Additions	15	-	17	32
Disposals	(8)	(63)	-	(71)
Revaluation	(95)	-	-	(95)
At 30 April 2019	5,240	571	2,448	8,259
Depreciation				
At 1 May 2018	974	292	2,287	3,553
Charged in year	129	51	97	277
On disposal	-	(63)	-	(63)
On revaluation	(1,103)	-	-	(1,103)
At 30 April 2019	-	280	2,384	2,664
Net book value				
At 30 April 2019	5,240	291	64	5,595
At 30 April 2018	4,354	342	144	4,840

	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 2018	5,328	519	2,326	8,173
Additions	15	-	11	26
Disposals	(8)	(63)	-	(71)
Revaluation	(95)	-	-	(95)
At 30 April 2019	5,240	456	2,337	8,033
Depreciation				
At 1 May 2018	974	274	2,241	3,489
Charged in year	129	46	77	252
On disposal	-	(63)	-	(63)
On revaluation	(1,103)	-	-	(1,103)
At 30 April 2019	-	257	2,318	2,575
Net book value				
At 30 April 2019	5,240	199	19	5,458
At 30 April 2018	4,354	245	85	4,684

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 resulting in a net credit to the revaluation reserve of £1.01m.

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 £3.58m.

16. Other debtors

Group	Unrestricted funds		Restricted and endowment funds		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Income tax recoverable	-	-	4,634	8,017	4,634	8,017
Other debtors	1,379	1,331	1,548	1,119	2,927	2,450
	1,379	1,331	6,182	9,136	7,561	10,467

Charity	Unrestricted funds		Restricted and endowment funds		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Amounts due from subsidiary undertakings	5,091	3,844	-	-	5,091	3,844
Income tax recoverable	-	-	3,663	7,058	3,663	7,058
Other debtors	872	635	1,281	752	2,153	1,387
	5,963	4,479	4,944	7,810	10,907	12,289

All balances fall due within one year.

17. CAF Bank Depositor balances

Group	Depositor and donor client balances	
	2019 £000	2018 £000
Repayable on demand	1,012,503	1,019,793
Repayable within 30 days	20,657	28,272
	1,033,160	1,048,065

18. Donor client balances

The following are either donations to other charities which are being processed by CAF or loans from donor clients. The loans are for an indefinite period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

18. Donor client balances (continued)

	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
Concessionary loans payable	110	193	(178)	(73)	52
	5,191	97,349	(59,166)	(38,874)	4,500

	At 1 May 2017	Amounts received	Amounts paid to charities	Donations paid to CAF	At 30 April 2018
Group and charity	£000	£000	£000	£000	£000
CAF Give As You Earn	4,476	74,171	(31,499)	(42,434)	4,714
CAF Donate	67	28,722	(28,422)	-	367
	4,543	102,893	(59,921)	(42,434)	5,081
Concessionary loans payable	1,723	187	(1,725)	(75)	110
	6,266	103,080	(61,646)	(42,509)	5,191

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 held for these charities are maintained in segregated portfolios. None of these amounts are included in the financial statements of CAF or the Group.

	2019 £000	2018 £000
Investments	95,125	95,406
Money market deposits and bank balances	31	235
	95,156	95,641
Bank balances with CAF Bank	-	117
	95,156	95,758

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

19. Amounts due to beneficiary charities

Group	Restricted and endowment funds	
	2019 £000	2018 £000
Payable within 1 year	7,495	7,679
Payable after more than 1 year	4,869	11,616
	12,364	19,295

Charity	Restricted and endowment funds	
	2019 £000	2018 £000
Payable within 1 year	7,493	7,657
Payable after more than 1 year	4,869	11,616
	12,362	19,273

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	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Payable on acquisition of investments	-	-	214	348	-	-	214	348
Trade creditors	888	533	-	-	-	-	888	533
Tax and social security	548	575	-	-	-	-	548	575
Other creditors	2,998	3,512	2,141	1,892	125	16	5,264	5,420
	4,434	4,620	2,355	2,240	125	16	6,914	6,876

Charity	Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Payable on acquisition of investments	-	-	214	348	-	-	214	348
Trade creditors	609	494	-	-	-	-	609	494
Tax and social security	545	570	-	-	-	-	545	570
Other creditors	1,745	1,844	2,141	1,892	125	16	4,011	3,752
	2,899	2,908	2,355	2,240	125	16	5,379	5,164

Included within other creditors are amounts totalling £1.41m (2018: £1.18m) repayable to six (2018: seven) 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 2019

21. Repurchase agreements

Repurchase agreements total £10,142,000 (2018: £10,142,000). The corresponding carrying value of assets of £10,114,000 (2018: £10,184,000) 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	
	2019 £000	2018 £000
Group and charity		
Unrestricted funds		
At May 2018	19,614	19,571
Amortisation of capitalised costs	46	43
Interest payable for the year	1,021	1,021
Interest paid	(1,021)	(1,021)
At 30 April 2019	19,660	19,614

	Carrying value	
	2019 £000	2018 £000
Payable		
3 months to 6 months	53	53
	53	53
5 years and over	19,607	19,561
	19,660	19,614

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 £352k, together with other costs of £173k 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 2019

23. Statement of funds

		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	1,355,737
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	1,229,654
Endowment funds	23.2	2,232	12	41	-	61	2,346
		1,311,026	415,823	(451,437)	-	15,848	1,291,260

		At 1 May 2017	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2018
Group	Notes	£000	£000	£000	£000	£000	£000
Unrestricted funds	23.1	60,208	37,068	(37,058)	340	(284)	60,274
Restricted funds	23.2	1,222,543	560,657	(445,401)	(340)	14,717	1,352,176
Endowment funds	23.2	2,257	10	(46)	-	11	2,232
		1,285,008	597,735	(482,505)	-	14,444	1,414,682

Charity							
Unrestricted funds	23.1	58,561	25,017	(25,233)	340	(284)	58,401
Restricted funds	23.2	1,138,270	442,809	(344,813)	(340)	14,468	1,250,393
Endowment funds	23.2	2,257	10	(46)	-	11	2,232
		1,199,088	467,836	(370,092)	-	14,195	1,311,026

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

23. Statement of funds (continued)

23.1 Unrestricted funds

	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

	At 1 May 2017	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2018
Group	£000	£000	£000	£000	£000	£000
General funds	59,510	37,068	(37,058)	361	(284)	59,597
Property revaluation reserve	698	-	-	(21)	-	677
	60,208	37,068	(37,058)	340	(284)	60,274
Charity						
General funds	57,863	25,017	(25,233)	361	(284)	57,724
Property revaluation reserve	698	-	-	(21)	-	677
	58,561	25,017	(25,233)	340	(284)	58,401

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

23. Statement of funds (continued)

23.2 Restricted and endowment funds	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
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 2019

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

23. Statement of funds (continued)

23.2 Restricted and endowment funds (continued)

Group	At 1 May 2017	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2018
	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	957,398	237,939	(157,743)	(8,550)	14,468	1,043,512
Regular givers						
CAF Charity Accounts	88,968	90,809	(75,294)	10,954	-	115,437
CAF Give As You Earn Charity Accounts ¹	30,723	34,557	(32,802)	54	-	32,532
	119,691	125,366	(108,096)	11,008	-	147,969
Companies						
CAF Company accounts	46,627	70,800	(75,912)	(205)	-	41,310
Charities						
CAF Venturesome accounts	3,652	24	(259)	4,047	-	7,464
CAF Social Impact Fund	3,409	-	-	(1,802)	-	1,607
	7,061	24	(259)	2,245	-	9,071
International						
CAF American Donor Fund	55,857	70,699	(59,772)	(102)	345	67,027
CAF America	26,505	48,607	(36,297)	(5,493)	(96)	33,226
CAF Canada	711	2,844	(2,490)	-	-	1,065
CAF Russia grant programmes	884	2,423	(2,150)	-	-	1,157
CAF Foundation for Philanthropy	1,200	1,326	(2,460)	398	-	464
	85,157	125,899	(103,169)	(5,197)	249	102,939
Sector support						
CAF discretionary funds	6,097	58	(130)	1,077	-	7,102
Other funds	512	571	(92)	(718)	-	273
	6,609	629	(222)	359	-	7,375
	1,222,543	560,657	(445,401)	(340)	14,717	1,352,176
Endowments						
CAF Russia:						
Endowment Fund	725	-	-	-	3	728
The Ford Foundation	1,532	10	(46)	-	8	1,504
	2,257	10	(46)	-	11	2,232
	1,224,800	560,667	(445,447)	(340)	14,728	1,354,408

¹ CAF Give As You Earn Charity Accounts have been reclassified from Companies to Regular Givers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

23. Statement of funds (continued)

23.2 Restricted and endowment funds (continued)

	At 1 May 2017	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2018
Charity	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	957,398	237,938	(158,086)	(8,207)	14,468	1,043,511
Regular givers						
CAF Charity Accounts	88,968	90,809	(75,294)	10,954	-	115,437
CAF Give As You Earn Charity Accounts ¹	30,723	34,557	(32,824)	76	-	32,532
	119,691	125,366	(108,119)	11,030	-	147,969
Companies						
CAF Company accounts	46,627	76,427	(75,978)	(5,766)	-	41,310
Charities						
CAF Venturesome accounts	3,652	24	(259)	4,047	-	7,464
CAF Social Impact Fund	3,409	-	-	(1,802)	-	1,607
	7,061	24	(259)	2,245	-	9,071
International						
CAF Russia grant programmes	884	2,423	(2,150)	-	-	1,157
Sector support						
CAF discretionary funds	6,097	58	(130)	1,077	-	7,102
Other funds	512	571	(92)	(718)	-	273
	6,609	629	(222)	359	-	7,375
	1,138,270	442,808	(344,813)	(340)	14,468	1,250,393
Endowments						
CAF Russia:						
Endowment Fund	725	-	-	-	3	728
The Ford Foundation	1,532	10	(46)	-	8	1,504
	2,257	10	(46)	-	11	2,232
	1,140,527	442,818	(344,859)	(340)	14,479	1,252,625

¹ CAF Give As You Earn Charity Accounts have been reclassified from Companies to Regular Givers.

Restricted funds comprise:

- a. **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.
- b. **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.
- c. **CAF Venturesome accounts** - represent funds set aside by CAF donors to complement the funds assigned by the Trustees for CAF Venturesome.
- d. **CAF Social Impact Fund** - represents funds set aside by CAF donors to support the activities of the CAF Social Impact Fund.
- e. **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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

23. Statement of funds (continued)

23.2 Restricted funds (continued)

f. **CAF Russia grant programmes and CAF Foundation for Philanthropy** – 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.

g. **CAF discretionary funds** – represent funds available to support the sector at Trustees' discretion.

h. **CAF Russia** – The principals are maintained in segregated funds and the income from each used to support CAF's operations in Russia.

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	
	2019 £000	2018 £000	2019 £000	2018 £000
Net income for the year	2,976	129,904	(21,938)	112,168
Adjustments for:				
Depreciation	277	319	252	275
Losses on disposal of tangible fixed assets	8	-	8	-
Gains on financial investments	(15,186)	(14,622)	(13,864)	(14,373)
Losses/(gains) on other investments	85	(109)	85	(109)
Group share of losses in associate	103	57	103	57
Amortisation and other revaluations of debt securities	3,068	6,141	264	206
Amortisation of capitalised costs of borrowing	46	43	46	43
Non-cash transactions:				
In specie transfers and share gifts	(42,190)	(42,878)	(34,538)	(34,814)
Gift of property and other assets through legacies	-	(1,700)	-	(1,700)
Defined benefit pension plan expense	104	150	104	150
Interest on long-term loan	1,021	1,021	1,021	1,021
Investment income receivable on Trust Funds	(14,252)	(14,090)	(13,162)	(13,200)
(Increase)/decrease in loans and advances to customers	(2,390)	(19,027)	(3,463)	686
Decrease/(increase) in other assets and prepayments	16,984	(3,769)	15,373	(7,063)
Decrease in amounts due to beneficiary charities	(6,931)	(38,937)	(6,911)	(38,785)
Increase in other liabilities and accruals	1,863	237	2,128	823
Pension deficit reduction plan payments	(392)	(380)	(392)	(380)
Decrease in donor client balances	(691)	(1,075)	(691)	(1,075)
(Decrease)/increase in CAF Bank depositor balances	(14,905)	46,002	-	-
Unrealised (gains)/losses on foreign currency	(2,390)	2,838	(84)	722
Net cash (used in)/provided by operating activities	(72,793)	50,126	(75,659)	4,652

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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	
	2019 £000	2018 £000	2019 £000	2018 £000
Operating lease payments falling due:				
Within one year	625	648	411	457
Between one and five years	2,046	2,273	1,187	1,514
After more than five years	868	1,011	-	23
	3,539	3,932	1,598	1,994

The amounts charged to the SOFA totalled £0.79m and £0.50m (2018: £0.70m and £0.42m) for the Group and CAF, respectively.

26. Financial commitments and contingent liabilities

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

	2019 £000	2018 £000
Grant commitments	249	734
CAF Venturesome loans	2,663	2,082
Charity	2,912	2,816
CAF Bank commitments to customers	14,911	12,359
Group	17,823	15,175

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 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 £1.5m (2018: £4.1m).

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.

Up to 31 March 2019, upon auto-enrolment the employee contribution rate was 1.67% of basic salary and CAF contributed 3.33%. After three months employees were 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.

From 1 April 2019 the minimum contribution rate for employees increased to 2.67%. The minimum contribution rate for CAF increased to 5.33%.

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.

At 30 April 2018 the scheme's independent actuary (the actuary) estimated that the scheme's funding deficit amounted to £800k.

As at the same date, the actuary determined that, in accordance with FRS 102 requirements, the scheme's assets exceeded its obligation by £979k. Given that a formal triennial valuation of the scheme was not due to be performed until April 2019 and that one valuation basis resulted in a deficit and the other a surplus, CAF did not recognise the surplus of £979k (determined in accordance with the requirements of FRS 102) at 30 April 2018.

The triennial actuarial valuation is currently being performed by the actuary. Until this is completed CAF will pay contributions of £404k per annum to fund the scheme's deficit.

At 30 April 2019 the actuary estimated the scheme's deficit in accordance with the scheme's funding basis, to be £231k. This compares with the actuary's estimate that at 30 April 2019, for FRS 102 purposes, the scheme's assets exceed its obligation by £1,452k (2018: £979k). The full surplus of £1,452k, determined in accordance with FRS 102, has been recognised in CAF's balance sheet as at 30 April 2019. Consequently, 'Other recognised gains' in the SOFA include a credit of £979k, in respect of the surplus not previously recognised.

The results of the actuary's estimate of the scheme's assets and liabilities at 30 April 2019, based on assumptions used for FRS 102 are as follows:

c. Charities Aid Foundation Pension Scheme financial position and assumptions

i) Amounts recognised in the balance sheet:

	2019	2018
	£000	£000
Present value of liabilities	(16,335)	(16,352)
Fair value of assets	17,787	17,331
Asset not recognised	-	(979)
Net defined benefit asset	1,452	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

28. Pension obligations (continued)

ii) Amounts included in the SOFA under FRS 102:

	2019	2018
	£000	£000
Scheme expenses	134	160
Interest on asset not recognised	(30)	(10)
Interest expense	-	10
Total expense recognised in the SOFA	104	160

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

	2019	2018
	£000	£000
Net defined benefit liability at 1 May 2018	-	-
Pension cost in SOFA	(104)	(160)
Employer contributions	392	380
Actuarial gains	185	444
Remeasurement of asset not recognised	979	(664)
Net defined benefit asset at 30 April 2019	1,452	-

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

	2019	2018
	£000	£000
Defined benefit obligation at 1 May 2018	16,352	17,510
Interest on obligation	433	425
Actuarial losses/(gains)	153	(562)
Benefits paid	(603)	(1,021)
Defined benefit obligation at 30 April 2019	16,355	16,352

v) Movement in fair value of scheme assets:

	2019	2018
	£000	£000
Fair value of the scheme assets at 1 May 2018	17,331	17,815
Interest on scheme assets	463	435
Actuarial experience gains/(losses)	338	(118)
Contributions by the employer	392	380
Scheme expenses	(134)	(160)
Benefits paid	(603)	(1,021)
Fair value of scheme assets at 30 April 2019	17,787	17,331

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

	2019	2018
	£000	£000
Asset not recognised at 1 May 2018	979	305
Interest on asset not recognised	-	10
(Removal)/remeasurement of the asset not recognised	(979)	664
Asset not recognised at 30 April 2019	-	979

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

	2019	2018
	Allocation	Allocation
Equities	28%	27%
Diversified growth funds	16%	17%
Absolute return bonds	11%	11%
Cash	6%	0%
Property	9%	10%
LDI funds	13%	16%
Annuity policies	17%	19%
	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 2019

28. Pension obligations (continued)

viii) Principal assumptions at the balance sheet date:

	2019	2018
	Allocation	Allocation
Discount rate	2.5% pa	2.7% pa
Inflation measured by Retail Price Index (RPI)	3.5% pa	3.3% pa
Inflation measured by Consumer Price Index (CPI)	2.5% pa	2.3% pa
Pension increases in deferment	0.0% pa	0.0% pa
Pension increases in payment:		
CPI capped at 5% pa	2.5% pa	2.3% pa
CPI capped at 2.5% pa	2.1% pa	2.0% 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	S2PMA/S2PFA tables with a 90% scaling factor	S2PMA/S2PFA tables with a 90% scaling factor
Mortality projection basis	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	CMI (Core) 2017 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	87.4 yrs	87.9 yrs
Life expectancy of a male aged 65 20 years from accounting date	89.1 yrs	89.6 yrs
Life expectancy of a female aged 65 at accounting date	89.0 yrs	89.5 yrs
Life expectancy of a female aged 65 20 years from accounting date	90.2 yrs	90.7 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 Chairman of NCVO. Donations paid by CAF, during the year, included £2,124,486 (2018: £2,113,026) to NCVO under the terms of CAF's Declaration of Trust. The amount due to NCVO at 30 April 2019 was £399,299 (2018: £401,272).

30. Post balance sheet events

There have been no events since the balance sheet date that are required to be adjusted for, or to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 set out on pages 23 to 29 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 27 to 29 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	2019		2018	
	Book value £000	Market value £000	Book value £000	Market value £000
Listed:				
UK government	105,825	106,016	25,171	25,266
Multilateral financial institutions	452,748	452,451	350,934	349,560
Fixed coupon corporate bonds	36,515	36,433	98,865	99,035
Floating rate corporate bonds	74,998	75,170	97,538	98,072
	670,086	670,070	572,508	571,933
Unlisted:				
Certificates of deposit	-	-	10,000	10,111
Debt securities	670,086	670,070	582,508	582,044
Balances at Bank of England	318,175	318,175	415,346	415,346
Loans and advances to banks	8,993	8,993	12,268	12,268
	997,254	997,238	1,010,122	1,009,658

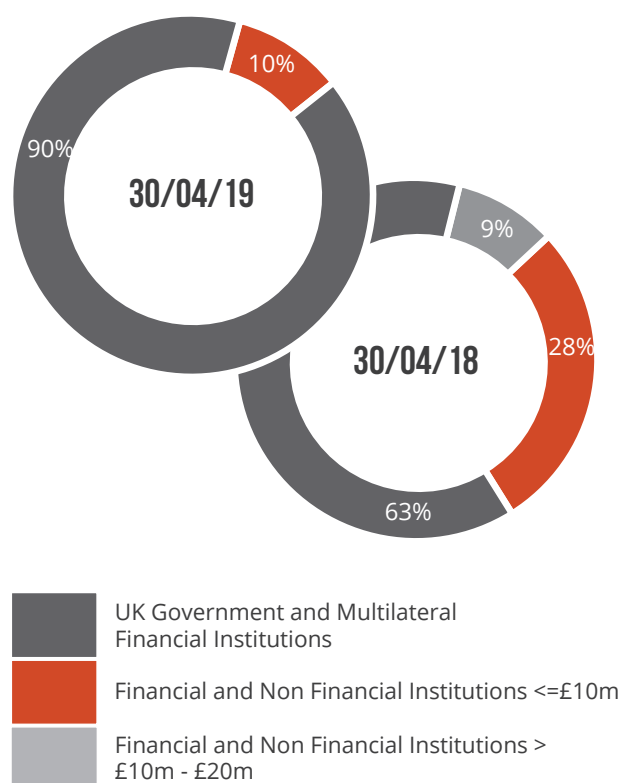
Treasury asset by credit rating Category (Fitch equivalent credit rating)	2019		2018	
	Book value £000	% of book	Book value £000	% of book
UK government	424,000	42.51%	440,517	43.61%
AAA	323,544	32.44%	322,874	31.96%
AA+	129,204	12.96%	40,608	4.02%
AA	4,408	0.44%	4,577	0.45%
AA-	61,114	6.13%	32,037	3.17%
A+	40,000	4.01%	20,073	1.99%
A	11,824	1.19%	114,803	11.37%
A-	-	-	26,319	2.61%
BBB+	2,653	0.27%	4,378	0.43%
BBB	507	0.05%	3,936	0.39%
	997,254	100.00%	1,010,122	100.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 28 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 2019, the largest loan was £4.5m (2018: £4.7m). The maximum aggregate exposures to any one sector and geographical area were 50% and 23% respectively (2018: 46% and 26% 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 collective provision of £445k has been made at 30 April 2019 reflecting losses that may have been incurred but not yet identified (2018: £641k). No overdrafts were written off during the year (2018: none).

No loan accounts were in arrears at 30 April 2019 (2018: none).

Secured and unsecured lending

	2019	2018
	£000	£000
Gross loans and advances to customers	91,797	92,866
Contingent liabilities and commitments	14,911	12,359
	106,708	105,225
Amounts included within the above:		
Secured on property	106,657	103,812
Unsecured:		
Loans	31	148
Overdrafts	20	1,265
	106,708	105,225

As at 30 April 2019 the average loan to value ratio across the lending portfolio was 57% (2018: 45%).

31.2 Liquidity and Funding Risk

CAF Bank's exposure to and management of Liquidity and Funding risk is described on page 29 in the group Risk Management Report.

CAF Bank holds liquidity buffer eligible assets of £865m (2018: £781m). 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 29 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 2019

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
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)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2019

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 2018	£000	£000	£000	£000	£000	£000	£000	£000
Assets								
Balances at Bank of England	414,756	590	-	-	-	-	-	415,346
Loans and advances to banks	4,268	8,000	-	-	-	-	-	12,268
Loans and advances to customers	91,425	-	-	-	-	-	-	91,425
Debt securities	-	150,329	15,721	127,126	288,835	-	497	582,508
Prepayments and accrued income	-	240	-	-	-	-	4,469	4,709
	510,449	159,159	15,721	127,126	288,835	-	4,966	1,106,256
Liabilities								
Customer accounts	600,581	-	-	47,058	387,766	-	14,021	1,049,426
Repurchase agreements	10,142	-	-	-	-	-	-	10,142
Other liabilities	-	-	-	-	-	-	5,288	5,288
Accruals and deferred income	-	-	-	-	-	-	50	50
Shareholders' funds	-	-	-	-	-	-	41,350	41,350
	610,723	-	-	47,058	387,766	-	60,709	1,106,256
Interest rate sensitivity gap	(100,274)	159,159	15,721	80,068	(98,931)	-	(55,743)	-
Impact of 2% change in interest rates	-	(155)	(115)	(1,169)	1,376	-	-	(63)

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 23 to 29 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 2019

31.5 Capital Management

CAF Bank aims to 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.

CAF Bank Capital Resources comprise:

	2019	2018
	£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 Prince Philip, The Duke of Edinburgh KG KT

Board of Trustees

During the year, the members of the board were:

Chairman

The Hon Sir James Leigh-Pemberton CVO

Former Chairman

Dominic Casserley (retired September 2018)

Cyrus Ardalan (appointed December 2018)

Saphié Ashtiany, Vice Chair (retired September 2018)

Robin Creswell (retired September 2018)

Matt Hammerstein

Peter Kellner, Chairman of NCVO

Tiina Lee

Carole Machell

Dr Julie Maxton CBE (resigned December 2018)

Roger Perkin FCA

Janet Pope

Susannah Storey

Executive Committee

at 10 July 2019

Chief Executive

Sir John Low CBE

CAF Bank Interim CEO

Sheragh Beirne

Director of Finance and Operations

Mike Dixon FCA

Director of International

Michael Mapstone

Director of Product and Marketing

Bridgit Richards

Director of Communications

Ben Russell

Director of Philanthropy and Development

David Stead

Director of Human Resources

Corinne Wells

Auditors

Deloitte LLP, Statutory Auditor

1 New Street Square

London

EC4A 3BZ

Mazars LLP, Internal Auditor

Tower Bridge House, St Katherine's Way

London

E1W 1DD

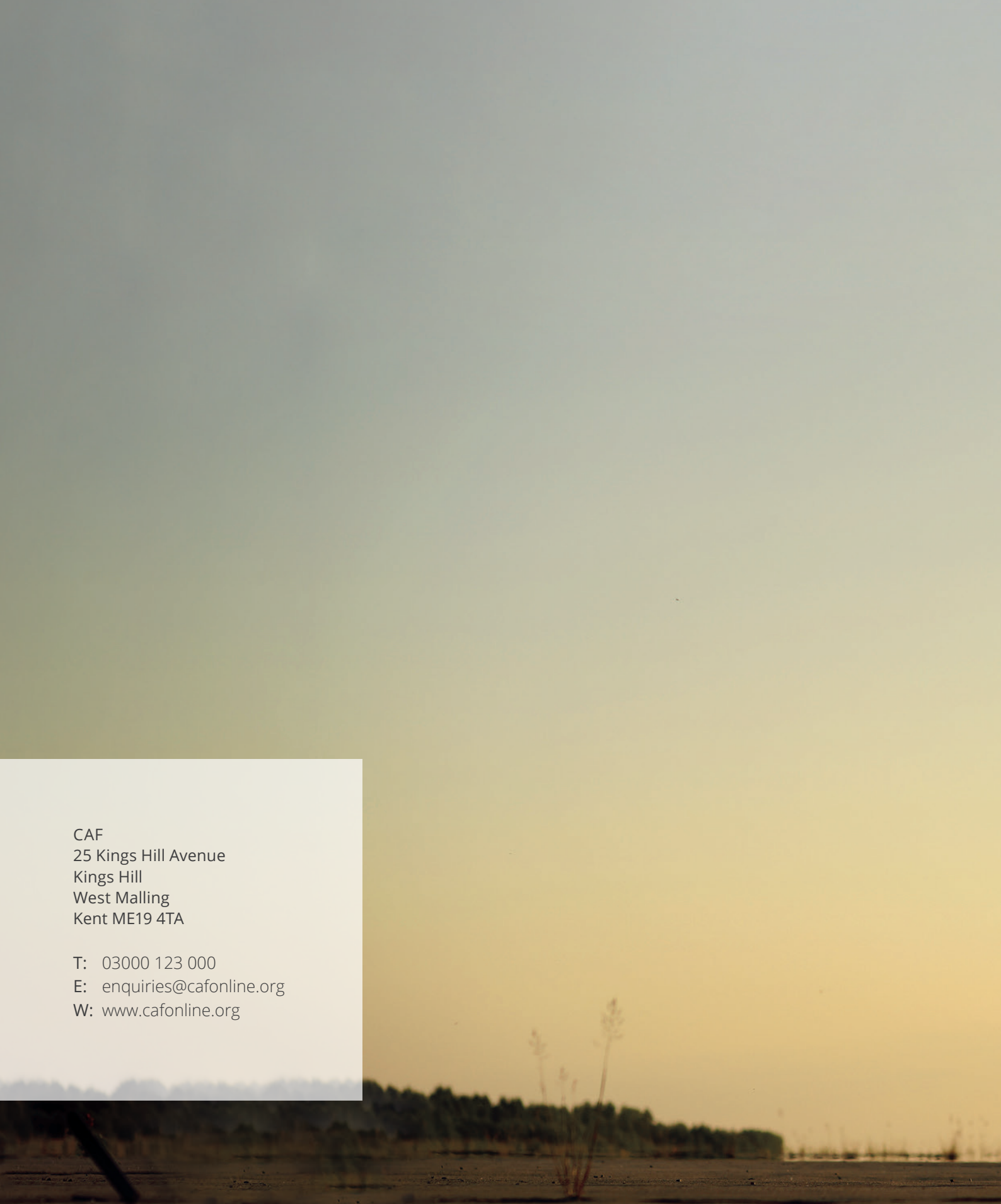
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