

CHARITIES AID FOUNDATION TRUSTEES' REPORT

and financial statements for the year ended 30 April 2021



Together building opportunity

A year like never before

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WHO WE ARE: OUR PURPOSE

The Charities Aid Foundation is a leading charity operating in the UK and internationally.

Our work connects and enables the vital organisations, institutions and individuals working to ensure that everyone has a stake in the future.

We believe that the agency of lasting change lies across sectors and borders, in the hearts, minds and hands of those driven to make a difference.

Photo: Mariantonietta Peru, courtesy of Helen Keller International



CAF exists to accelerate progress in society towards a **fair and sustainable future for all.**

CAF delivers on this purpose in a variety of ways:

- Charities Aid Foundation operates in the United Kingdom, the United States of America and Canada and, together, we work with companies and private philanthropists to enable them to give more.
- We are regulatory experts and ensure that funds reach charities and social enterprises as quickly and safely as possible; through our sector-leading charity validation we enable effective cross-border giving.
- We partner with Government and donors to achieve maximum impact, including the delivery of large-scale grantmaking programmes.
- We work with regular donors to help them support charities.
- We help companies deliver employee charitable giving and support their communities and chosen charities.
- We enable charities to do more life-changing work with lasting benefits for all by providing them with funding and finance solutions including banking, investments, fundraising tools and social investment.
- We lead an international network of like-minded charitable organisations; we collaborate across sectors and borders to inspire innovation, share best practices and improve cross-border giving in support of civil society.
- We act as a voice of the charitable sector with Government and external stakeholders to deliver supportive legal, fiscal and regulatory conditions for donors, charities and social enterprises.



I present this report from the Charities Aid Foundation in an extraordinary set of circumstances.



The past year has upended the charity sector that we exist to serve and the repercussions of the Covid-19 pandemic will be felt for years to come. For CAF, it has been a time of immense effort from our team to deliver ever greater impact through our support of tens of thousands of charities in more than 100 countries. In doing so we are privileged to have partnered with business, private individuals and Government to realise greater impact from their giving.

The result has been truly humbling. CAF has seen donations in to our stewardship surpass £1 billion for the first time, an increase of 43% or more than £300 million. This growth is a remarkable testimony to the extraordinary generosity of the people and companies with whom we are privileged to work, and their response to profound need in the world. We work hard to earn, and greatly appreciate, the confidence they have in their partnership with CAF to help achieve their giving goals.

Trusted partners

At all times the beneficiaries of donations are uppermost in the minds of our donors and of CAF. We have together worked tirelessly to help

charities survive and adapt in the face of the pandemic. Our grantmaking team began the year delivering the £6.5 million CAF Coronavirus Emergency Fund that helped 1,265 small charities survive the initial shock of the first lockdown. By year end our CAF Resilience Fund had paid a further £19 million in grants to another 645 small and medium sized charities. This initiative is part of an innovative partnership between CAF, the Department for Digital, Culture, Media and Sport and a group of our corporate partners from the UK's insurance and long-term savings industry, who combined their efforts in the Covid-19 Support Fund. We are very pleased to have been charged with safely distributing more than £100 million of Covid-19 support into many thousands of UK charities from this important private, public and third sector collaboration.

In the summer of 2020, we identified the potential to maximise impact through the UK Government's Community Match Challenge. CAF's proposal was the recipient of the largest tranche of public funds dedicated to this effort and the final phase, currently underway, targets £20 million to support charities working with the UK communities hardest hit by Covid-19.

Vital support

Throughout the year CAF Bank has been integral to our Covid response and has provided uninterrupted services to 14,000 charity and social enterprise customers. We continued opening new accounts throughout the pandemic for charitable organisations, many of which had been turned away by other banks. In lending, customers were given flexible terms and access to the Coronavirus Business Interruption Loan Scheme together with invaluable advice as they plotted their route through the crisis. In this



£1,027m

Donations received
(£720m in 2019/20)



£958m

Funds paid to charities and partners
(£708m in 2019/20)

...we have paid out more than
£958 million to charities and partners across the world.



£300m

Increase in donations



£100m+

Pandemic relief to charities



14,000

CAF Bank customers served

year's report you will find many inspiring stories from CAF's work beyond these few highlights.

Across the Atlantic our CAF America and CAF Canada Foundations, and the CAF American Donor Fund have demonstrated remarkable growth and have helped ensure we have paid out more than £958 million to charities and partners across the world. This exceptional performance demonstrates what we can achieve when we innovate and work in true partnership across sectors and borders.

Agile, digital-first

None of this would be possible without the generosity and support of our donors, and on behalf of everyone at CAF, I would like to thank them all for the extraordinary support they have given to so many charities in this most difficult of years.

The scale and growth of CAF's activities this year, and the impact of the pandemic on the charity sector are signs that CAF's services are needed today more than they have ever been. This means that we must work continuously to ensure that the organisation is well governed and has the capability to grow in a way which is sustainable and financially robust, and which meets the demands and expectations rightly made of us by all our stakeholders. This year we have carried out a review of our governance and we have also reflected on our enduring purpose, asking ourselves how we need to embrace change in order to sustainably do more. The charities we exist to serve and the donors who entrust us with their giving deserve an agile, digital-first partner which they can trust to achieve the social progress we all seek.

In October, we welcomed Neil Heslop as Chief Executive. Neil and the team have developed and begun to implement a new four-year strategy called 'Together Building Opportunity'. The objective is to ensure that CAF fulfils its obligation and great potential to grow the organisation's impact sustainably. It is ambitious and will require a tremendous amount of hard work and dedication.

All this activity has been undertaken against the background of the constraints and complexities imposed by the pandemic. Everybody in CAF has been affected by these circumstances, and I would like to express my deepest gratitude and admiration for the extraordinary energy, dedication and commitment of all my colleagues and fellow Trustees over the past year.

This year, with great sadness, we said farewell to HRH Prince Philip, The Duke of Edinburgh, a true champion of philanthropic giving. He was our Patron for 47 years, and his energy and enthusiasm in this role made an immeasurable contribution to our work and to the lives of countless beneficiaries of many thousands of charities in the United Kingdom and overseas.

We will always be grateful for his unwavering support and dedication.

Sir James Leigh-Pemberton, CVO
Chair of Trustees

CHIEF EXECUTIVE'S INTRODUCTION

It is a huge privilege to take on the leadership of this remarkable organisation at such a pivotal time for the charity sector around the world.



While the Charities Aid Foundation is, in many ways, a complex organisation delivering a wide-ranging portfolio of diverse activities, at our heart lies a simple and enduring truth of why we exist. Our purpose is “to accelerate progress in society towards a fair and sustainable future for all”.

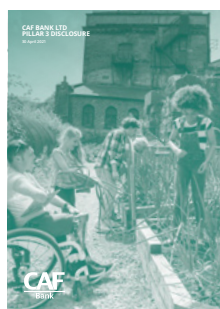
We do this in three ways. We partner with individual and business donors to realise greater impact through their giving. We enable charities to do more life-changing work with lasting benefits for all, and we collaborate across sectors and borders to inspire innovation so civil society may thrive. The organisation has an extraordinary history and impressive reach built on trusted relationships with its donor and charity partners and the skilful commitment of its 500 talented staff in the UK and North America.

The Charities Aid Foundation sits in a unique place, acting as a meeting point connecting companies, private philanthropists, fellow foundations, governments, charities and not-for-profit enterprises.

The teams in our UK, US and Canadian Foundations have deep expertise in ensuring that donated funds arrive effectively, moving across sectors and borders ending up where they have the most impact with the more than 100,000 charity partners we support. Through CAF Bank and our financial solutions arm we provide specialist social purpose banking and investment services to more than 14,000 UK charities and social enterprises.

Truly global platform

We already achieve a great deal but the world is rapidly changing and like all charities we have to take tough decisions. Last year we removed 50 roles from pre-pandemic budgeted headcount to significantly reduce a longstanding operational deficit. As we plan for our post-Covid future, and embrace the climate change challenge, we must adapt and modernise to make an even greater difference to more people and communities in the decade ahead. In March 2021, CAF Trustees agreed a new four-year strategic plan to strengthen our organisation to ensure that we are future-fit. ‘Together Building Opportunity’ will set us on a path to becoming a truly global platform for giving that connects people and causes so that the impact highlighted on the pages of this report will grow and, in turn, accelerate social progress.



Charities Aid Foundation family

...we will collaborate with others to amplify
the voice of the charitable and non-profit sector
in pursuit of our purpose.



10 Countries

with CAF offices or affiliates

Supporting

100,000

Charities worldwide

To arrive there, we are embarking on a digital transformation, building upon what we do best while modernising systems, partnering with like-minded organisations and simplifying our service to charities. Through the newly-invigorated CAF International giving network we will seek out new partners who can work alongside us to grow the flow of funds into charities in the UK, US and Canada and across borders around the world. We will support companies with the design and delivery of their own giving plans, helping to ensure that their social purpose is reflected in the contribution they make to communities near and far.

CAF America has set a high bar for service excellence with their clients, including aligning and reporting donations to the 17 United Nations Sustainable Development Goals (SDGs). We will build upon this success to extend this approach across the whole organisation in pursuit of the 2030 sustainability agenda.

Amplify the voice of charities

Our private philanthropy clients inspire our teams at every turn, stepping forward with generosity, advancing their giving plans and seeking our counsel on how to achieve the most impact through their donations. We will continue to grow the number of clients we support and will also help colleagues in the wealth adviser community with our expertise so that they may better navigate the needs of donors and charities alike.

For UK charities and social enterprises, our banking, investment and advisory services will be strengthened with major investment to ensure the right people, with modern digital tools, are in place to further increase service excellence.

We will enrich the range of investment options that are enshrined in ESG principles for donor and charity partners alike. Through our thought leadership and policy research work, we will collaborate with others to amplify the voice of the charitable and non-profit sector in pursuit of our purpose. Our long-standing partnership with our founder, the National Council of Voluntary Organisations, is being modernised to ensure we are making the most of every opportunity to collaborate and build on one another's unique expertise.

The team at the Charities Aid Foundation has risen to a remarkable challenge this past year and they have welcomed me with enthusiasm and warmth, for which I am very grateful. In the years ahead, our task is to bring further focus and agility as we work with others so together we build opportunity to grow charitable giving and play our part in accelerating progress in society towards a fair and sustainable future for all.

Neil Heslop, OBE
Chief Executive

What we do

CAF's role has never been more vital both at home in the UK and in the wider world helping to **transform lives and communities**.

For our donors

Flexible giving: Donor Advised Funds in the United Kingdom and United States.

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

CAF International: A dedicated CAF team working to build a network of exceptional charities across the world capable of enabling more cross-border grantmaking direct to in-country beneficiaries from our donors.

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.

CAF Give As You Earn: Employees give direct from their payroll, before tax and either send the money to charities of their choice right away or fund a CAF Charity Account or CAF Charitable Trust to fund their chosen charities at a later date.

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

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

Payroll Giving Services: 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 so they can put their purpose into practice through considered grantmaking services.

For our charities and partners

Grantmaking programmes: We partner with businesses and organisations to design grant schemes and offer diverse grantmaking programmes to charities working across causes and borders.

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

Savings and Investments: A range of instant access and savings accounts and investment options designed with charities in mind.

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

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

Strategic consultancy: Supporting charities to become resilient, so they can make a bigger impact.

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

WHAT WE'VE ACCOMPLISHED

For our donors

We partner with corporate and private donors to realise **greater impact** through their giving

The changing face of philanthropy

CAF convened leading voices to discuss the growing impact of women philanthropists. Jamie Cooper of Big Win Philanthropy and Heather Stevens of The Waterloo Foundation, who have each given millions to international development and education, delivered insight into their approaches, what they are looking for and how advisors and charities can best connect with donors. They were joined by Alastair McCall, editor of the CAF-sponsored Sunday Times Giving List, for the event as it celebrates its 20th anniversary documenting how, and how much, the UK's wealthy give to charity.



MAJOR DONORS

In extraordinary times, donors who chose to work with CAF helped us to safely deliver a record amount of funds to charities in 104 countries at their greatest time of need in living memory.

In countless ways, across borders and communities, CAF has been able to partner with business, individuals, social entrepreneurs and government to multiply their generosity and achieve life-changing results for the end beneficiaries of their donations.

These pages detail some of the myriad achievements of the past year and demonstrate the impact of the funds entrusted to CAF.

Private clients

CAF assists our major donors with expert advice for their giving plans across the UK and internationally and offers Donor Advised Fund services.

DONATIONS AND LEGACIES FROM PRIVATE CLIENTS UP BY 26%



£222.9m

Donations into Charitable Trusts and legacies
(£177.4m in 2019/20)
(including from group entities)



£157.9m

Donations paid from CAF Charitable Trusts
(£176.2m in 2019/20)

Connecting the dots brings philanthropy with purpose

Vicky and Robert Wright worked closely with the private clients team to realise their desire to support organisations in the developing world.

Photo credit: Mariantonietta Peru, courtesy of Helen Keller International

CASE STUDY



MOZAMBIQUE

Their dedicated adviser noted that the Wrights were already supporting disability charities in the UK and researched how they might best link their areas of interest in their giving. The result was a recommendation that they direct their donations towards nutritional programmes, noting that poor nutrition is a leading cause of disabilities in poorer countries.

The Wrights have since made generous donations to two leading international charities – Swiss-based GAIN and the US-based Helen Keller International – both deliver respected nutrition programmes to some of the world's poorest children.

In addition to stressing the importance of keeping an open mind in planning their donations, the Wrights said:

“Dealing with CAF has not only flagged up unexpected directions, but even overseas has proved seamless. For those who, like ourselves, are relatively inexperienced, working with CAF is a comfort because we know they understand our objectives and will help us avoid unforeseen pitfalls.

“Working with a single adviser and each side getting to know the other really helps efficiency. You know you will get a response very quickly to any queries you may have.”

GAIN said: “Support from the Wright family is helping GAIN to promote healthy eating amongst girls in Nampula Province in Mozambique. Eating a healthy range of foods including fruits and vegetables is essential to give the girls the nutrients they need for healthy growth and well-being, now more than ever.”



CAF America

Celebration of International Philanthropy Awards

CAF America marked 30 years of helping donors take their philanthropy further by honouring three standout partners with Excellence in International Philanthropy Awards. The PepsiCo Foundation, Flexport and Gavi, the Vaccine Alliance, were recognised for their work in guarding the health and well-being of communities worldwide during the pandemic.

CAF America

From one of the world's most generous countries, a breathtaking year of giving. The team at CAF America enabled safe, effective and regulatory compliant payments worth **£376.6 million (\$492 million)** to charities and partners – a year-on-year increase of **£199.7 million (\$265 million)**, or more than **112%**.

Along the way, the team at CAF America have provided thought leadership and worked to chronicle the impact of the crisis on not-for-profits worldwide in order to provide their donors with data-driven giving strategies.

They have also captured the response of companies in America, reporting not just increased contributions to charities, but a newfound desire to work in partnership with recipient charities and to ensure that their philanthropy aligned with their core purpose.



DONATIONS TO CAF AMERICA UP 71%



£ 364.3m

Donations received by CAF America
(including from group entities)
(£212.6m in 2019/20)



£376.6m

Funds paid to charities and partners by CAF America
(£176.9m in 2019/20)



+£199.7m

Increase in money paid to charities and partners year-on-year

The CAF American Donor Fund (CADF)

In many respects the CAF American Donor Fund is a microcosm of the work we aim to do across Charities Aid Foundation.

With a clear focus on our clients, ensuring they have dedicated expertise on hand to assist them in their giving journey and, moreover, putting in place the digital solutions that are required to offer the best possible service, we have been able to grow not only the number of clients we work with from 407 to 487, but the value of their donations grew to £83.4 million from £79.5 million the previous year.

A clear understanding of the regulatory environment around cross-border giving means that dual UK-US taxpayers are able to turn to the CAF American Donor Fund for knowledgeable, safe and efficient ways to grant money to the charities and causes delivering on a vast array of missions and lend their support to people and causes as diverse as the world itself.



£83.4m

Donations to CADF
(£79.5m in 2019/20)



1,352

Total grants made
(1,376 in 2019/20)



£73.8m

Total grants paid
(including group entities)
(£82.7m in 2019/20)



CAF Canada

Once again, growth was also the story of CAF Canada, which saw a 71% increase in donations paid out to charities, building on eight years of successful double-digit growth.

DONATIONS TO CAF CANADA UP 26%



£14.9m

Donations received
(£11.8m in 2019/20)



£15.6m

Donations paid to charities
(£9.1m in 2019/20)

COMPANIES

A cornerstone of CAF's work over the past year has been our valued partnership with the Covid-19 Support Fund from the UK's insurance and long-term savings industry, which touched the lives of millions of people and represents the UK's single largest corporate gift. The fund, established with donations from 37 firms across the UK, set out to help community-based charities under unprecedented strain; charities supporting the most vulnerable and initiatives to promote well-being and mental health across society.

Delivering purpose

This work is just part of CAF's role as market leader in a wide range of corporate giving plans, delivering respected corporate responsibility and community programmes in the UK and globally. Our dedication to helping companies deliver their purpose is borne out in ongoing relationships with household names and global corporations across sectors and borders.

DONATIONS DIRECTED TO CAUSES AROUND THE WORLD



£138.4m

(£92.0m in 2019/20)

CASE STUDY



UNITED KINGDOM

CAF and the Covid-19 Support Fund

Size of gift: £103.9m

- £20m of immediate relief delivered through the National Emergencies Trust
- £41m to six unique areas of social need and 14 charities for lasting impact
- £2.5m to Business in the Community (BITC) for the National Business Response Network
- £20m in match funding for the DCMS Community Match Challenge to create the £40m CAF Resilience Fund to help communities hardest hit by Covid-19.



CAF's Corporate advisory service helped to identify and support charities working across six key cause areas with grants of between £2-5m.



CAF and AstraZeneca: Partnering to deliver on SDGs

AstraZeneca's Step Up! Global Grants Programme, as part of AstraZeneca's Young Health Programme, is just one way in which CAF helps them work towards achieving UN Sustainable Development Goal 3.4 of reducing early death from non-communicable diseases. The company provides core funding for their Young Health Programme through CAF. Since it launched in 2010, the programme has reached 30 countries and more than five million young people and trained more than 20,000 health workers. In the UK, AstraZeneca was instrumental in CAF's launch of the Patient Organisation Recovery Fund, delivering vital support to charities giving a voice to the needs of patients amid the fundraising crisis of the pandemic.



Regular givers and Give As You Earn

Despite the worries of the economic impact of Covid-19, CAF Charity Accounts and CAF's Give As You Earn (GAYE) employee payroll giving scheme both grew over the past year, providing tremendous, ongoing support for charities. With payroll giving, companies are able to offer their teams an effective way to give and they are also able to provide match-funding opportunities.

DONATIONS PAID TO CHARITIES FROM CAF CHARITY ACCOUNTS



£79.5m

Gift Aid Funded
(£73.3m in 2019/20)



£34.3m

GAYE funded
(£33.0m in 2019/20)



£113.8m

Total
(£106.3m in 2019/20)



WHAT WE'VE ACCOMPLISHED

For our charities

We enable charities to do more **life-changing work** with lasting benefits for all

Serving charities and providing services to enable them to thrive lies at the very heart of how we achieve our purpose. Without their efforts on a local, national and global scale, social progress that delivers a fair and sustainable future for all would falter at the first hurdle.

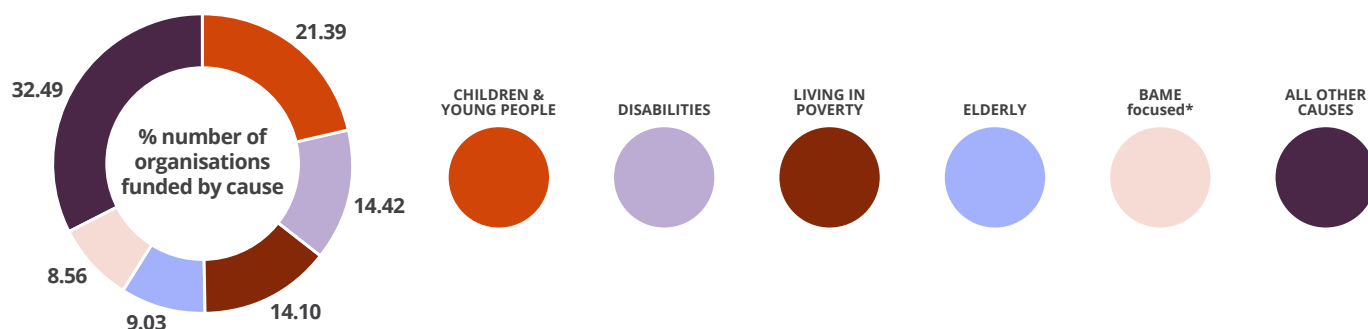
CAF Charity Advisory and Grantmaking Programmes

CAF's grantmaking has been a standout element of our work over the past year. The year began with the CAF Coronavirus Emergency Fund, which paid £6.5 million in grants of up to £10,000 to 1,265 small organisations working on the front lines of Covid relief within weeks of the UK's first lockdown.

Just two months later, working in partnership with the Covid-19 Support Fund and our Corporate Advisory team, we sought to develop a crucial partnership with the Department for Digital, Culture, Media and Sport. Following a £20 million commitment from the insurance and long-term savings industry, CAF's grantmaking team were able to successfully secure a further £20 million commitment in match funding as part of the Government's Community Match Challenge.

The result – the £40 million CAF Resilience Fund – is the single largest fund created through this scheme. This partnership sets a gold standard for what can be achieved when CAF is able to use its unique expertise to harness the determination of industry to effectively and speedily support communities in need and the desire of Government to turn to a trusted partner to help deliver taxpayer-funded support to the charities that were on the frontlines in helping the people and causes coping with the ravages of the pandemic.

CAF RESILIENCE FUND DISBURSEMENTS TO DATE



*Black, Asian and minority ethnic.

CASE STUDY



LONDON, UK

The Naz Project Help where it's needed most

The NAZ Project London is a Black, Asian and Minority Ethnic led sexual health agency and HIV support service working to address sexual health inequalities in the communities they serve. Covid-19 has drastically impacted their work.

Since the pandemic first hit, the team worked to meet the immediate needs of their clients: providing food, referrals, counselling and advice on welfare and benefits – a crucial service for those who often do not have English as a first language or do not feel confident accessing services.

In those frightening early days, the team spoke to 301 people living with HIV in under 72 hours, listening to their anxiety about having to self-isolate and worried how they were going to earn a living.



Covid-19 halted routine face-to-face meetings and the team quickly adapted to virtual events such as live webinars and online counselling. But to continue, they urgently needed to update their technology.

A £50,000 grant from the CAF Resilience Fund delivered the support they needed at a crucial moment.

"Securing core operating costs is the biggest challenge for any charity; CAF's recent grant to NAZ has been a much-needed act of support," said Parminder Sekhon, CEO of the NAZ Project London.

"Now more than ever BAME-led charities need to keep their heads above the waterline and not only survive but adapt, grow and thrive as we respond to the disproportionate Covid related impacts within our communities."

Emergency dentists for the homeless

Until Covid-19 struck, dental charity Dentaids two mobile clinics were offering free check-ups, extractions, scale and polishes and more to vulnerable people who struggle to get NHS assistance, many of whom had suffered the misery of toothache for months.

The benefits of freeing people, including the homeless and drug users, from dental pain and helping improve their appearance means they are not only able to eat better and stop self-medicating with drugs and alcohol, it can also give them renewed confidence for job interviews. A shocking 15% of homeless people have attempted to extract their own teeth. But the clinics, which had been operating at sites such as soup kitchens and night shelters along the south coast and cities including Leeds and York, were forced into hibernation in March 2020.

"We also had to cancel all our fundraising activities, from sponsored runs to golf days, and furlough staff," says development manager Sue Smith. "It was an extremely difficult time."



Dentaids's fundraising crisis was exactly the sort of situation that the CAF Resilience Fund was created to address. We gave Dentaids a grant of £36,288 to get through the effects of the pandemic and cope with the huge backlog of patients desperate for treatment once restrictions began to lift.

"The funding has helped us run several clinics a week," says Sue, adding they've been able to visit new locations. "We've done around 65 since January."

"With the help of CAF and our wonderful volunteers and supporters, more and more vulnerable people won't have to suffer the misery of untreated toothache," says Sue.

Venturesome

CAF's pioneering social investments arm continues to offer true impact for both charities and donors and in the past year has introduced new blended financing opportunities for social enterprises to help them survive the pandemic and adapt their work.

SOCIAL INVESTMENTS AND CAF



95 funders

CAF private clients, corporate foundation and grantmaking trusts



£3.1m

worth of social investments made to 27 organisations
(32 worth £2.9m in 2019/20)



£5.6m

worth of social investment loans received by 117 social organisations
(£6.3m in 2019/20)



£663k

worth of grants made to 15 organisations as part of blended finance packages



CASE STUDY



BRIGHTON, UK

Food and social finance: how it should be

HISBE Food (HISBE stands for 'how it should be') was first given a £10,000 interest free loan from CAF Venturesome in 2012 to set up a Brighton store with a mission to make food shopping more ethical, affordable, locally produced and packaging-free.

"The CAF team were commercially astute but also had a real appreciation of what we were trying to achieve with the shop, and that was very encouraging," says HISBE co-founder and director Ruth Anslow. The 3,000 sq ft store opened in December 2013.

With a £60,000 loan from Venturesome's Development Fund, HISBE then set its sights on opening a second store in Worthing in early 2020 – when Covid intervened.



"We put the launch on hold, furloughed our staff and directors and put the Brighton store on a different trading model, with reduced hours, to keep it going," says Ruth. "But without a further loan and grant that CAF gave us, we'd have been in a precarious position."

HISBE survived lockdown and, in January, the Worthing store finally opened. Since then, both shops have gone from strength to strength, employing 21 people and working with 135 local and independent suppliers.

"The support from CAF has been incredible. They are so flexible, supportive and happy for us to ring up and say 'We're in a difficult position. What do you suggest?' More often than not, they have some solution, or a contact who can help us. They go above and beyond."

CAF Bank

Wholly owned by CAF and with any surplus profit gifted back to Charities Aid Foundation, the Bank is key to what we are able to achieve for UK-based charities. Transforming our banking service for a seamless customer journey online, on mobile and over the telephone is underway in earnest with the signing of contracts with our supplier as part of our multi-year renewal. Our marketing teams continue to run extensive fraud awareness campaigns to help charities protect their funds at a time of heightened risk.



£1.40bn

Deposits
(2020: £1.16bn)



£164.7m

Total committed loans and advances to customers
(2020: £139.8m)

CASE STUDY



SHEFFIELD, UK

Snowdrop Project

Stability and a place to call their own

After three different moves in four years, Sheffield's Snowdrop Project knew that it was falling short in providing a vital point of stability that its vulnerable clients desperately needed in their lives.

The support hub offers counselling, training and community activities to survivors of human trafficking.

So at the end of last year, the project's founder and CEO, Lara Bundock, approached CAF Bank for a loan to buy a permanent home. With a £380,000 loan, Snowdrop was able to purchase a former police station.

From slavery to safety

The charity's clients, who come from all corners of the world and who may have been sexually exploited, forced into slave labour or made to work for criminal gangs, now have a safe, reliable community base. The premises also have private therapy rooms, a crèche and ample space for activities ranging from dancing to trustee meetings.



CAF Bank was there to support Snowdrop through delays in the purchasing process. "We also discussed in-depth scenarios, such as planning for the loss of a major funder, making us feel like we could handle any eventuality," says Lara.

The large building gives Snowdrop plenty of scope to expand. The charity is currently renting out space to other organisations, including one that provides legal support for trafficking victims, creating opportunities for impactful collaboration and an extra source of income.

"This is a significant new chapter for the charity," says Lara.

CASE STUDIES



GLASGOW, UK

New homes for deprived areas

CAF Bank's £9 million loan to Glasgow's Govanhill Housing Association is providing hundreds of families with safe and affordable homes.

The association owns more than 2,800 homes for social rent and is using the money to refurbish dilapidated tenement buildings in one of the most deprived parts of Scotland in addition to building around 90 new homes, with more in the pipeline.



"Its similar ethical objectives and flexible, pragmatic approach to our ever-changing needs and pressures, has made it easy to work with CAF Bank."

Shannon Watson, Govanhill Housing Association



STORRINGTON, UK

Local hub leaps both banking and funding hurdles

When the privately-owned Chanctonbury Leisure Centre in Storrington, West Sussex closed its doors in March 2020, the future looked bleak for what had been a valued local hub.



That was until a group of nearby residents decided to establish a charity and run the centre. Soon, they hit their first major hurdle when they tried to open a bank account as a fledgling organisation in a pandemic as high street banks were refusing to take them on.

"We weren't even a registered charity, at that point, but CAF Bank were happy to start setting things up, which was very reassuring and important for us," says Andrew Dunstan, one of the founders and now the charity's operations director.

'Strength to strength'

The relationship with CAF went from strength to strength when CAF Bank introduced them to CAF Venturesome, which in turn provided the charity with a £100,000 loan and a £50,000 grant. Combined with funding from several local councils and Storrington-based engineering firm, Tesla, they were able to reopen in April and find their feet with limited cash flow.

They will also be able to invest in more facilities for the largely rural local community, such as a new artificial football pitch.

The leisure centre now has 450 members, surpassing its early targets. "The feedback from users has been fantastic," says Andrew. "This place is about more than having somewhere to exercise – it's a local hub. People have been able to meet up with friends they haven't seen in months and have coffee together."

Fundraising tools: CAF Donate

Through CAF Donate, we continue to help UK-based charities with their shift to digital fundraising, complete with Gift Aid services to remove the administrative burden, enabling them to spend more time delivering for their beneficiaries.



£44.0m

Donations in to charities
(£34.2m in 2019/20)

City Harvest

When lockdown struck, CAF was able to quickly help London charity City Harvest to expand its services when it mattered the most. The organisation distributes surplus food from restaurants, manufacturers and retailers to vulnerable groups and Covid-19 led to a sudden surge in demand. With the quick addition of a CAF Donate button on their website, supporters could give money easily and securely. City Harvest now provides food for one million meals a month – never more needed.



CAF Financial Solutions

Our financial services for charities continue to offer meaningful choices for organisations of all sizes and the CAF Charity Deposit Platform grew to £86 million by 30 April 2021 and by 30 June 2021 had reached £98 million, attracting charity customers with the ability to easily diversify where their cash deposits are held, allowing them to meet their obligation around security of funds.

As part of the detailed strategic review of our organisation that will ensure that we are future fit to support the charitable sector to the best of our abilities, all products and services offered by CAF Financial Solutions Limited (CFSL), as a subsidiary of CAF, were examined. After a thorough assessment of both the current and future needs of our charity customers, the decision was taken by CAF and CFSL to close down the CAF Investment Account service.

The teams have worked to support the affected clients as they move their investments to alternative options.

Our ongoing commitment to provide both our charity and private clients with attractive investment solutions led the management of the IFSL CAF Funds to move to Aberdeen Standard Capital Limited (ASC) from Octopus Investments Limited (Octopus) in April. ASC also assumed management of the underlying portfolios in the CAF Managed Portfolio Service (MPS) from Octopus. These changes included the successful migration of £194 million in funds to ASC and included dedicated client support throughout. This change is the first step in a longer term plan to further develop the specialist products that CAF is able to offer to its clients.

WHAT WE'VE ACCOMPLISHED

For our partners

We collaborate across sectors and borders to **inspire innovation** so civil society can thrive

A new channel of support for South Africa

We were delighted to support our partners CAF Southern Africa (CAFSA) in the launch of the Validate4Good platform to deliver fast online validations of non-profit organisations (NPOs).

Fast, efficient confirmation of an NPOs credentials will translate into them gaining rapid credibility with national and international donors across CAF's networks, expanding their global reach and improving their fundraising potential.

"For any NPO in Southern Africa that is seeking international funding, it is absolutely crucial that they are properly validated," says Ted Hart, CEO of CAF International. "This scheme protects both the funder and the charities, while enabling a channel of assistance to those in need."

After a year of immense struggle for so many in South Africa, this new initiative can help deliver life-changing support for numerous projects.

CAF International

The CAF International network of partners once again proved invaluable in coming together to offer a unique alliance of like-minded, independent organisations with shared values at its core.

Our work with international partners this past year has included our active support for the WHO Foundation Solidarity Response Fund and the Disasters Emergency Committee (DEC) Coronavirus Appeal. In August 2020, we also directed donors to charities working on the ground in the aftermath of the Beirut port explosion. CAF is currently facilitating funds – with Gift Aid provision – to the Go Give One campaign, partnering once again with the WHO Foundation to enable people everywhere to help buy Covid-19 vaccines for others around the world, starting with those most in need.

We have enabled more funds to flow to charities through our Transnational Giving Europe (TGE) partners, demonstrating the vital role that validated, reliable cross-border giving partners play in supporting not-for-profits across the globe.

The network also informed the global picture of the pandemic through the publication of a dedicated Covid-19 response report from CAF UK, CAF America and CAF Canada along with affiliate organisations CAF Russia, CAF India, CAF Southern Africa, IDIS in Brazil, BCause in Bulgaria, Good2Give in Australia and TUSEV in Turkey. A separate examination of government policy reactions around the world to not-for-profits and Covid-19, including identifying those that actively unlocked philanthropy, was also released as was a joint report with the CIVICUS global alliance of civil society organisation looking ahead to future rebuilding efforts.



Charity Support

CAF's respected research and policy work continues to help inform Government, industry, donors, the media and the charitable sector in their work. CAF's expertise is routinely sought to act as a voice of the sector and offer constructive and informed views to bring clarity to public debates in support of the work that charities do.

Amid the pandemic, CAF's insights team used a data-driven approach to identify both geographic and cause areas which were experiencing the highest levels of need owing to Covid-19 and ensured the CAF Resilience Fund targeted the most vulnerable communities with our support.

Giving Tuesday in the UK, led by CAF, saw a 42% increase in donations to charities on the universal day of generosity over 2019. The number of partners signing up in support of Giving Tuesday increased by 19% and included a range of both high profile charities and new high street brands. After eight years of successfully incubating the campaign in the UK and following our recent strategic review, CAF will pass on the leadership to another organisation for future years, while continuing to offer our full support to the global day of giving.



CAF's research and policy work has been sought by Government, the media, industry and sector colleagues.

OUR PEOPLE

At CAF, we ask our staff to simply 'be who you are, we like you that way'. We know that our employees are critical to our success and aim to ensure that they feel valued and appreciated and that we, in turn, deliver a great and safe place for them to work.

"Our Chief Executive has prioritised staff engagement... contributing to an inclusive and open staff culture."

Employees, equality and diversity

Over the past, challenging year, CAF has prioritised the well-being of our staff, offering a range of informal opportunities for them to come together through a thoughtful programme of events to promote staff cohesion despite the challenges of remote working. These have included online yoga, craft classes, cooking classes and mindfulness sessions in addition to confidential sessions on stress management, identifying signs of burnout and for managers, how to best support teams.

Engaged, open

CAF has begun a staff consultation to chart the best way forward as we emerge from Government guidance around working from home. We work closely with our dedicated Employee Council members, who constructively represent the views of staff and offer valuable support. We have developed clear safety protocols within our premises to ensure every precaution is taken to keep our staff safe.

Our Chief Executive has prioritised staff engagement and has hosted all-staff town hall meetings on a regular basis which have been well-received and are contributing to an inclusive and open staff culture.

We are an equal opportunities employer and our staff are from a diverse range of backgrounds. Improving on CAF's gender pay gap has been identified as a priority, as has ensuring our workforce better reflects the world around us, including the number of people living with disabilities. To our valued employees, we offer payroll giving with matched donations and a paid volunteer day in addition to a package of benefits including: a contributory pension scheme, healthcare and life and disability insurance.

Fairness and transparency are core principles and we do not tolerate any form of intimidation, bullying or harassment and encourage anyone who has been subject to discrimination to raise their concerns. A whistleblowing policy is promoted to enable staff to raise concerns.

When filling Trustee, Board and committee positions, diversity is actively considered as part of the selection process with measures in place to ensure an appropriate diversification is maintained. Our Board of Trustees is 40% women and a quarter of our Executive Committee are women.

THE ENVIRONMENT

As a charity that exists to support social enterprises and charities, CAF is attuned to the work that many are doing as leading voices in the battle against climate change.



Through not-for-profit banking services delivered through CAF Bank, we aid them in their work and continuously search for new ways in which we can help.

Internally, we have reflected upon the past year since the onset of Covid-19 and are determined to retain the environmental gains that resulted from our sudden shift in ways of working as teams moved to home-working where possible.

Reducing waste

We carried out an organisation-wide effort to ask employees to help us identify instances of wasteful practices, old habits or ways of working that had become outdated and set about eliminating those that were redundant. Many of the more than 300 suggestions from staff led to a reduction in the use of paper.

It was a reminder of the need to routinely review how we go about our day-to-day business and to remain vigilant in reducing waste. Our ongoing upgrade of desktop technology in 2020 was undertaken with a supplier committed to the circular economy, recycling and responsibly disposing of used equipment. Our dedicated employee working group has consulted external experts to gather baseline data on our energy consumption so that we can develop a carbon reduction plan for our organisation.

Across CAF, we continue to implement policies in respect of our activities to manage and monitor the impact of climate change. These policies, emerging in line with environmental and regulatory changes, will set out our risk appetite for exposures to climate change.

A word about governance

CAF has embarked on a full review of all governance structures, including the make-up of committees, protocols around compliance and due diligence and an audit of our business continuity and crisis planning for both the parent charity and the wholly-owned CAF Bank in order to strengthen our preparedness. Our Executive Board meetings are attended by a newly-appointed Risk and Financial Crime Director in addition to our General Counsel.

Our Trustees and executives are accomplished leaders in financial services, the third sector and several other fields. Their expert scrutiny and strategy direction informs everything we do and ensures our compliance and reporting protocols are fully fit for purpose and that our staff feel empowered to raise any concerns about internal practice. They set an impressive level of robust, transparent governance that is upheld throughout the organisation. Staff training is constantly reviewed to ensure everyone at CAF is fully aware of their own responsibilities to protect our organisation and our clients.

See page 30 for more details on our structure, governance and management.

FINANCIAL REVIEW

“Our newly-agreed four-year strategy includes plans for significant investment to enable CAF to create a global digital platform for giving.”

CAF is greatly affected by the economic fallout of the pandemic with record low UK interest rates adversely impacting our investment income. We constantly seek cost efficiencies and have frozen salaries. We continue to ensure that all regulatory requirements are met and that IT systems remain resilient throughout the organisation. Our newly-agreed four-year strategy, Together Building Opportunity, includes plans for significant investment in technology to enable CAF to create a global digital platform for giving that will increase the delivery of funds to charities across borders more quickly and at lower cost whilst increasing fee income and mitigating our exposure to interest rates.

The Charities Aid Foundation's accounts are consolidated and therefore include the income, costs and balance sheets of its charitable and trading subsidiaries in the US, Canada and the UK. The principal subsidiaries are CAF Bank, CAF America and the CAF American Donor Fund. The principal sources of unrestricted income are fees earned for services and products provided

together with interest on loans and income earned from financial assets. Restricted income consists principally of donations, donor accounts in the Charity and CAF America and legacies. The group balance sheet consists primarily of the unrestricted and restricted charitable funds of the Charity and of its charity subsidiaries together with donor client balances where the Charity is acting as agent and CAF Bank depositor balances.

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 America and CAF American Donor Fund. Donor client balances consist of donations received by us and subsequently paid to other charities through CAF Give As You Earn and CAF Donate. We have illustrated earlier in this report how the generosity of donors using our services in the UK and US enabled

receipts from donors to exceed £1 billion for the first time, increasing by 43% to £1,027.0m.

At 30 April 2021 restricted funds held in respect of our services, offering donors flexibility to make donations at a later date and to maintain philanthropic capital, increased to £1,539.9m (2020: £1,332.2m). Restricted funds benefited from the high level of receipts, both in the UK and US and from the addition of investment income of £10.9m (2020: £14.8m). In addition market movements during the year resulted in an increase of £131.1m in the value of our financial investments (2020: decrease of £43.0m), which had an aggregate market value of £772.5m at 30 April 2021 (2020: £627.5m). Our financial investments are principally investments held for CAF Charitable Trusts, typically a portion of the funds are also held in cash to meet donors' short-term giving, with the financial investments held to fulfil medium-to long-term objectives.

Our donor client balances remained substantially unchanged at £4.5m (2020: £4.8m). These reflect donations in the course of processing for CAF Give As You Earn and CAF Donate.

CAF Bank depositor balances and lending

CAF Bank continues to be underpinned by a strong and stable base of deposits provided by its charity customers and a robust liquidity position. At 30 April 2021 CAF Bank depositor balances had increased by 21% to £1,397m (2020: £1,156m). Approximately 90% of CAF Bank's assets are highly liquid, with liquidity buffer eligible assets of £1,174m at 30 April 2021 (£916m at 30 April 2020).

	Donations, legacies and grants received		Payments to charities and partners	
	2020/21 £m	2019/20 £m	2020/21 £m	2019/20 £m
Restricted funds per Group Statement of Financial Activities (SOFA)	954.1	657.9	885.2	646.1
Donor client balances (note 20 to the Financial Statements)	115.9	102.7	73.1	61.8
less: CAF Give As You Earn receipts transferred to restricted funds and included in the Group SOFA	(43.0)	(40.6)	-	-
Net donor client balances	72.9	62.1	73.1	61.8
Total	1,027.0	720.0	958.3	707.9

Despite the extremely challenging economic environment, CAF Bank's lending continued to grow during 2020/21. At 30 April 2021 the value of total committed loans and advances to customers stood at £164.7m (2020: £139.8m). The pipeline of sanctioned loans stood at £24m at 30 April 2021, providing a strong base for further growth in lending.

Following the impact of Covid-19, CAF Bank has continued to closely monitor and analyse the collective and specific loan provisions. A number of customers temporarily closed their operations and have only recently started to reopen. Despite this, the quality of the loan book remains strong, resulting in a modest loan loss charge. The collective provision was determined as £0.8m at 30 April 2021 (£0.7m at 30 April 2020) and specific provisions stood at £1.4m at 30 April 2021 (£0.9m at 30 April 2020).

Unrestricted funds

At 30 April 2021 group unrestricted funds stood at £68.5m (2020: £67.0m), an increase of £1.5m (2020: £5.3m).

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

- The ongoing low interest rates in the UK resulting in a £1.5m reduction in investment income and a £1.7m reduction in CAF Bank's net interest income
- Fee income has increased by £4.3m, principally in the US
- Costs increased in the US to support the level of growth and reduced in the UK following a programme of cost reduction measures including a number of compulsory and voluntary redundancies
- The transfer of £3.2m from restricted funds
- An increase of £2.4m in donations to the charity
- Actuarial gains of £0.8m (as determined in accordance with FRS 102) arising on a defined benefit pension scheme.

On a consolidated basis total income increased to £43.5m (2019/20: £39.9m). This reflected a £2.9m increase in donations, a 25% increase in fee income related to donations and grants, offset by a 15% fall in CAF Bank's net interest income and a 19% fall in investment income both due to the cut in the Bank of England base rate to 0.1%.

CAF and the group continue to be impacted by low interest rates and we continued to experience volatility with regard to interest rates available as deposits matured.

The Charity responded to the expectations of lower income with cost reduction measures, including voluntary and compulsory redundancies, a freeze on salaries and cuts in discretionary expenditure.

Transfers from restricted funds during the year included £2.3m which was transferred from CAF Charity Accounts that were closed during the year in accordance with terms and conditions. All the funds have been applied for the general charitable purposes of CAF. A further £0.5m represented the reimbursement of costs incurred by CAF in the administration of a grant programme.

The Charities Aid Foundation Pension Scheme (the scheme) is a defined benefit pension scheme which is closed to both new employees and further benefit accrual. The scheme's actuary estimates that at 30 April 2021, for FRS 102 purposes, the scheme's assets exceeded its obligation by £1.8m (2020: £1.1m). This surplus, determined in accordance with FRS 102, has been recognised in CAF's balance sheet as at 30 April 2021, after the recognition of actuarial gains in the SOFA of £0.8m.

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

Reserves policy

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

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

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

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

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

The continuing economic uncertainty resulting from the Covid-19 pandemic and resulting historically low interest rates introduces challenges for all charities, including CAF and its trading subsidiaries. The Trustees continue to closely monitor the situation and to work with the Executive Committee. Following the launch of a new four year strategy, the group has begun a comprehensive programme of work to deliver agile, digital joint solutions and modernise systems and procedures.

Group unrestricted funds, which also represent our reserves, stood at £68.5m (2020: £67.0m). This level of reserves at 30 April 2021 is considered to be sufficient to support the ongoing activities and development of the group.

CAF investment policies and performance

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

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

Unrestricted funds – Treasury assets

The Charity's unrestricted funds are used to support the operating activities of the Charities Aid Foundation. During 2020/21 unrestricted funds continued to be invested primarily in term deposits with UK banks but may from time-to-time be invested in gilts, supranational bonds and investment-grade corporate bonds and include the long leasehold property in Kent, used for the Charity's activities.

Restricted funds

Investments are held for restricted funds as follows:

Financial investments – Trust funds

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

Other restricted funds – Treasury assets

Other restricted funds principally comprise balances held pending onward donation to other charities. During 2020/21 funds continued to be invested primarily in term deposits with UK banks; gilts, other supranational bonds and a portfolio of investment-grade corporate bonds. Our policy is to hold bonds to maturity.

As at 30 April 2021 our Treasury asset portfolio yield was 0.8843% (2020: 1.1720%), compared with a benchmark of SONIA of 0.0486% (2020: 0.6470%). We continue to experience a reduction in rates available as deposits mature.

Investment policies of subsidiaries 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, liquidity, unrestricted reserves and forecasts for the foreseeable future, taking into account the principal risks to which the group is exposed. Recognising the uncertainty associated with predicting the economic impact of Covid-19, in particular, the Trustees have considered the impact of a severe economic outcome on CAF and its subsidiaries and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of CAF and its subsidiaries would be unable to continue. After taking into account the current level of the group's cash and reserves and the financial performance of the group since 30 April 2021, the Trustees have concluded that the risk of this situation occurring is remote.

Accordingly and after making appropriate enquiries, the Trustees have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due for at least 12 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.

In this section

- 31** CAF Trustees
- 32** CAF Committees
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- 40** Statement of Trustees' responsibilities

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 Chair 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 Chair 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.

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 chair 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.

Board of Trustees

Meeting attendance

	Total no. of meetings attended during 2020/21
Sir James Leigh-Pemberton – Chair	5/5
Cyrus Ardalan – Chair, Investment Advisory Committee	5/5
Matt Hammerstein	5/5
Anne Heal – Interim Chair, NCVO – Resigned, 23 November 2020	2/2
Tiina Lee	4/5
Roger Perkin – Chair, Audit, Risk & Compliance Committee	5/5
Janet Pope – Chair, CAF Bank Ltd	5/5
Sir Ernest Ryder – Appointed, 12 February 2020	4/5
David Shalders – Appointed, 15 July 2020	4/4
Dr Priya Singh – Appointed, 23 November 2020	2/3
Susannah Storey	4/5

Sir James Leigh-Pemberton CVO **Chair**

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

Cyrus Ardalan **Chair, Investment Advisory Committee**

Cyrus is currently Chairman of Citigroup Global Markets, OakNorth Bank and a senior adviser at Alvarez and Marsal, he was Vice Chairman of Barclays, the International Finance Facility for Immunisation supporting GAVI, the Vaccine Alliance and Chairman of the International Capital Markets Association.

Matt Hammerstein

Matt is currently CEO of Barclays Bank UK, covering Retail Banking, Investments and Wealth UK, Business Banking and Barclaycard UK. He also sits on the board of UK Finance.

Dr Priya Singh

Priya is chair of the National Council for Voluntary Organisations (NCVO). She has a background in general practice, specialising in medical law, ethics and patient safety.

Tiina Lee

Tiina is the Chief Executive Officer, UK and Ireland for Deutsche Bank. She is responsible for all Deutsche's activities in the region and is a leading advocate on diversity and inclusion. She also serves on the board of trustees of Donmar Warehouse Projects.

Roger Perkin **Chair, Audit Risk and Compliance Committee**

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

Sir Ernest Ryder

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

Janet Pope **Chair, CAF Bank Ltd**

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

David Shalders

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

Susannah Storey

Susannah is Director General for the Digital and Media Group in the Department for Digital, Culture, Media and Sport. Prior to this she was Director General for the Economic Partnership at the Department for Exiting the European Union. Before being a civil servant she worked in investment banking at Citigroup.

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 external and internal 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

The Charities Aid Foundation consists of CAF and its subsidiaries in the UK, CAF America, the CAF American Donor Fund and CAF Canada. The wider CAF family includes affiliated organisations which exist to provide services to donors and charities and work in partnership with CAF to support us in our work to accelerate social progress 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.

Our international network consists of a collection of like-minded not-for-profit organisations with strong ties and working relationships with the Charities Aid Foundation group. Formerly referred to as the CAF Global Alliance, the network includes BCause (Bulgaria), Good2Give (Australia), CAF India, the CAF Russia Foundation, CAF Southern Africa, IDIS Brazil and TUSEV (Turkey).

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

Full details of the Charities Aid Foundation 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 is committed to working closely with NCVO and we are in ongoing discussions to modernise our partnership to better support UK charities in the future. Despite the pressures of the pandemic £2.12m was paid to NCVO during the year (2019/20: £2.11m).

Public benefit and society

CAF's purpose (as set out in the Declaration of Trust) is to raise money and hold funds 'for the benefit of such charitable institutions or such charitable purposes as the Trustees shall think fit'. The work we do in pursuit of our mission is illustrated throughout this report. CAF contributes to the public benefit and society 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.

Stakeholder engagement

We recognise and promote the importance of strong relationships with our stakeholders across all of our activities, and we are committed to productive, long-term relationships.

Throughout this report we have described how we engage with our donors, charity customers, government and colleagues in the sector and our employees. Below we give examples of engagement with other stakeholders.

Suppliers

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

Regulators

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

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

Fundraising

There have been no UK fundraising activities undertaken in the current or preceding year. CAF America works in partnership with US professional fundraising organisations. CAF America receives 100% of the donations collected, which it then grants, minus costs and fees paid to the fundraising organisations, to third-party beneficiary charities.

Risk management

Responsible and effective risk management is central to CAF's ethos and reflects our commitment as a charity to making a positive and lasting difference for the charities, donors, beneficiaries and partners with whom we work.

Risk is overseen by CAF Trustees, Executive Boards and senior management whilst being supported by a robust risk management culture which is an accountability of every CAF employee.

Risk management framework

The group operates a risk management framework that provides oversight and accountability for the management of risk across all risk types and at all levels of the group. The framework supports prudent risk management and decision making, aligned to our objectives, and is designed to ensure risk is managed within clearly defined parameters.

The control environment aligns to the risk management framework and is supported by a related set of policies, procedures and controls which facilitate the taking of acceptable risks, within the appetite of the group, as set by the Trustees and supported through the Trustee Board, Audit, Risk and Compliance Committee, CAF Bank Board, CAF America Board and CAF Executive Committee.

The framework operates using the 'three lines of defence' principle, separating risk ownership from risk oversight and assurance, with governance provided by formal committees.

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 senior management remain focused on those risks which could adversely affect our reputation and ensuring that all activities are carried out in a respectful and open manner.

Covid-19

The Covid-19 pandemic continues to impact us, our donors, beneficiaries and customers. We continue to adapt to the changing situation. CAF maintain Business Continuity Plans and throughout the Covid-19 crisis we have maintained and supported all systems and personnel.

All risks have been assessed for the actual or known potential impacts and changes have been made and reported through the relevant boards and committees.

The key impacts from the pandemic have been to our interest and fee income and we have taken measures to address potential shortfalls, including reviewing investment opportunities, pricing structures, budgets and costs. Changes to processes to support remote-working have been assessed for risk impacts and approved through the relevant governance process.

Various support tools were implemented to support staff through these uncertain times and impacts on well-being continue to be closely monitored.

Principal risks and their mitigation

The principal risks evaluated across the group:

The non-financial risks

- Reputation
- Strategy and mission
- Regulatory
- Operational
- Cyber
- Financial crime

Financial risks

- Capital
- Credit
- Liquidity and funding
- Market and interest rate

NON-FINANCIAL RISKS

Risk	Mitigation
REPUTATION CAF's brand and reputation are critical in our endeavours to attract and retain our customers, in support of the CAF mission. CAF's objective is to enhance our standing with stakeholders, underpinned by a consistent application of the rules which govern the application and use of the CAF brand. CAF understands the importance of having clear and consistent positions on the issues facing the charitable sector, donors, corporate givers and Government. The risks to the group of reputational damage include a reduction in revenue, increases in operating costs, and a loss of market position.	We take active steps to manage our brand. This work includes the monitoring of social media sentiment, the tracking and reporting of media mentions and the analysis of customer feedback. We use our written policies and procedures to ensure that customer feedback and complaints are managed in line with prevailing best practice and regulation. CAF conducts risk-based screening and negative media reviews for donors and beneficiaries during on-boarding and due diligence processes to mitigate risks of financial crime and to avoid actual or potential reputational risks that may arise. We maintain a Crisis Communications plan to address any negative reputational concerns. Internally our Human Resources team supports managers to understand and act upon risks that could arise from employee relations. Through regular training and ongoing compliance oversight, we ensure that our people are equipped to support our efforts to protect our reputation. CAF International, our global network which includes independent partners, requires members to adhere to CAF's brand guidelines.
STRATEGY AND MISSION 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. 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. 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. Similarly, the risk of inflationary pressures and higher interest rates in the medium term are considered. 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.	A detailed approach is taken to budget-setting and development of financial plans and these are reviewed and approved by the Trustees and the relevant boards. Regular detailed financial monitoring is carried out and actions are taken to mitigate against any budget pressures, including effective cost management measures. 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 to further our strategic goals or to mitigate any negative impact arising from the change in the operating environment. Our planning processes include comparison of projected reserves against the level of reserves required to support our ongoing operations and planned strategic growth. Mitigation of the principal risks to the group associated with Covid-19 have been described earlier. We also continue to assess and monitor risks associated with the UK's withdrawal from the EU, including the future of EU and other funding for charitable work, the longer term sustainability of corporate social responsibility programmes, the future of tax relief arrangements for donations into or out of the EU, and the future of London as a global hub for philanthropy. CAF does not receive any direct EU funding.

NON-FINANCIAL RISKS

Risk	Mitigation
REGULATORY CAF's objective is to deal with all our regulators in an open and co-operative way and to deliver on our commitments. 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. CAF is regulated by the Charity Commission for England and Wales and is required to comply with HM Revenue & Customs tax legislation. CAF is responsible for ensuring that the charitable funds it receives, administers and distributes are managed in compliance with charity law and the tax legislation relevant to charitable giving and expenditure. CAF is registered with the Financial Conduct Authority (FCA) for anti-money laundering purposes. CAF Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and PRA. CAF Financial Solutions Ltd (CFSL) is authorised and regulated by the FCA. CAF America is regulated by the US Internal Revenue Service and must also comply with State regulations for registered charities and data privacy protections. CAF Canada is regulated by the Canadian Revenue Agency and must comply with provincial regulations in the provinces where it is registered. Where the CAF group undertakes cross-border grantmaking, the local regulations of the receiving country are considered. CAF group adheres to UK, US and EU Financial Sanctions obligations including those defined by the Office of Financial Sanctions Implementation (OFSI) and The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury.	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, Compliance and Financial Crime teams. Quarterly reporting to our Audit, Risk and Compliance Committee (ARCC) includes risks arising out of our operations, compliance and Financial Crime related matters 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. 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 UK General Data Protection Regulation and Data Protection Act. 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. The group is committed to ensure that the appropriate resource is made available to adhere to regulatory requirements. CAF America, CAF Canada and CAF American Donor Fund maintain grantmaking and Project Distribution protocols that are reviewed regularly by legal counsel to ensure compliance with regulatory requirements. The CAF America Finance and Compliance Team is responsible for ensuring appropriate filings are completed with the US Internal Revenue Service, Canada Revenue Agency, and each US state as necessary. Quarterly compliance reports ensure that these regulatory filings are documented and submitted on time. The CAF International network is underpinned by legal agreements with CAF that require each of our independent partners to adhere with relevant legislation. Whilst these partners do not form part of the CAF group, we strive for each member of CAF International to maintain the highest standards of regulatory compliance and due diligence.

NON-FINANCIAL RISKS	
Risk	Mitigation
OPERATIONAL Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.	The group continually develops its systems and controls in the context of the scale and complexity of CAF operations, to manage and mitigate the likelihood of failure associated with operational risks. Policies, practices and controls are in place to govern our operational risks. These are reviewed for effectiveness on an ongoing basis. CAF Bank uses the Basic Indicator Approach (Capital Requirements Regulation (CRR) Pillar 1) and considerations of its maximum scenario based operational loss (CRR Pillar 2) to assess operational risk capital requirements. Our people are the key to our success and 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. We have introduced a number of new well-being tools to support our people through the pandemic. We carry out comprehensive reviews of our business continuity arrangements and plans and perform ongoing resilience testing of key business-critical activities. 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. The move to remote working at the onset of Covid-19 was undertaken with minimal impact and demonstrated the effectiveness of significant elements of our own and of our third party suppliers' business continuity arrangements. We recognise it has presented risks associated with oversight of operational processing, fraud monitoring and employee well-being and we have amended our processes to encompass these risks which are regularly reviewed.
CYBER 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.	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. We regularly monitor and test 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. All CAF staff are required to complete IT security training which is designed to ensure awareness of our duty to protect our systems and the data they hold. CAF America and CAF Canada IT systems are reviewed and supported by an external firm to ensure they are protected from cyber attacks.
FINANCIAL CRIME 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 censure.	The CAF group risk management framework and related policies define requirements relating to the management and mitigation of financial crime related risks including anti-money laundering, fraud, counter terrorist financing, counter tax evasion facilitation, anti-bribery and corruption and sanctions. These policies are designed to support CAF adherence with the obligations and requirements determined by UK, EU, US and Canadian legislation, regulations and industry best practice guidelines for both the charity and financial services sectors and reflects our commitment and intent to both detect and disrupt financial crime. The group's systems and controls are designed to combat financial crime and the group-wide transformation plans will continue to drive an agenda for ongoing targeting of financial crime related risks, aligned with both our regulatory and social responsibilities. We have introduced a Financial Crime Executive Committee to support collaboration between accountable stakeholders alongside financial crime experts to continue the advancement of financial crime systems and controls. It has provided a context to develop outcome driven strategies, to target criminals, to enhance existing controls and mitigate and target risks posed by the group's exposure to financial crime.

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 33 to the financial statements, together with descriptions of the management of each category of financial risk.

Risk	Mitigation
CAPITAL CAF defines capital risk as risk that the group (or its entities) do not have the amount and/or quality of reserves/capital needed to meet the requirement of the relevant reserves policy or the minimum regulatory requirements or to support planned strategic growth.	Relevant policies are reviewed and approved by the ARCC. Capital requirements are funded by reserves in line with policy. Our planning processes include comparison of projected reserves against the minimum level of reserves required to support our operations and planned growth. We continue to focus to maximise income opportunities and cost management in order to minimise the impact on reserves. For the Bank, capital risk is measured, monitored and reported daily against limits approved by CAF Bank Board within the Bank's Capital Policy and monitored at the Bank's Asset and Liability Committee (ALCo) and Executive Risk Committee. The Bank undertakes regular stress testing of its capital adequacy.
CREDIT 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. Credit risk arises primarily from investing funds with treasury counterparties and lending to charities.	<i>Treasury assets</i> Treasury policies are reviewed and approved by the CAF Investment Advisory Committee (IAC) and sets criteria which include credit rating and counterparty lending limits and country limits. Subject to minimum credit ratings, maximum terms, and maximum counterparty limits, funds may be invested in the following: • UK Gilts and Multilateral Development Banks • Other single sovereign-backed Sterling denominated bonds • Financial and non-financial corporate bonds (fixed and floating rate) • Bank deposits, including in the money market. <i>Financial investments held for Trust funds</i> CAF Charitable Trusts, CAF America Donor Advised Funds, CAF American Donor Fund Trusts and CAF Canada Donor Advised Funds (collectively 'Trust funds') are invested in accordance with policies approved by the CAF IAC, on behalf of CAF's and CAF American Donor Fund's Trustees, and by the boards of CAF America and CAF Canada. Donors typically hold a proportion of their funds in cash in order to meet their short-term giving expectations and invest funds to meet their medium-to long-term philanthropic objectives. Donors plan donations by reference to the market values and liquidity profile of the assets held for their Trust fund. Cash held for Trust funds by investment managers pending investment is subject to the FCA's client money rules. CAF Venturesome's programme-related investments enable charities to lever their operations and deliver more social impact. All loans are subject to regular monitoring of loan performance. 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.

Risk	Mitigation
LIQUIDITY AND FUNDING RISK	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. 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. <i>Treasury assets</i> The liquidity position is monitored by the CAF IAC. On a day-to-day basis the liquidity profile of CAF's assets is compared with the historical behavioural of CAF's payments to beneficiary charities. CAF's liquidity policy requires a minimum percentage of total balances, together with a minimum percentage of individual large balances to be available within 24 hours, and in turn, a minimum percentage of total balances to be available within six months. No more than 50% of balances may be invested in term deposits or other non-marketable investments with a term in excess of 12 months. <i>Financial investments held for Trust funds</i> 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.
MARKET AND INTEREST RATE RISK	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. <i>Treasury assets</i> CAF does not 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). 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 CAF IAC. <i>Financial investments held for Trust funds</i> 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.

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.

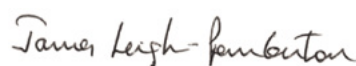
In preparing these financial statements, the Trustees are required to:

- 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
- 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 3-40 was approved by the Board of Trustees on 12 August, 2021 and signed on their behalf.



Sir James Leigh-Pemberton, CVO
Chair of Trustees

Independent auditor's report and financial statements for the year ended 30 April 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE CHARITIES AID FOUNDATION

Report on the audit of the financial statements

1. Opinion

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

- Give a true and fair view of the state of the group's and of the charity's affairs as at 30 april 2021 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 charities act 2011 and the provisions of the trust deed.

We have audited the financial statements which comprise:

- The group and charity statement of financial activities;
- The group and charity balance sheets;
- The group and charity cash flow statement;
- The related notes 1 to 33.

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

2. Basis for opinion

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

We are independent of the Group and the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. .

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Recognition of income from legacies; • Recognition of donation income from new major donors; • Recognition of donations paid to new overseas beneficiaries and grants payable; and • Loan impairment provisions in CAF Bank Limited. Within this report, key audit matters are identified as follows: ⚠ Newly identified ⬆ Increased level of risk ⬅ Similar level of risk ⬇ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £10,000,000 which was determined on the basis of 1% of total income.
Scoping	Our audit scope included the audit of the Group's significant components namely the Charity, CAF Bank Limited, CAF America, Southampton Row Trust Limited and CAF Canada. We also scoped in CAF Financial Solutions Limited and CAF Investments Limited to meet local statutory reporting requirements. All scoped in components account for 99% of funds as at 30 April 2021 (2020: 99% of funds as at 30 April 2020).
Significant changes in our approach	We identified an increased level of risk this year in relation to donations paid to overseas beneficiaries, details of which are discussed in section 5.3 of our report. There have been no other significant changes in our audit approach for this year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Trustees' assessment of the Group's and Charity's ability to continue to adopt the going concern basis of accounting included:

- We obtained and evaluated management's assessment of going concern including their assessment of the sufficiency of reserves for going concern purposes. This included evaluating the key assumptions regarding fee income and interest income in management's going concern model, assessing the forecast for all cash outflows and re-casting and checking the arithmetic accuracy of the cash-flow forecast;
- We performed an independent reverse stress test using the approach set out in The Charity Commission's guidance paper entitled "Managing a charity's finances: planning, managing difficulties and insolvency" ("CC12") where the Group ceases to be a going concern should unrestricted reserves reach £nil in order to determine at what point the going concern assumption would not be appropriate and to consider the likelihood of that scenario taking place; and
- We evaluated loan covenant compliance as applicable to retail bonds in issue, including the impact and likelihood of this being breached over the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

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

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

5.1 Recognition of income from legacies



Key audit matter description	For the year ended 30 April 2021, the Group's legacy income was £21.8 million (2020: £21.7 million). There is a high degree of management judgement involved in the recognition of income from legacies which have been accrued at the year end. These judgements include assessing the entitlement, probability and measurement of the income. Accordingly, consistent with the prior year, we consider there to be an increased risk of misstatement due to error or fraud in respect of legacy income. Refer to the accounting policies in note 1.4(a) and note 6 of the financial statements on pages 57 and 66.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the recognition of legacy income. We tested a sample of legacies to assess whether income was recognised when the Group became entitled to the income, receipt of the income was probable and the amount of the income could be estimated reliably. Where legacies were received, we agreed a sample of cash receipts to bank statement. Where legacy income was subject to conditions, we assessed the fulfilment of those conditions and, where relevant, the deferral or non-recognition of the legacies.
Key observations	Based on the procedures performed and evidence obtained, we considered management's assumptions in recognising legacies to be reasonable.

5. Key audit matters continued

5.2 Recognition of income from new major donors



Key audit matter description	During the year income from new major donors was £12.5m (2020: £23.6m). 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. Refer to the accounting policies in note 1.4(a) and note 6 of the financial statements on pages 57 and 66.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the recognition of donations from new major donors. We tested a sample of donations from new major donors to assess whether the income was recognised when the Group became entitled to the income, receipt of the income was probable and the amount of the income could be reliably estimated. Where donations from new major donors had been received, we agreed a sample of cash receipts to bank statement. We tested the completeness of new major donations during the period by reference to client lists and supporting client files.
Key observations	Based on the procedures performed and evidence obtained, we considered management's recognition of donation income from major donations to be appropriate.

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



Key audit matter description	Donations paid to charities (£811.5m) (2020: £640.5m) 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. The increased level of risk this year reflects the increased operational challenge that come with processing significantly more donations than in previous years and thus giving rise to the potential for material misstatements. Grants payable (£10.3m) (2020: £14.5m) are payments where the beneficiary charity has been formally notified in writing of the award. This notification gives the beneficiary a reasonable expectation that they will receive the grant. The recognition of grants payable involves judgement to assess the obligation, probability and value of each grant. Refer to the accounting policies in note 1.5 and note 6 of the financial statements on pages 58 and 66.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls 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 subsequently to the beneficiary charity. We tested a sample of overseas beneficiaries to assess 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 by agreeing a sample of cheques, instructions from clients and cash disbursements to expenditure listings. Where grants, particularly multi-year grants, are subject to the beneficiary charity fulfilling conditions, we assessed the fulfilment of those conditions and, where relevant, the deferral of the grants.
Key observations	Based on the procedures performed and evidence obtained, we considered management's expenditure recognition to be reasonable in respect of grants and donations paid to new beneficiaries overseas.

5.4 Loan impairment provisions in CAF Bank Limited



Key audit matter description	Gross loans and advances to customers in CAF Bank Limited increased from £106.4m to £127.9m during the year since the prior period. The loans and advances to customers are measured at amortised cost less loan impairment provisions as required under IAS 39 'Financial Instruments: Recognition and Measurement'. CAF Bank Limited has limited loan loss experience and therefore the valuation of both specific and collective provisions is inherently subjective. Furthermore, there is a risk that impairment triggers are not identified in a timely manner, and that incurred loss provisions are therefore understated. Management also make assumptions pertaining to inputs in their loan impairment calculation such as the probability of default, loss given default and emergence period in respect of their loans to customers. All of these factors have been heightened due to the continued impact of Covid-19 on the CAF Bank Limited and its customers. As a result, we consider there to be a risk of misstatement due to fraud or error in respect of this key audit matter. The impairment provision balance as at 30 April 2021 was £2.18m (2020: £1.6m), of which £0.8m related to the collective provision for incurred but not reported impairment losses and £1.38m related to provisions for individually assessed loans.
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls relating to the loan impairment provision. We assessed whether CAF Bank Limited's loan impairment provisioning policy was in compliance with the requirements of IAS 39. We tested a sample of performing loans to assess whether there was objective evidence that impairment had arisen and not been identified. We challenged the key assumptions applied to estimate the collective loan impairment provision by comparing the assumptions to available market data. We also re-performed the calculation of the provision. We challenged and re-performed the calculation of the individual provision balances by testing the appropriateness of key inputs and mathematical accuracy. We considered management's assessment of the impact of Covid-19 on loan loss provisioning.
Key observations	Based on the procedures performed and evidence obtained, we found the Group's assumptions, judgements and approach to estimating loan impairment provision to be reasonable and therefore considered the level of provision to be appropriate

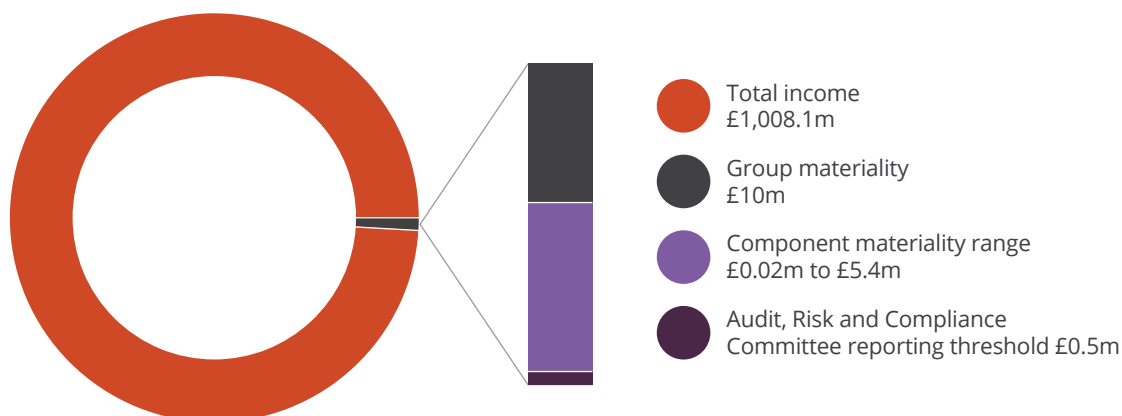
6. Our application of materiality

6.1 Materiality

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

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

	Group financial statements	Charity financial statements
Materiality	£10m (2020: £7m)	£5.4m (2020: £3.9m)
Basis for determining materiality	1% of total income (2020: 1%).	1% of total income (2020: 1%).
Rationale for the benchmark applied	We consider total income to be an appropriate benchmark as it is a key measure of the performance of the Group, being a not-for-profit organisation.	We consider total income to be an appropriate benchmark as it is a key measure of the performance of the Charity, being a not-for-profit organisation.



6.2 Performance Materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 70%) of group materiality	70% (2020: 70%) of charity materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our risk assessment, including our assessment of the overall control environment; and • Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3 Error reporting threshold

We agreed with the Audit, Risk and Compliance Committee that we would report to the Committee all audit differences in excess of £500k (2020: £350k), set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit, Risk and Compliance Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

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

Our Group audit scope included full scope audits of the Charity, CAF Bank Limited, CAF Financial Solutions Limited, CAF Investments Limited, Southampton Row Trust Limited, CAF Canada and CAF America. These components account for 99% of funds as at 30 April 2021 and their audits were performed at lower levels of materiality set by the Group audit team ranging between £0.02m and £5.4m. There are separate component teams in respect of CAF UK, CAF Bank Limited, CAF Canada and CAF America.

7.2 Our consideration of the control environment

With the involvement of our IT specialists we obtained an understanding of relevant general IT controls within the Group's key financial systems. We did not take control reliance approach in our audit.

7.3 Working with other component auditors

During the year, we held discussions with each component auditor to enable us to direct and supervise the planning and risk assessment process in addition to overseeing their detailed audit procedures.

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.

8. 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. The Trustees are responsible for the other information within the Trustee's Report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of trustees

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

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

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

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies and key drivers for bonus levels and any performance targets;
- The group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- Results of our enquiries of management and the audit, risk and compliance committee about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- The matters discussed among the audit engagement team including significant component audit teams, pensions and it specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: recognition of income from legacies; recognition of income from new major donors; recognition of donations paid to new beneficiaries overseas and grants payable and loan impairment provisions in CAF Bank Limited. These areas were also identified as key audit matters and section 5 of our report explains the matters in more detail.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included Charities Act, Charities (Accounts and Reports) Regulations 2008, pensions legislation, tax legislation and the relevant provisions of the trust deed.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Anti-Bribery and Corruption Act, the Equality Act, compliance with the requirements of the Charity Commission, Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) Regulations and Disclosure Requirements.

11.2 Audit response to risks identified

As a result of performing the above, we identified the recognition of income from legacies, recognition of income from new major donors, recognition of donations paid to new beneficiaries overseas and grants payable and loan impairment provisions in CAF Bank Limited as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit, risk and compliance committee and internal legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the pra, fca, hmrc and the charity commission; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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

12.1 Adequacy of explanations received and accounting records

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

- The information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- Sufficient accounting records have not been kept by the charity; or
- The charity financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

13. Other matters

13.1 Auditor tenure

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

Our total uninterrupted period of engagement is five years, covering the year of our appointment through to the year ended 30 April 2021.

13.2 Consistency of the audit report with the additional report to the Audit, Risk and Compliance Committee

Our audit opinion is consistent with the additional report to the Audit, Risk and Compliance Committee we are required to provide in accordance with ISAs (UK).

14. 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, for our audit work, for this report, or for the opinions we have formed.



Manbhinder Rana FCA

For and on behalf of Deloitte LLP
Statutory Auditor
London

12 August, 2021

GROUP STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 30 April 2021

		Unrestricted funds		Restricted funds		Total	
	Notes	2021 £000	2020 £000	2021 £000	2020* £000	2021 £000	2020* £000
Income							
Donations		5,694	2,809	911,497	636,634	917,191	639,443
Legacies		125	468	21,685	21,231	21,810	21,699
UK Government grants	4	–	–	20,904	–	20,904	–
		5,819	3,277	954,086	657,865	959,905	661,142
Charitable activities:							
Fee income		21,491	17,206	20	–	21,511	17,206
CAF Bank net interest income		9,796	11,499	–	–	9,796	11,499
Investment income	5	6,393	7,873	10,875	14,808	17,268	22,681
Total income	6	43,499	39,855	964,981	672,673	1,008,480	712,528
Expenditure							
Charitable activities:							
Donations payable to charities		65	568	811,383	639,892	811,448	640,460
Other expenditure on charitable activities		45,759	42,938	107	–	45,866	42,938
		45,824	43,506	811,490	639,892	857,314	683,398
US Fundraising		–	–	73,757	6,206	73,757	6,206
Total expenditure	6	45,824	43,506	885,247	646,098	931,071	689,604
Net income/(expenditure) before net gains on investments		(2,325)	(3,651)	79,734	26,575	77,409	22,924
Net gains/(losses) on financial investments		(192)	6	131,111	(43,001)	130,919	(42,995)
Net income/(expenditure)	6	(2,517)	(3,645)	210,845	(16,426)	208,328	(20,071)
Transfers between funds	25	3,156	9,413	(3,156)	(9,413)	–	–
Net movement in funds before other recognised gains/(losses)		639	5,768	207,689	(25,839)	208,328	(20,071)
Other recognised gains/(losses)							
Defined benefit pension plan:							
Actuarial gains/(losses)	30	835	(507)	–	–	835	(507)
Net movement in funds		1,474	5,261	207,689	(25,839)	209,163	(20,578)
Reconciliation of funds							
Total funds brought forward		67,007	61,746	1,332,244	1,358,083	1,399,251	1,419,829
Total funds carried forward	25	68,481	67,007	1,539,933	1,332,244	1,608,414	1,399,251

The notes on pages 57-99 form an integral part of these financial statements.

* The comparatives for 2020 for restricted funds and total funds reflect a reclassification in respect of donations received as a result of US fundraising activity. Income from donations has increased by £6.2m and US fundraising expenditure has increased by £6.2m.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 30 April 2021

		Unrestricted funds		Restricted funds		Total	
	Notes	2021 2021	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Income							
Donations		5,225	2,818	468,258	338,927	473,483	341,745
Legacies		125	468	21,685	20,840	21,810	21,308
UK Government grants	4	–	–	20,904	–	20,904	–
		5,350	3,286	510,847	359,767	516,197	363,053
Charitable activities:							
Fee income		9,890	11,699	20	–	9,910	11,699
Investment income	5	7,157	8,171	9,881	13,501	17,038	21,672
Total income	6	22,397	23,156	520,748	373,268	543,145	396,424
Expenditure							
Charitable activities:							
Donations payable to charities		65	395	435,777	382,935	435,842	383,330
Other expenditure on charitable activities		25,708	27,365	107	–	25,815	27,365
Total expenditure	6	25,773	27,760	435,884	382,935	461,657	410,695
Net expenditure before net gains/(losses) on investments		(3,376)	(4,604)	84,864	(9,667)	81,488	(14,271)
Net gains/(losses) on financial investments		(192)	–	123,446	(42,555)	123,254	(42,555)
Net expenditure	6	(3,568)	(4,604)	208,310	(52,222)	204,742	(56,826)
Transfers between funds	25	3,156	9,476	(3,156)	(9,476)	–	–
Net movement in funds before other recognised gains/(losses)		(412)	4,872	205,154	(61,698)	204,742	(56,826)
Other recognised gains/(losses)							
Defined benefit pension plan:							
Actuarial gains/(losses)	30	835	(507)	–	–	835	(507)
Net movement in funds		423	4,365	205,154	(61,698)	205,577	(57,333)
Reconciliation of funds							
Total funds brought forward		63,625	59,260	1,170,302	1,232,000	1,233,927	1,291,260
Total funds carried forward	25	64,048	63,625	1,375,456	1,170,302	1,439,504	1,233,927

The notes on pages 57-99 form an integral part of these financial statements.

GROUP BALANCE SHEET

As at 30 April 2021

		Unrestricted funds		Restricted funds		CAF Bank balances and donor client balances		Total	
	Notes	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Assets									
Balances at Bank of England		41,317	43,859	1,289	522	375,151	283,191	417,757	327,572
Loans and advances to banks									
Repayable on demand	10	29,933	27,680	321,912	259,753	12,632	11,169	364,477	298,602
Other	10	-	-	323,576	404,253	-	-	323,576	404,253
Loans and advances to customers	11	346	2,577	23,039	3,003	124,506	103,625	147,891	109,205
Debt securities	12	-	-	79,800	31,545	885,876	771,083	965,676	802,628
Financial investments	13	2,421	-	772,539	627,518	-	-	774,960	627,518
Other investments	14	3,961	818	4,325	3,820	-	-	8,286	4,638
Associate undertaking	15	-	3,273	-	81	-	-	-	3,354
Tangible fixed assets	16	5,353	5,650	-	-	-	-	5,353	5,650
Intangible fixed assets	17	1,194	-	-	-	-	-	1,194	-
Other debtors	18	1,732	1,278	11,168	5,492	-	-	12,900	6,770
Prepayments and accrued income		7,584	6,936	20,667	14,836	3,443	3,820	31,694	25,592
Pension scheme asset	30	1,819	1,082	-	-	-	-	1,819	1,082
Total assets		95,660	93,153	1,558,315	1,350,823	1,401,608	1,172,888	3,055,583	2,616,864
Liabilities									
CAF Bank depositor balances	19	-	-	-	-	1,396,857	1,156,473	1,396,857	1,156,473
CAF Give As You Earn and CAF Donate balances	20	-	-	-	-	4,544	4,792	4,544	4,792
Due to beneficiary charities	21	-	-	10,312	14,502	-	-	10,312	14,502
Other creditors	22	4,855	3,393	7,918	3,905	192	105	12,965	7,403
Accruals and deferred income		2,568	3,045	152	172	15	1,376	2,735	4,593
Provision for Corporation Tax		3	3	-	-	-	-	3	3
Repurchase agreement	23	-	-	-	-	-	10,142	-	10,142
Long-term loan	24	19,753	19,705	-	-	-	-	19,753	19,705
Total liabilities		27,179	26,146	18,382	18,579	1,401,608	1,172,888	1,447,169	1,217,613
Funds	25	68,481	67,007	1,539,933	1,332,244	-	-	1,608,414	1,399,251
Total liabilities and charitable funds		95,660	93,153	1,558,315	1,350,823	1,401,608	1,172,888	3,055,583	2,616,864

The notes on pages 57 to 99 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 12 August, 2021 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 2021

		Unrestricted funds		Restricted funds		Donor client balances		Total	
“Registered charity number 268369”	Notes	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Assets									
Loans and advances to banks									
Repayable on demand	10	23,368	22,399	218,125	165,821	4,736	4,897	246,229	193,117
Other	10	–	–	323,576	400,793	–	–	323,576	400,793
Loans and advances to customers	11	346	2,577	23,039	3,003	–	–	23,385	5,580
Debt securities	12	–	–	78,135	19,178	–	–	78,135	19,178
Financial investments	13	2,421	–	714,511	576,679	–	–	716,932	576,679
Other investments	14	3,961	818	4,325	3,820	–	–	8,286	4,638
Subsidiary undertakings	15	41,925	41,925	–	–	–	–	41,925	41,925
Associate undertaking	15	–	3,273	–	81	–	–	–	3,354
Tangible fixed assets	16	5,225	5,486	–	–	–	–	5,225	5,486
Other debtors	18	1,509	3,582	9,969	4,330	–	–	11,478	7,912
Prepayments and accrued income		7,204	6,522	20,658	14,730	–	–	27,862	21,252
Pension scheme asset	30	1,819	1,082	–	–	–	–	1,819	1,082
Total assets		87,778	87,664	1,392,338	1,188,435	4,736	4,897	1,484,852	1,280,996
Liabilities									
CAF Give As You Earn and CAF Donate balances									
	20	–	–	–	–	4,544	4,792	4,544	4,792
Due to beneficiary charities	21	–	–	8,853	14,101	–	–	8,853	14,101
Other creditors	22	2,239	2,528	7,877	3,860	192	105	10,308	6,493
Accruals and deferred income		1,738	1,806	152	172	–	–	1,890	1,978
Long-term loan	24	19,753	19,705	–	–	–	–	19,753	19,705
Total liabilities		23,730	24,039	16,882	18,133	4,736	4,897	45,348	47,069
Funds	25	64,048	63,625	1,375,456	1,170,302	–	–	1,439,504	1,233,927
Total liabilities and charitable funds		87,778	87,664	1,392,338	1,188,435	4,736	4,897	1,484,852	1,280,996

The notes on pages 57-99 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 12 August, 2021 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 2021

	Notes	2021		2020	
		£000	£000	£000	£000
Cash flows from operating activities:					
Net cash provided by operating activities	26	228,636		80,526	
Cash flows from investing activities					
Increase in Cash Ratio Deposit with Bank of England		(828)		(242)	
Net decrease/(increase) in loans and advances to banks		80,677		(64,248)	
Net increase in debt securities		(186,552)		(103,541)	
Payments to acquire financial investments		(137,225)		(149,334)	
Proceeds on disposal of financial investments		171,813		170,747	
Payments to acquire other investments		(294)		(820)	
Proceeds on disposal of other investments		-		175	
Payments to acquire tangible fixed assets		(4)		(319)	
Payments to acquire intangible fixed assets		(1,194)		-	
Decrease in investment portfolio cash and settlements pending		3,818		4,279	
Settlement of repurchase agreement		(10,142)		-	
Receipts of Trust Funds investment income		10,770		14,718	
Net cash used in investing activities		(69,161)		(128,585)	
Cash flows from financing activities					
Payments of interest on long-term loan		(1,022)		(1,022)	
Net cash used in financing activities		(1,022)		(1,022)	
Change in cash and cash equivalents in the year		158,453		(49,081)	
Cash and cash equivalents as at 1 May		624,707		672,668	
Change in cash and cash equivalents due to exchange rate movements		(3,221)		1,120	
Cash and cash equivalents as at 30 April		779,939		624,707	
Represented by:					
Balances at Bank of England repayable on demand		415,462		326,105	
Loans and advances to banks repayable on demand		364,477		298,602	
		779,939		624,707	

The notes on pages 57-99 form an integral part of these financial statements.

CHARITY CASH FLOW STATEMENT

For the year ended 30 April 2021

	Notes	2021		2020	
		£000	£000	£000	£000
Cash flows from operating activities:					
Net cash used in operating activities	26		(2,086)		(42,795)
Cash flows from investing activities					
Net decrease/(increase) in loans and advances to banks			77,217		(64,200)
Net increase in debt securities			(59,388)		–
Payments to acquire financial investments			(116,456)		(125,298)
Proceeds on disposal of financial investments			139,656		131,526
Payments to acquire other investments			(294)		(820)
Proceeds on disposal of other investments			–		175
Payments to acquire tangible fixed assets			–		(272)
Decrease in investment portfolio cash and settlements pending			5,766		3,360
Receipts of Trust Funds investment income			9,788		13,453
Net cash provided by/(used in) investing activities			56,289		(42,076)
Cash flows from financing activities					
Payments of interest on long-term loan			(1,022)		(1,022)
Net cash used in financing activities			(1,022)		(1,022)
Change in cash and cash equivalents in the year			53,181		(85,893)
Cash and cash equivalents as at 1 May			193,117		278,501
Change in cash and cash equivalents due to exchange rate movements			(69)		509
Cash and cash equivalents as at 30 April			246,229		193,117

The notes on pages 57-99 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

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, which is the functional and presentational currency, and are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2 Going Concern

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the group's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future, taking into account the principal risks to which the group is exposed. Recognising the uncertainty associated with predicting the economic impact of Covid-19, in particular, the Trustees have considered the impact of a severe economic outcome on CAF and its subsidiaries and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of CAF and its subsidiaries would be unable to continue. After taking into account the current level of the group's cash and reserves and the financial performance of the group since 30 April 2021, the Trustees have concluded that the risk of this situation occurring is remote.

Accordingly and after making appropriate enquiries, the Trustees have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of signing this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Fund accounting

The group holds restricted and unrestricted funds.

Fund classification is an area of significant judgement and is dealt with in Note 1.16 (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.

Further details of each fund are disclosed in note 25.

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 29).

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

1.4 (b) UK Government grants

Income in respect of Government grants is recognised, in accordance with any applicable agreement, over the period to which the grant relates. Any underspends of the grants which are due to be returned are included within creditors.

1.4 (c) Fee income

Income in respect of grant administration services provided to grantmakers, 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 (d) 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.

CAF America works in partnership with US professional fundraising organisations. CAF America receives 100% of the donations collected, which it then grants, minus costs and fees paid to the fundraising organisations, to third-party beneficiary charities. The grants payable and

associated fundraising fees and costs are recognised in accordance with the above recognition criteria for expenditure. No UK fundraising activities are undertaken.

1.6 Allocation of support costs

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 30. 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.

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 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight line basis and charged to the SOFA over the asset's estimated economic life. The estimated useful lives are:

- Software development costs 12 years

Intangible assets are assessed for impairment at each balance sheet date on completion of their development.

External spend to suppliers relates to software and system development. This is capitalised as the recognition criteria is always satisfied for assets that are separately acquired. Internal spend relates to staff costs that can be directly attributed to the project. These costs are also being

capitalised as the recognition criteria for these are also met. Research costs were recognised in the SOFA when incurred.

1.13 Basic financial instruments

Investments

Investments may be held for two broad investment objectives:

- to generate income to support the group's charitable activities – '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'.

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.

1.13 Basic financial instruments continued

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 day-to-day operational cash flows and balances.

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.

1.14 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.

1.15 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.

1.15 Impairment of assets 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.

1.16 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 £495.7m (2020: £407.5m), 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.

(b) Estimates

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 30 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 charity carries its three investment properties at fair value, with changes in fair value being recognised in the SOFA. In February 2020 it engaged independent valuation specialists to determine the fair value of each of the three investment properties. Two of the valuations were performed in February 2020 before the onset of Covid-19. The valuation of the third property was not performed.

1.16 Significant estimates and judgements continued

The two valuations performed indicate a net uplift to the carrying value of the portfolio of properties of £480k. However, the onset and ongoing impact of Covid-19 creates doubt with regard to the assurance provided by those valuations. Whilst the housing market has seen some positive growth in 2020 and early 2021 due to a temporary increase in the SDLT threshold which has now ended, the impact of the pandemic remains uncertain.

Consequently, the charity has made no adjustment to the carrying value of the portfolio of properties, with the only change in the year relating to renovation costs in respect of one property.

1.17 Entity status

CAF meets the definition of a Public Benefit Entity under FRS 102.

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 25.

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.

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 which CAF and CAF America are the only members

Entities not consolidated

Good2Give (Australia), BCause (Bulgaria), CAF India, The 'CAF' Charitable Foundation for Philanthropy Development (CAF Russia), CAF Southern Africa, IDIS Brazil and TUSEV in Turkey all form our international network along with the CAF group. CAF does not have a controlling interest in these entities and consequently their results are not consolidated in the group financial statements.

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
- IFSL 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

Former associate undertaking

Charity Bank

CAF's past and ongoing 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.

During the year CAF's interest in Charity Bank reduced from 16.6% to 15.6%, with CAF's voting rights reducing from 22.9% to 19.7%. As a result of CAF's voting rights falling below 20%, CAF's investment in Charity Bank is reported within Other Investments as at 30 April 2021.

3. Results and net assets of subsidiaries

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

CAF Bank Limited	2021 £000	2020 £000		2021 £000	2020 £000
Profit and Loss Account			Balance Sheet		
Interest receivable	10,059	12,534	Loans and advance to		
Interest payable	(263)	(1,035)	bank & Bank of England	425,653	333,844
Net interest income	9,796	11,499	Loans and advances to		
Other operating income	1,415	1,102	customers	124,506	103,625
Administrative expenses	(9,763)	(10,109)	Debt securities	885,876	771,083
Loan loss provision	(533)	(1,201)	Other assets	5,247	4,378
Profit on ordinary activities before taxation	915	1,291	Total assets	1,441,282	1,212,930
Tax on profit on ordinary activities	-	(1)	Total liabilities		
Profit on ordinary activities after taxation	915	1,290	Depositors' balances	1,398,146	1,156,995
Profit and loss account balance brought forward	-	-	Other liabilities	1,861	14,585
Charitable donation to CAF	-	(297)		1,400,007	1,171,580
Dividends payable to AT1 shareholders	(990)	(993)	Shareholders' funds	41,275	41,350
Profit and loss account balance carried forward	(75)	-		1,441,282	1,212,930

3. Results and net assets of subsidiaries continued

CAF America	2021 £000	2020 £000		2021 £000	2020 £000
Statement of Financial Activities			Balance Sheet		
Donations and legacies receivable	362,472	211,397	Total assets		
Income from group entities	1,887	1,238	Unrestricted funds	5,178	4,270
Fee income	10,202	5,160	Designated funds*	67,839	75,601
Investment income	422	789	Total assets	73,017	79,871
Total income	374,983	218,584			
Donations paid to charities	296,068	166,078	Total liabilities		
Donations paid to group entities	6,767	4,636	Unrestricted funds	2,297	1,977
Fundraising costs	73,757	6,206	Designated funds*	1,459	-
Direct costs of charitable activities	9,726	4,820	Unrestricted funds	3,756	1,977
Governance costs	65	62	Total Funds		
Total expenditure	386,383	181,802	Unrestricted funds	2,882	2,293
Net income before net gains/(losses) on investments	(11,400)	36,782	Designated funds*	66,379	75,601
Net gains/(losses) on financial investments	2,767	(67)	Total funds	69,261	77,894
Net income/(expenditure)	(8,633)	36,715			
Funds brought forward	77,894	41,179	Total liabilities and funds	73,017	79,871
Funds carried forward	69,261	77,894			

The comparatives for 2020 reflect a reclassification in respect of donations received as a result of US fundraising activity. Income from donations has increased by £6.2m and US fundraising expenditure has increased by £6.2m.

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

CAF American Donor Fund	2021 £000	2020 £000		2021 £000	2020 £000
Profit and Loss Account			Balance Sheet		
Donations receivable	83,077	79,399	Total assets		
Donations receivable from group entities	327	89	Unrestricted funds	1,435	1,458
Investment income	605	1,233	Designated funds*	87,087	75,698
Total income	84,009	80,721	Total assets	88,522	77,156
Donations paid to charities	63,236	80,145			
Donations paid to group entities	12,519	1,383	Total liabilities		
Direct costs of charitable activities	6	21	Unrestricted funds	180	630
Direct costs paid to group entities	406	443	Designated funds*	-	228
Governance costs	38	34	Total liabilities	180	858
Total expenditure	76,205	82,026	Funds		
			Unrestricted funds	1,255	828
Net income/(expenditure) before net gains/(losses) on investments	7,804	(1,305)	Designated funds*	87,087	75,470
Net gains/(losses) on financial investments	4,240	(803)	Total funds	88,342	76,298
Net income/(expenditure)	12,044	(2,108)			
Funds brought forward	76,298	78,406	Total liabilities and funds	88,522	77,156
Funds carried forward	88,342	76,298			

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

4. UK Government grants

During the year CAF received the following Government grants:

1) Department for Digital, Culture, Media and Sport (DCMS)

During the year CAF received a grant of £19.9m (2020: £nil) as part of the DCMS Community Match Challenge. Of this amount £19.3m (2020: £nil) was paid by way of grants to third-party charities with £0.5m (2020: £nil) applied to cover administrative costs incurred by CAF to complete the programme. The remaining £0.1m (2020: £nil) was included in creditors at 30 April 2021 and has since been returned to DCMS.

2) Foreign & Commonwealth Development Office (FCDO)

During the year CAF made payments to The "CAF" Charitable Foundation for Philanthropy Development (CAF Russia) of £1.0m (2020: £nil) on behalf of FCDO and received £0.7m (2020: £nil) from FCDO. At 30 April 2021 an amount of £0.3m is included in other debtors as due from FCDO.

3) Furlough Scheme

During the year CAF benefited from £77k (2020: £nil) of government grants under the Coronavirus Job Retention Scheme. In accordance with our accounting policy this credit is included in other income within the Income Statement over the same period as the staff costs for which it compensates.

5. Investment income

Group	Unrestricted		Restricted		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Interest on fixed interest securities and cash deposits	6,018	7,541	577	1,250	6,595	8,791
Dividends	4	104	10,293	13,558	10,297	13,662
Interest on concessionary loans to charities	371	228	5	–	376	228
	6,393	7,873	10,875	14,808	17,268	22,681
Charity						
Interest on fixed interest securities and cash deposits	5,797	6,844	541	926	6,338	7,770
Dividends	989	1,099	9,335	12,575	10,324	13,674
Interest on concessionary loans to charities	371	228	5	–	376	228
	7,157	8,171	9,881	13,501	17,038	21,672

6. Income and donations received and charitable activities

6.1 Group unrestricted funds

	Growing Philanthropy		Serving Charities				Total	
	Charity ¹ £000	CAF America and subsidiaries ² £000	Financial and donation services ³ £000	CAF International network ¹ £000	Grantmaking and other £000	Other funds £000	2021 £000	2020 £000
Income								
Donations	2,082	797	71	–	121	2,623	5,694	2,809
Legacies	–	–	–	–	–	125	125	468
	2,082	797	71	–	121	2,748	5,819	3,277
Charitable activities:								
Fee income	5,399	10,693	4,767	292	340	–	21,491	17,206
CAF Bank net interest income	–	–	9,796	–	–	–	9,796	11,499
Investment income	5,489	225	386	–	69	224	6,393	7,873
Total income	12,970	11,715	15,020	292	530	2,972	43,499	39,855
Expenditure on charitable activities								
Donations paid to charities	–	–	45	–	–	20	65	568
Direct costs	6,608	10,450	12,039	804	1,353	1,211	32,465	29,853
Support costs								
Human resources	383	–	460	29	79	–	951	918
Property	729	–	874	56	150	–	1,809	1,858
Finance	625	–	748	48	129	–	1,550	1,961
Information systems	4,038	–	2,862	183	419	–	7,502	6,926
Governance costs	463	115	775	34	95	–	1,482	1,422
Total support costs	6,238	115	5,719	350	872	–	13,294	13,085
Total expenditure	12,846	10,565	17,803	1,154	2,225	1,231	45,824	43,506
Net income/(expenditure) before gains and losses	124	1,150	(2,783)	(862)	(1,695)	1,741	(2,325)	(3,651)
Net gains/(losses) on financial investments	–	–	–	–	–	(192)	(192)	6
Net income/(expenditure)	124	1,150	(2,783)	(862)	(1,695)	1,549	(2,517)	(3,645)

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

Notes:

1. Activities undertaken by CAF (the Charity).
2. Activities undertaken by CAF America, the CAF American Donor Fund and CAF Canada.
3. Activities undertaken by CAF, CAF Bank Limited, CAF Financial Solutions Limited and CAF Investments Limited.

6. Income and donations received and charitable activities continued

6.2 Charity unrestricted funds

	Growing Philanthropy			Serving Charities				Total	
	Major donors £000	Regular givers £000	Companies £000	Financial and donation services ¹ £000	CAF International network £000	Grantmaking and sector support £000	Other funds £000	2021 £000	2020 £000
Income									
Donations	27	1,308	747	399	–	121	2,623	5,225	2,818
Legacies	–	–	–	–	–	–	125	125	468
	27	1,308	747	399	–	121	2,748	5,350	3,286
Charitable activities:									
Fee income	2,944	358	2,124	3,833	291	340	–	9,890	11,699
Investment income	3,285	974	1,230	386	–	69	1,213	7,157	8,171
Total income	6,256	2,640	4,101	4,618	291	530	3,961	22,397	23,156
Expenditure on charitable activities									
Donations paid to charities	–	–	–	45	–	–	20	65	395
Direct costs	2,310	1,528	2,770	2,772	804	1,353	1,211	12,748	14,526
Support costs									
Human resources	119	77	187	460	29	79	–	951	918
Property	226	147	356	874	56	150	–	1,809	1,858
Finance	194	126	305	748	48	129	–	1,550	1,961
Information systems	1,293	1,051	1,694	2,862	183	419	–	7,502	6,926
Governance costs	144	93	226	555	35	95	–	1,148	1,176
Total support costs	1,976	1,494	2,768	5,499	351	872	–	12,960	12,839
Total expenditure	4,286	3,022	5,538	8,316	1,155	2,225	1,231	25,773	27,760
Net expenditure before net losses on investments	1,970	(382)	(1,437)	(3,698)	(864)	(1,695)	2,730	(3,376)	(4,604)
Net losses on financial investments	–	–	–	–	–	–	(192)	(192)	–
Net income/(expenditure)	1,970	(382)	(1,437)	(3,698)	(864)	(1,695)	2,538	(3,568)	(4,604)

6.3 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.

Notes:

1. CAF's income and expenditure arising from activities delivered by CAF (CAF Venturesome and CAF Donate), management fees received from its subsidiaries (CAF Bank Limited and CAF Financial Solutions Limited) and CAF's associated costs.

6.4 Group restricted and endowment funds

	Growing Philanthropy		Serving Charities			Total	
	Charity ¹ £000	CAF America and subsidiaries ^{2,4,5} £000	Financial and donation services ³ £000	CAF International network ¹ £000	Grantmaking and sector support ¹ £000	2021 £000	2020 £000
Income							
Donations	448,579	460,488	500	–	1,930	911,497	636,634
Legacies	21,685	–	–	–	–	21,685	21,231
Government grants	–	–	–	989	19,915	20,904	–
	470,264	460,488	500	989	21,845	954,086	657,865
Fee income	–	–	20	–	–	20	–
Investment income	9,876	994	5	–	–	10,875	14,808
Total income	480,140	461,482	525	989	21,845	964,981	672,673
Expenditure on charitable activities							
Donations paid to charities	410,087	375,933	(70)	970	24,463	811,383	639,892
Direct costs	–	–	50	–	57	107	–
	410,087	375,933	(20)	970	24,520	811,490	639,892
Expenditure on US fundraising	–	73,757	–	–	–	73,757	6,206
Total expenditure	410,087	449,690	(20)	970	24,520	885,247	646,098
Net income/(expenditure) before net gains/(losses) on investments	70,053	11,792	545	19	(2,675)	79,734	26,575
Net gains/(losses) on financial investments	123,446	7,665	–	–	–	131,111	(43,001)
Net income/(expenditure)	193,499	19,457	545	19	(2,675)	210,845	(16,426)

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 losses of £11.14m (2020: gains of £3.00m).

Terms and conditions vary between products. As a result, a proportion of investment income on restricted funds awaiting charitable distribution is allocated to unrestricted funds (see note 6.1).

Notes:

1. Activities undertaken by CAF (the Charity).
2. Activities undertaken by CAF America, the CAF American Donor Funds and CAF Canada.
3. Activities undertaken by CAF, CAF Bank Limited, CAF Financial Solutions Limited and CAF Investments Limited.
4. Donations received in the USA by CAF America include \$120m received via US professional fund raising firms. These donations, minus associated fundraising costs, are then granted to third-party charities.
5. The comparatives for 2020 reflect a reclassification in respect of donations received as a result of US fundraising activity. Income from donations has increased by £6.2m and US fundraising expenditure has increased by £6.2m.

6.5 Charity restricted and endowment funds

	Growing Philanthropy			Serving Charities			Total	
	Major donors' £000	Regular givers £000	Companies £000	CAF Venturesome £000	CAF International network £000	Grantmaking £000	2021 £000	2020 £000
Income								
Donations	201,259	107,831	156,738	500	–	1,930	468,258	338,927
Legacies	21,685	–	–	–	–	–	21,685	20,840
Government grants	–	–	–	–	989	19,915	20,904	–
	222,944	107,831	156,738	500	989	21,845	510,847	359,767
Fee income	–	–	–	20	–	–	20	–
Investment income	9,876	–	–	5	–	–	9,881	13,501
Total income	232,820	107,831	156,738	525	989	21,845	520,748	373,268
Expenditure on charitable activities								
Donations paid to charities	157,875	114,108	138,431	(70)	970	24,463	435,777	382,935
Direct costs	–	–	–	50	–	57	107	–
Total expenditure	157,875	114,108	138,431	(20)	970	24,520	435,884	382,935
Net income/(expenditure) before net gains/(losses) on investments	74,945	(6,277)	18,307	545	19	(2,675)	84,864	(9,667)
Net gains/(losses) on debt securities	–	–	–	–	–	–	–	–
Net gains on financial investments	123,446	–	–	–	–	–	123,446	(42,555)
Net income/(expenditure)	198,391	(6,277)	18,307	545	19	(2,675)	208,310	(52,222)

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 losses of £2.27m (2020: gains of £0.89m).

Terms and conditions vary between products. As a result, a proportion of investment income on restricted funds awaiting charitable distribution is allocated to unrestricted funds (see note 6.2).

6.6 Restricted funds – Payments to NCVO

We have links with a large number of charities through the provision of financial and administration services, as well as with our founder, NCVO. Despite the economic fall out of the pandemic £2.12m was paid to NCVO during the year (2019/20: £2.11m).

7. Governance costs

Governance costs include the following amounts:

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Internal audit	248	285	67	134
Fees payable to the external auditor, net of VAT:				
Audit of financial statements	619	466	334	234
Other services	34	8	34	8
Trustees' indemnity insurance	-	43	45	36

8. Staff costs

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Salaries and wages	13,713	13,963	3,305	2,654	4,248	3,989	21,266	20,606
Social security costs	1,280	1,388	210	175	399	341	1,889	1,904
Defined contribution scheme pension costs	1,273	1,391	234	174	333	269	1,840	1,834
Training and welfare	382	483	427	365	1	1	810	849
	16,648	17,225	4,176	3,368	4,981	4,600	25,805	25,193
Other pension costs (see note 30)	202	267	-	-	-	-	202	267
	16,850	17,492	4,176	3,368	4,981	4,600	26,007	25,460

Throughout this note, where employees of the charity are assigned to duties exclusively for one of CAF's subsidiaries, the associated staff costs and employee numbers are included within the figures for 'CAF America and subsidiaries' or for 'CAF Bank and other trading subsidiaries'.

Included within salaries and wages are redundancy and termination costs totalling £357k for the group and the charity (2020: £63k for the group and £4k for the charity).

8. Staff costs continued

Employee emoluments

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

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

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2021 Number	2020 Number	2021 Number	2020 Number	2021 Number	2020 Number	2021 Number	2020 Number
£60,001 – £70,000	15	8	2	2	3	1	20	11
£70,001 – £80,000	6	8	4	2	1	4	11	14
£80,001 – £90,000	5	3	–	2	–	–	5	5
£90,001 – £100,000	1	4	1	–	–	–	2	4
£100,001 – £110,000	–	2	1	–	–	–	1	2
£110,001 – £120,000	1	1	–	–	2	–	3	1
£120,001 – £130,000	3	1	–	–	1	2	4	3
£130,001 – £140,000	–	2	1	–	–	–	1	2
£150,001 – £160,000	1	–	–	–	–	–	1	–
£160,001 – £170,000	–	–	–	–	1	–	1	–
£170,001 – £180,000	1	–	–	–	–	–	1	–
£190,001 – £200,000	–	1	–	–	–	–	–	1
£200,001 – £210,000	–	–	–	–	1	–	1	–
£230,001 – £240,000	–	–	–	1	–	–	–	1
£240,001 – £250,000	–	1	–	–	–	–	–	1
£260,001 – £270,000	–	–	1*	–	–	–	1*	–
	33	31	10	7	9	7	52	45

*The highest paid role in the year ended 30 April 2021 is the President and CEO of CAF America and subsidiaries whose emoluments are paid in US dollars.

8. Staff costs continued

The Chief Executive of CAF was a position held by two individuals in the year ended 30 April 2021.

Sir John Low was in post until 30 September 2020 and received salary and benefits of £95k for the five months from 1 May 2020. For the year to 30 April 2020 Sir John Low received salary and benefits of £209k, a bonus of £35k which was donated to a CAF Charitable Trust account and employer pension contributions of £10k.

Neil Heslop assumed the role of Chief Executive on 1 October 2020 and received salary and benefits of £126k and employer pension contributions of £10k for the seven months to 30 April 2021.

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

Pension contributions

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2021 Number	2020 Number	2021 Number	2020 Number	2021 Number	2020 Number	2021 Number	2020 Number
Number of employees	33	31	10	7	9	7	52	45
	£000	£000	£000	£000	£000	£000	£000	£000
The aggregate value of those contributions	203	207	102	69	84	56	389	332

Employee numbers

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2021 Number	2020 Number	2021 Number	2020 Number	2021 Number	2020 Number	2021 Number	2020 Number
The average number of employees during the year was:								
Full-time and part-time employees	354	403	66	42	112	115	532	560
Full-time equivalent	325	368	53	42	110	108	488	518

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

	2021	2020
Major donors	55	61
Regular givers	36	37
Companies	86	99
Financial and donation services	102	99
CAF International network ¹	9	25
Grantmaking and sector support	36	46
Governance	1	1
Charity	325	368
CAF America and subsidiaries	53	42
CAF Bank and other trading subsidiaries	110	108
Group	488	518

1. The average number of full-time equivalent employees during 2020 includes eight employees of CAF Russia which ceased to be a subsidiary during 2020.

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 £1,164,984 (2020: £1,095,248) plus pension contributions and pension allowances of £81,284 (2020: £86,026). Employers' National Insurance contributions amounted to £134,527 (2020: £131,325). No amounts were paid to third parties for management services during the year.

The Trustees receive no remuneration for their services, but may be reimbursed for out-of-pocket expenses in respect of attending meetings and carrying out duties on behalf of CAF. Expenses of £218 (2020: nil) were reimbursed during the year.

9. 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, no tax charge or credit (2020: charge of £1,000) arose for the group which is attributable to adjustments for disallowed expenditure in CAF Bank.

10. Loans and advances to banks

Group	Unrestricted funds		Restricted and endowment funds		CAF Bank balances and donor client balances		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Repayable on demand	29,933	27,680	321,912	259,753	12,632	11,169	364,477	298,602
Remaining maturity of other loans and advances:								
Less than 6 months	-	-	156,050	160,051	-	-	156,050	160,051
Over 6 months to 1 year	-	-	20,026	70,702	-	-	20,026	70,702
Over 1 year to 5 years	-	-	147,500	173,500	-	-	147,500	173,500
	29,933	27,680	645,488	664,006	12,632	11,169	688,053	702,855

Charity	Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Repayable on demand	23,368	22,399	218,125	165,821	4,736	4,897	246,229	193,117
Remaining maturity of other loans and advances:								
Less than 6 months	-	-	156,050	156,991	-	-	156,050	156,991
Over 6 months to 1 year	-	-	20,026	70,302	-	-	20,026	70,302
Over 1 year to 5 years	-	-	147,500	173,500	-	-	147,500	173,500
	23,368	22,399	541,701	566,614	4,736	4,897	569,805	593,910

11. Loans and advances to customers

	Unrestricted funds		Restricted and endowment funds		CAF Bank balances and donor client balances		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Concessionary loans:								
CAF Venturesome loans to charities	346	2,577	2,159	352	-	-	2,505	2,929
CAF Charitable Trust loans to charities	-	-	20,880	2,651	-	-	20,880	2,651
Charity	346	2,577	23,039	3,003	-	-	23,385	5,580
CAF Bank loans to charities and social investments	-	-	-	-	124,506	103,625	124,506	103,625
CADF loans to charities	-	-	-	-	-	-	-	-
Group	346	2,577	23,039	3,003	124,506	103,625	147,891	109,205
					Group		Charity	
					2021 £000	2020 £000	2021 £000	2020 £000
Maturity								
Amounts receivable in less than one year								
CAF Venturesome loans to charities					2,746	2,367	2,746	2,367
CAF Charitable Trust loans to charities					814	2,571	814	2,571
CAF Bank loans					7,347	4,635	-	-
CADF loans to charities					57	57	-	-
					10,964	9,630	3,560	4,938
Amounts receivable in one to five years								
CAF Venturesome loans to charities					2,359	2,683	2,359	2,683
CAF Charitable Trust loans to charities					20,759	766	20,759	766
CAF Bank loans					25,038	20,344	-	-
CADF loans to charities					7	56	-	-
					48,163	23,849	23,118	3,449
Amounts receivable in more than five years								
CAF Venturesome loans to charities					243	875	243	875
CAF Charitable Trust loans to charities					7	14	7	14
CAF Bank loans					95,552	81,421	-	-
					95,802	82,310	250	889
Less: Deferred income and provisions								
CAF Venturesome loans to charities					(2,843)	(2,996)	(2,843)	(2,996)
CAF Charitable Trust loans to charities					(700)	(700)	(700)	(700)
CAF Bank loans					(3,431)	(2,775)	-	-
CADF loans to charities					(64)	(113)	-	-
					(7,038)	(6,584)	(3,543)	(3,696)
Total loans					147,891	109,205	23,385	5,580

12. Debt securities

	Group				Charity			
	Book value		Market value		Book value		Market value	
	2021	2020	2021	2020	2021	2020	2021	2020
Restricted funds								
Listed:								
Multilateral financial institutions	18,909	19,178	19,145	19,433	18,909	19,178	19,145	19,433
Fixed coupon corporate bonds	59,226	-	59,046	-	59,226	-	59,046	-
	78,135	19,178	78,191	19,433	78,135	19,178	78,191	19,433
Unlisted:								
Certificates of deposit	1,665	12,367	1,665	12,367	-	-	-	-
	1,665	12,367	1,665	12,367	-	-	-	-
	79,800	31,545	79,856	31,800	78,135	19,178	78,191	19,433
CAF Bank balances and donor client balances								
Listed:								
UK government	-	63,036	-	63,102	-	-	-	-
Multilateral financial institutions	758,564	536,545	760,657	540,386	-	-	-	-
Fixed coupon corporate bonds	24,093	43,521	24,399	43,657	-	-	-	-
Floating rate corporate bonds	83,398	107,981	84,458	107,876	-	-	-	-
	866,055	751,083	869,514	755,021	-	-	-	-
Unlisted:								
Certificates of deposit	19,821	20,000	19,983	20,029	-	-	-	-
	19,821	20,000	19,983	20,029	-	-	-	-
	885,876	771,083	889,497	775,050	-	-	-	-
Total debt securities	965,676	802,628	969,353	806,850	78,135	19,178	78,191	19,433

	Group		Charity	
	Book value		Book value	
	2021 £000	2020 £000	2021 £000	2020 £000
Maturity				
1 day to 8 days	-	914	-	-
Over 8 days to 3 months	67,382	2,071	-	-
3 months to 6 months	33,670	100,093	1,658	-
6 months to 1 year	240,253	85,907	1,604	-
	341,305	188,985	3,262	-
1 year to 5 years	499,924	613,643	57,065	19,178
	841,229	802,628	60,327	19,178
5 years and over	124,447	-	17,808	-
Total debt securities	965,676	802,628	78,135	19,178
Unamortised premiums	(8,732)	(4,272)	(4,535)	(678)

In accordance with FRS 102 debt securities are measured at amortised cost using the effective interest method.

12. Debt securities continued

Group	Cost £000	Amortisation £000	Book value £000
Restricted funds			
At 1 May 2020	32,479	(934)	31,545
Acquisitions	61,891	14	61,905
Redemptions	(12,313)	262	(12,051)
Amortisation	-	(492)	(492)
Foreign exchange gains	(1,096)	(11)	(1,107)
At 30 April 2021	80,961	(1,161)	79,800
CAF Bank balances and donor client balances			
At 1 May 2020	774,047	(2,964)	771,083
Acquisitions	293,668	(505)	293,163
Redemptions	(178,308)	21,352	(156,956)
Amortisation	-	(21,414)	(21,414)
At 30 April 2021	889,407	(3,531)	885,876
Total	970,368	(4,692)	965,676
Charity	£000	£000	£000
Restricted funds			
At 1 May 2020	19,914	(736)	19,178
Acquisitions	59,388	-	59,388
Amortisation	-	(431)	(431)
At 30 April 2021	79,302	(1,167)	78,135

13. Financial investments

Unrestricted funds

Financial investments held for the unrestricted funds of the charity principally consist of US Treasury notes held for the benefit of CAF in two US trusts. The investments are expected to be converted to cash in the next twelve months.

Unrestricted funds	Charity and group	
	2021 £000	2020 £000
Additions	7,554	-
Disposals	(4,941)	-
Net investment losses	(192)	-
At 30 April 2021	2,421	-
Historical cost of investments	2,613	-
Represented by:	Level 1	
	2021 £000	2020 £000
Unlisted investments:		
Overseas Government fixed interest	2,398	-
Unit trusts and other pooled investments	23	-
	2,421	-

Restricted funds

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 and CAF Canada Donor Advised Funds and CAF American Donor Fund Trusts (collectively 'Trust funds'). They do not include fair value information for other financial assets and liabilities held by the group which are not measured at fair value.

Nature of Trust funds

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

Restricted funds	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
At 1 May 2020	613,938	632,371	563,677	590,960
Additions	222,006	195,315	192,272	165,047
Disposal proceeds	(204,278)	(170,747)	(172,120)	(149,775)
Net investment gains/(losses)	131,111	(43,001)	123,446	(42,555)
	762,777	613,938	707,275	563,677
Investment portfolio cash and settlements pending	9,762	13,580	7,236	13,002
At 30 April 2021	772,539	627,518	714,511	576,679
Historical cost of investments	608,305	575,597	561,892	527,831

Measurement of fair values

The group uses the following hierarchy to estimate the fair value of financial investments held for unrestricted and restricted 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 2021 or 30 April 2020.

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 arm's 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.

13. Financial investments continued

Group	Level 1		Level 3		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Represented by:						
Listed securities:						
UK Government fixed interest	7,081	6,620			7,081	6,620
Overseas Government fixed interest	2,346	3,210			2,346	3,210
Other fixed interest	8,967	8,474			8,967	8,474
UK equities	35,120	26,215			35,120	26,215
Overseas equities	33,738	18,952			33,738	18,952
CAF investment funds:						
IFSL CAF UK Equity Fund	67,686	56,005			67,686	56,005
IFSL CAF Fixed Interest Fund	29,183	29,763			29,183	29,763
CAF UK Equitrack Fund	37,625	36,006			37,625	36,006
IFSL CAF International Equity	17,404	15,077			17,404	15,077
IFSL CAF Alternative Strategies	7,432	7,167			7,432	7,167
Unit trusts and other pooled investments	486,785	388,318			486,785	388,318
Investment trusts	27,411	16,813			27,411	16,813
Unlisted investments:						
UK	-	-	1,999	1,318	1,999	1,318
	760,778	612,620	1,999	1,318	762,777	613,938
Investment portfolio cash and settlements pending	9,762	13,580	-	-	9,762	13,580
	770,540	626,200	1,999	1,318	772,539	627,518
Charity	£000	£000	£000	£000	£000	£000
Represented by:						
Listed securities:						
UK Government fixed interest	7,081	6,620	-	-	7,081	6,620
Overseas Government fixed interest	1,616	1,216	-	-	1,616	1,216
Other fixed interest	8,967	7,707	-	-	8,967	7,707
UK equities	34,847	26,042	-	-	34,847	26,042
Overseas equities	28,919	16,072	-	-	28,919	16,072
CAF investment funds:						
IFSL CAF UK Equity Fund	67,686	55,864	-	-	67,686	55,864
IFSL CAF Fixed Interest Fund	29,183	29,763	-	-	29,183	29,763
CAF UK Equitrack Fund	37,625	31,687	-	-	37,625	31,687
IFSL CAF International Equity	17,388	15,065	-	-	17,388	15,065
IFSL CAF Alternative Strategies	7,432	7,167	-	-	7,432	7,167
Unit trusts and other pooled investments	437,566	348,513	-	-	437,566	348,513
Investment trusts	26,966	16,643	-	-	26,966	16,643
Unlisted investments:						
UK		-	1,999	1,318	1,999	1,318
	705,276	562,359	1,999	1,318	707,275	563,677
Investment portfolio cash and settlements pending	7,236	13,002	-	-	7,236	13,002
	712,512	575,361	1,999	1,318	714,511	576,679

14. Other investments

	Unrestricted funds		Restricted and endowment funds		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Group and charity						
Investment properties	509	465	3,820	3,820	4,329	4,285
Unlisted investments	3,422	323	505	–	3,927	323
Other investments	30	30	–	–	30	30
At 30 April 2021	3,961	818	4,325	3,820	8,286	4,638
Group and charity		£000		£000		£000
As at 1 May 2020		818		3,820		4,638
Additions		294		–		294
Transfer from associate undertakings		3,273		81		3,354
Reclassification		(424)		424		–
At 30 April 2021		3,961		4,325		8,286

Due to the uncertainties of property values as a result of Covid-19 the charity has made no adjustment to the carrying value of the portfolio of properties. There was no evidence of impairment of any of the properties held at 30 April 2021.

CAF's voting rights in Charity Bank fell below 20% during the year and, as a result, the investment has been transferred into Other Investments (see note 15).

15. Subsidiary and associate undertakings

Group	Associate under-taking		Total
	£000	£000	£000
At 1 May 2020		3,354	3,354
Group's share of profits/(losses)		–	–
Transfer to other investments		(3,354)	(3,354)
At 30 April 2021		–	–
Charity	Trading subsidiaries	Associate under-taking	Total
	£000	£000	£000
At 1 May 2020	41,925	3,354	45,279
Impairment	–	–	–
Transfer to other investments	–	(3,354)	(3,354)
At 30 April 2021	41,925	–	41,925

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

CAF's voting rights in Charity Bank fell below 20% as at 30 April 2021 and, as a result, the investment has been transferred into Other Investments (see note 14).

16. Tangible fixed assets

	Long leasehold property and improvements	Other leasehold improvements	Furniture, fittings and computer equipment	Total
	£000	£000	£000	£000
Group – unrestricted funds				
Cost or valuation				
At 1 May 2020	5,307	571	2,693	8,571
Additions	–	–	4	4
Disposals	–	–	(19)	(19)
Foreign exchange movements	–	(6)	4	(2)
At 30 April 2021	5,307	565	2,682	8,554
Depreciation				
At 1 May 2020	150	333	2,438	2,921
Charged in year	155	57	90	302
On disposal	–	–	(19)	(19)
Foreign exchange movements	–	–	(3)	(3)
At 30 April 2021	305	390	2,506	3,201
Net book value				
At 30 April 2021	5,002	175	176	5,353
At 30 April 2020	5,157	238	255	5,650
Charity – unrestricted funds				
	£000	£000	£000	£000
Cost or valuation				
At 1 May 2020	5,307	456	2,535	8,298
Additions	–	–	–	–
Disposals	–	–	–	–
At 30 April 2021	5,307	456	2,535	8,298
Depreciation				
At 1 May 2020	150	302	2,360	2,812
Charged in year	155	46	60	261
On disposal	–	–	–	–
At 30 April 2021	305	348	2,420	3,073
Net book value				
At 30 April 2021	5,002	108	115	5,225
At 30 April 2020	5,157	154	175	5,486

Long leasehold property

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

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

The historical cost carrying value of the property and improvements at the balance sheet date was £3.44m (2020: £3.55m).

17. Intangible fixed assets

Group – unrestricted funds	Total £000
Cost or valuation	
At 1 May 2020	–
Additions	1,194
At 30 April 2021	1,194
Amortisation	
At 1 May 2020	–
Charged in year	–
At 30 April 2021	–
Net book value	
At 30 April 2021	1,194
At 30 April 2020	–

Intangible fixed assets represent software development costs associated with the development of a banking system expected to be available for use in the first half of 2022. They have been capitalised in accordance with FRS 102 Section 18, Intangible Assets other than Goodwill. Costs relate to those paid to suppliers for the new system and its project management as well as staff costs that can be directly attributed to the development project.

18. Other debtors

Group	Unrestricted funds		Restricted funds		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Income tax recoverable	–	–	8,697	3,686	8,697	3,686
Other debtors	1,732	1,278	2,471	1,806	4,203	3,084
	1,732	1,278	11,168	5,492	12,900	6,770
Charity	£000	£000	£000	£000	£000	£000
Amounts due from subsidiary undertakings	1,171	3,286	–	–	1,171	3,286
Income tax recoverable	–	–	7,498	2,525	7,498	2,525
Other debtors	338	296	2,471	1,805	2,809	2,101
	1,509	3,582	9,969	4,330	11,478	7,912

All balances fall due within one year.

19. CAF Bank depositor balances

Group	CAF Bank balances and donor client balances	
	2021 £000	2020 £000
Repayable on demand	1,379,691	1,137,318
Repayable within 30 days	17,166	19,155
	1,396,857	1,156,473

20. Donor client balances

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

Group and charity	At 1 May 2020 £000	Amounts received £000	Amounts paid to charities £000	Donations paid to CAF £000	At 30 April 2021 £000
CAF Give As You Earn	4,168	71,913	(28,911)	(43,015)	4,155
CAF Donate	602	43,972	(44,185)	-	389
	4,770	115,885	(73,096)	(43,015)	4,544
Other donor client balances	22	-	(12)	(10)	-
	4,792	115,885	(73,108)	(43,025)	4,544

Group and charity	At 1 May 2019 £000	Amounts received £000	Amounts paid to charities £000	Donations paid to CAF £000	At 30 April 2020 £000
CAF Give As You Earn	4,409	68,554	(28,232)	(40,563)	4,168
CAF Donate	39	34,154	(33,591)	-	602
	4,448	102,708	(61,823)	(40,563)	4,770
Other donor client balances	52	101	(113)	(18)	22
	4,500	102,809	(61,936)	(40,581)	4,792

Other charitable funds

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

	2021 £000	2020 £000
Investments	92,697	95,737
Money market deposits and bank balances	88	68
	92,785	95,805

21. Amounts due to beneficiary charities

Group	Restricted and endowment funds	
	2021 £000	2020 £000
Payable within 1 year	10,047	12,971
Payable after more than 1 year	265	1,531
	10,312	14,502

Charity	£000	
	2021 £000	2020 £000
Payable within 1 year	8,588	12,570
Payable after more than 1 year	265	1,531
	8,853	14,101

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

22. Other creditors

Group	Unrestricted funds		Restricted and endowment funds		CAF Bank balances and donor client balances		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Payable on acquisition of investments	-	-	419	5	-	-	419	5
Trade creditors	457	912	-	-	-	-	457	912
Tax and social security	488	457	-	-	-	-	488	457
Other creditors	3,910	2,024	7,499	3,900	192	105	11,601	6,029
	4,855	3,393	7,918	3,905	192	105	12,965	7,403

Charity	Unrestricted funds		Restricted and endowment funds		Donor client balances		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Payable on acquisition of investments	-	-	419	5	-	-	419	5
Trade creditors	457	377	-	-	-	-	457	377
Tax and social security	485	454	-	-	-	-	485	454
Other creditors	1,297	1,697	7,458	3,855	192	105	8,947	5,657
	2,239	2,528	7,877	3,860	192	105	10,308	6,493

Included within other creditors are amounts totalling £1.50m (2020: £1.49m) repayable to seven (2020: six) third party investors of CAF Venturesome. Amounts are repayable within three or six months from receipt of written instruction. These concessionary loans do not bear interest and amounts are repaid net of any losses incurred.

23. Repurchase agreements

Repurchase agreements total £nil (2020: £10.14m). The corresponding carrying value of assets of £nil (2020: £10.04m) sold under sale and repurchase agreements is included within debt securities (note 12). Amounts relate to group unrestricted funds only.

24. Long-term loan

Group and charity	Carrying value	
	2021 £000	2020 £000
Unrestricted funds		
At 1 May 2020	19,705	19,660
Amortisation of capitalised costs	50	47
Interest payable for the year	1,020	1,020
Interest paid	(1,022)	(1,022)
At 30 April 2021	19,753	19,705

Payable	Carrying Value	
	2021 £000	2020 £000
3 months to 6 months	49	50
5 years and over	19,704	19,655
	19,753	19,705

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

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

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

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

25. Statement of funds

Group	Notes	At 1 May 2020 £000	Income and donations received £000	Expenditure on charitable activities £000	Transfers £000	Recognised gains and losses £000	At 30 April 2021 £000
Unrestricted funds	25.1	67,007	43,499	(45,824)	3,156	643	68,481
Restricted funds	25.2	1,332,244	964,981	(885,247)	(3,156)	131,111	1,539,933
		1,399,251	1,008,480	(931,071)	-	131,754	1,608,414
Charity							
Unrestricted funds	25.1	63,625	22,397	(25,773)	3,156	643	64,048
Restricted funds	25.2	1,170,302	520,748	(435,884)	(3,156)	123,446	1,375,456
		1,233,927	543,145	(461,657)	-	124,089	1,439,504

25. Statement of funds continued

Group	Notes	At 1 May 2019 £000	Income and donations received £000	Expenditure on charitable activities £000	Transfers £000	Recognised gains and losses £000	At 30 April 2020 £000
Unrestricted funds	25.1	61,746	39,855	(43,506)	9,413	(501)	67,007
Restricted funds*	25.2	1,355,737	672,673	(643,822)	(9,390)	(42,954)	1,332,244
Endowment funds	25.2	2,346	–	(2,276)	(23)	(47)	–
		1,419,829	712,528	(689,604)	–	(43,502)	1,399,251
Charity							
Unrestricted funds	25.1	59,260	23,156	(27,760)	9,476	(507)	63,625
Restricted funds	25.2	1,229,654	373,268	(380,659)	(9,453)	(42,508)	1,170,302
Endowment funds	25.2	2,346	–	(2,276)	(23)	(47)	–
		1,291,260	396,424	(410,695)	–	(43,062)	1,233,927

* The values in the table above for group restricted funds and for total group funds reflect a reclassification in respect of donations received as a result of US fundraising activity. Income from donations has increased by £6.2m and US fundraising expenditure has increased by £6.2m.

25.1 Unrestricted funds

Group	At 1 May 2020 £000	Income and donations received £000	Expenditure on charitable activities £000	Transfers £000	Recognised gains and losses £000	At 30 April 2021 £000
General funds	65,396	43,499	(45,824)	3,209	643	66,923
Property revaluation reserve	1,611	–	–	(53)	–	1,558
	67,007	43,499	(45,824)	3,156	643	68,481
Charity						
General funds	62,014	22,397	(25,773)	3,209	643	62,490
Property revaluation reserve	1,611	–	–	(53)	–	1,558
	63,625	22,397	(25,773)	3,156	643	64,048

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

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

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

Transfers from restricted funds to unrestricted funds – represents funds previously held as restricted funds from which the donors have lifted the restriction. Transfers from restricted funds during the year include £2.3m from donor accounts dormant for over 10 years and £0.2m from a CAF Charitable Trust, the trusts upon which the funds were held by CAF had failed, where in both circumstances the funds have been applied for the general charitable purposes of CAF. A further £0.5m was transferred from restricted funds representing costs attributable to the DCMS Community Match Challenge project (see note 4).

25. Statement of funds continued

25.2 Restricted funds

Group	At 1 May 2020 £000	Income and donations received £000	Expenditure on charitable activities £000	Transfers £000	Recognised gains and losses £000	At 30 April 2021 £000
Growing philanthropy						
Major donors						
CAF Charitable Trusts	974,136	222,338	(157,875)	4,625	123,446	1,166,670
Regular givers						
CAF Charity Accounts	102,221	70,409	(79,497)	4,888	-	98,021
CAF Give As You Earn Charity Accounts	36,067	37,422	(34,284)	(196)	-	39,009
	138,288	107,831	(113,781)	4,692	-	137,030
Companies						
CAF Company accounts	40,991	149,971	(138,431)	4,857	-	57,388
Charity	1,153,415	480,140	(410,087)	14,174	123,466	1,361,088
CAF America*	75,600	362,802	(369,822)	(4,965)	2,767	66,382
CAF American Donor Fund	75,469	83,557	(64,222)	(11,957)	4,241	87,088
CAF Canada	10,873	15,123	(15,646)	-	657	11,007
CAF America and subsidiaries	161,942	461,482	(449,690)	(16,922)	7,665	164,477
Financial and donation services						
CAF Venturesome accounts	7,745	525	20	477	-	8,767
CAF International network						
CAF Russia grant programmes	3	989	(970)	-	-	22
Grantmaking and sector support						
CAF Coronavirus Emergency Fund	3,879	1,462	(5,072)	(246)	-	23
Community Match Challenge	-	19,833	(19,357)	(476)	-	-
CAF discretionary funds	5,008	2	(10)	187	-	5,187
Other funds	251	548	(81)	(350)	-	368
	9,138	21,845	(24,520)	(885)	-	5,578
	1,332,244	964,981	(885,247)	(3,156)	131,111	1,539,933

* The values in the table above reflect a reclassification for CAF America in respect of donations received as a result of US fundraising activity. Income from donations has increased by £6.2m and expenditure has increased by £6.2m.

25. Statement of funds continued

25.2 Restricted funds continued

Charity	At 1 May 2020 £000	Income and donations received £000	Expenditure on charitable activities £000	Transfers £000	Recognised gains and losses £000	At 30 April 2021 £000
Major donors						
CAF Charitable Trusts	974,136	232,820	(157,875)	(5,857)	123,446	1,166,670
Regular givers						
CAF Charity Accounts	102,221	70,409	(79,497)	4,888	-	98,021
CAF Give As You Earn Charity Accounts	36,067	37,422	(34,611)	131	-	39,009
	138,288	107,831	(114,108)	5,019	-	137,030
Companies						
CAF Company accounts	40,991	156,738	(138,431)	(1,910)	-	57,388
Charities						
CAF Venturesome accounts	7,745	525	20	477	-	8,767
International						
CAF Russia grant programmes	3	989	(970)	-	-	22
Sector Support						
CAF Coronavirus Emergency Fund	3,879	1,462	(5,072)	(246)	-	23
Community Match Challenge	-	19,833	(19,357)	(476)	-	-
CAF discretionary funds	5,008	2	(10)	187	-	5,187
Other funds	251	548	(81)	(350)	-	368
	9,138	21,845	(24,520)	(885)	-	5,578
	1,170,302	520,748	(435,884)	(3,156)	123,446	1,375,456

25. Statement of funds continued

25.2 Restricted funds continued

Group	At 1 May 2019 £000	Income and donations received £000	Expenditure on charitable activities £000	Transfers £000	Recognised gains and losses £000	At 30 April 2020 £000
Growing philanthropy						
Major donors						
CAF Charitable Trusts	1,019,145	190,813	(176,166)	(17,148)	(42,508)	974,136
Regular givers						
CAF Charity Accounts	103,748	67,538	(73,313)	4,248	-	102,221
CAF Give As You Earn Charity Accounts	35,142	33,986	(32,966)	(95)	-	36,067
	138,890	101,524	(106,279)	4,153	-	138,288
Companies						
CAF Company accounts	54,589	75,186	(91,998)	3,214	-	40,991
Charity	1,212,624	367,523	(374,443)	(9,781)	(42,508)	1,153,415
CAF America*	39,673	211,644	(172,663)	(3,432)	378	75,600
CAF American Donor Fund	77,595	80,383	(80,799)	(907)	(803)	75,469
CAF Canada	8,084	11,868	(9,058)	-	(21)	10,873
CAF America and subsidiaries	125,352	297,689	(256,314)	(4,339)	(446)	161,942
Financial and donation services						
CAF Venturesome accounts	8,323	(4)	(749)	175	-	7,745
CAF International network						
CAF Russia grant programmes	778	439	(1,525)	311	-	3
CAF Foundation for Philanthropy	728	205	(933)	-	-	-
	1,506	644	(2,458)	311	-	3
Grantmaking and sector support						
CAF Coronavirus Emergency Fund	-	43	(1,482)	5,318	-	3,879
CAF discretionary funds	7,615	5	(2,011)	(601)	-	5,008
Other funds	317	567	(159)	(474)	-	251
	7,932	615	(3,652)	4,243	-	9,138
	1,355,737	672,673	(643,822)	(9,390)	(42,954)	1,332,244
Endowments						
CAF Russia:						
Endowment Fund	758	-	(735)	-	(23)	-
The Ford Foundation	1,588	-	(1,541)	(23)	(24)	-
	2,346	-	(2,276)	(23)	(47)	-
	1,358,083	672,673	(646,098)	(9,413)	(43,001)	1,332,244

* The values in the table above reflect a reclassification for CAF America in respect of donations received as a result of US fundraising activity. Income from donations has increased by £6.2m and expenditure has increased by £6.2m.

25. Statement of funds continued

25.2 Restricted funds continued

Charity	At 1 May 2019 £000	Income and donations received £000	Expenditure on charitable activities £000	Transfers £000	Recognised gains and losses £000	At 30 April 2020 £000
Major donors						
CAF Charitable Trusts	1,019,143	190,870	(176,166)	(17,203)	(42,508)	974,136
Regular givers						
CAF Charity Accounts	103,746	67,540	(73,313)	4,248	-	102,221
CAF Give As You Earn Charity Accounts	35,142	33,986	(32,976)	(85)	-	36,067
	138,888	101,526	(106,289)	4,163	-	138,288
Companies						
CAF company accounts	54,589	79,511	(92,278)	(831)	-	40,991
CAF Venturesome						
CAF Venturesome accounts	8,323	(4)	(749)	175	-	7,745
CAF International network						
CAF Russia grant programmes	779	749	(1,525)	-	-	3
Grantmaking						
CAF Coronavirus Emergency Fund	-	43	(1,482)	5,318	-	3,879
CAF discretionary funds	7,615	5	(2,011)	(601)	-	5,008
Other funds	317	567	(159)	(474)	-	251
	7,932	615	(3,652)	4,243	-	9,138
	1,229,654	373,268	(380,659)	(9,453)	(42,508)	1,170,302
Endowments						
CAF Russia:						
Endowment Fund	758	-	(735)	-	(23)	-
The Ford Foundation	1,588	-	(1,541)	(23)	(24)	-
	2,346	-	(2,276)	(23)	(47)	-
	1,232,000	373,268	(382,935)	(9,476)	(42,555)	1,170,302

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 America, CAF American Donor Fund 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.
- f. **CAF Russia grant programmes** – represent historical funds received by CAF's branch in Russia from institutional donors which may only be used to make payments to charities in the former Soviet Union in accordance with restrictions imposed by the donor.

25.2 Restricted funds continued

- g. CAF Foundation for Philanthropy Development** – represent funds received from institutional donors which may only be used to make payments to charities in the former Soviet Union in accordance with restrictions imposed by the donor. The Foundation became independent during 2019/20 and is no longer part of the CAF group.
- h. CAF Coronavirus Emergency Fund** – represents funds set aside by and gifted to CAF by individual and corporate donors in response to the Coronavirus pandemic. Grants from the fund are awarded to small charities.
- i. Community Match Challenge** – represent funds received by CAF from DCMS in respect of the Community Match Challenge created in response to the Coronavirus pandemic. Grants from the fund are awarded to small charities.
- j. CAF discretionary funds** – represent funds available to support the sector at Trustees' discretion.
- k. CAF Russia endowments** – The principals were maintained in segregated funds and the income from each used to support CAF's operations in Russia. CAF operations in Russia were brought together within the newly independent CAF Russian Foundation in 2019/20 and the original donors agreed that these funds could be granted to endow the CAF Russian Foundation.

Transfers between restricted funds

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

26. Cash flow statement

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Net income/(expenditure) for the year	208,328	(20,071)	204,742	(56,826)
Adjustments for:				
Depreciation	302	264	261	244
Losses on disposal of tangible fixed assets	-	-	-	-
(Gains)/losses on financial investments	(130,919)	42,995	(123,254)	42,555
Release of provision on other investments	-	(26)	-	(26)
Amortisation and other revaluations of debt securities	23,504	2,909	431	266
Amortisation of capitalised costs of borrowing	50	47	50	47
Non-cash transactions:				
In specie transfers and share gifts	(54,930)	(45,981)	(45,965)	(21,500)
Defined benefit pension plan expense	202	267	202	267
Interest on long-term loan	1,022	1,022	1,022	1,022
Investment income receivable on Trust Funds	(10,875)	(14,808)	(9,881)	(13,501)
(Increase)/decrease in loans and advances to customers	(38,686)	(11,631)	(17,805)	1,533
(Increase)/decrease in other assets and prepayments	(12,129)	2,042	(10,085)	4,119
(Decrease)/increase in amounts due to beneficiary charities	(4,190)	2,138	(5,248)	1,739
Increase/(decrease) in other liabilities and accruals	3,704	(722)	3,727	(2,113)
Pension deficit reduction plan payments	(104)	(404)	(104)	(404)
(Decrease)/increase in donor client balances	(248)	292	(248)	292
Increase in CAF Bank depositor balances	240,384	123,313	-	-
Unrealised (gains)/losses on foreign currency	3,221	(1,120)	69	(509)
Net cash provided by/(used in) operating activities	228,636	80,526	(2,086)	(42,795)

27. 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	Land and Buildings		Other		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Operating lease payments falling due:						
Within one year	589	603	160	-	749	603
Between one and five years	1,256	1,705	253	-	1,509	1,705
After more than five years	382	663	-	-	382	663
	2,227	2,971	413	-	2,640	2,971

The amounts charged to the SOFA totalled £0.81m (2020: £0.78m) in respect of land and buildings and £0.07m (2020: £nil) in respect of other assets.

Charity	Land and Buildings		Other		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Operating lease payments falling due:						
Within one year	391	391	160	-	551	391
Between one and five years	405	796	253	-	658	796
After more than five years	-	-	-	-	-	-
	796	1,187	413	-	1,209	1,187

The amounts charged to the SOFA totalled £0.43m (2020: £0.45m) in respect of land and buildings and £0.07m (2020: £nil) in respect of other assets.

28. Financial commitments and contingent liabilities

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

	2021 £000	2020 £000
Grant commitments	-	258
CAF Venturesome loans	2,491	2,554
Charity	2,491	2,812
CAF Bank:		
Commitments to customers	36,779	33,439
Other commitments	-	5,323
Group	39,270	41,574

Grant commitments to beneficiary charities

At the balance sheet date the group had no commitments to pay donations from restricted funds to beneficiary charities which were subject to certain conditions being met by the charities.

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).

28. Financial commitments and contingent liabilities continued

CAF Bank commitments to customers

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

CAF Bank – other commitments

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

29. 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 £8.1m (2020: £4.9m).

30. Pension obligations

During the year CAF participated in the following pensions.

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

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

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

The results of the actuary's estimate of the scheme's assets and liabilities at 30 April 2021, based on assumptions used for FRS 102 are as follows:

i. Amounts recognised in the balance sheet:

	2021 £000	2020 £000
Present value of liabilities	(17,308)	(18,235)
Fair value of assets	19,127	19,317
Net defined benefit asset	1,819	1,082

ii. Amounts included in the SOFA under FRS 102:

	2021 £000	2020 £000
Scheme expenses	218	305
Interest on asset	(16)	(38)
Total expense recognised in the SOFA	202	267

30. Pension obligations continued

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

	2021 £000	2020 £000
Net defined benefit asset at 1 May 2020	1,082	1,452
Pension cost in SOFA	(202)	(267)
Employer contributions	104	404
Actuarial gains/(losses)	835	(507)
Removal/remeasurement of asset limit	-	-
Net defined benefit asset at 30 April 2021	1,819	1,082

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

	2021 £000	2020 £000
Defined benefit obligation at 1 May 2020	18,235	16,335
Interest on obligation	286	403
Actuarial losses	(448)	1,912
Benefits paid	(765)	(415)
Defined benefit obligation at 30 April 2021	17,308	18,235

v. Movement in fair value of scheme assets:

	2021 £000	2020 £000
Fair value of the scheme assets at 1 May 2020	19,317	17,787
Interest on scheme assets	302	441
Actuarial experience gains	387	1,405
Contributions by the employer	104	404
Scheme expenses	(218)	(305)
Benefits paid	(765)	(415)
Fair value of scheme assets at 30 April 2021	19,127	19,317

vi. Major categories of the scheme assets as a percentage of total assets are as follows:

	2021 Allocation	2020 Allocation
Equities	13%	27%
Corporate bonds	24%	20%
Government bonds	11%	7%
Cash	24%	7%
Property	4%	8%
LDI funds	10%	14%
Annuity policies	14%	17%
	100%	100%

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

30. Pension obligations continued

vii. Principal assumptions at the balance sheet date

	2021	2020
Discount rate	2.0% pa	1.6% pa
Inflation measured by Retail Price Index (RPI)	3.2% pa	2.6% pa
Inflation measured by Consumer Price Index (CPI)	2.6% pa	2.0% pa
Pension increases in deferment	0.0% pa	0.0% pa
Pension increases in payment:		
CPI capped at 5% pa	2.6% pa	2.0% pa
CPI capped at 2.5% pa	2.2% pa	1.8% 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	90% of rates implied by S3PXA	90% of rates implied by S3PXA
Mortality projection basis	CMI (Core) 2019 projection with a long-term rate of improvement of 1.5% p.a. for males and 1.0% p.a. for females	CMI (Core) 2019 projection with a long-term rate of improvement of 1.5% p.a. for males and 1.0% p.a. for females
Life expectancy of a male aged 65 at accounting date	87.8 yrs	87.8 yrs
Life expectancy of a male aged 65 20 years from accounting date	89.5 yrs	89.5 yrs
Life expectancy of a female aged 65 at accounting date	89.8 yrs	89.8 yrs
Life expectancy of a female aged 65 20 years from accounting date	91.0 yrs	90.9 yrs

31. Transactions with related parties

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

One of CAF's trustees is the Chair of NCVO. Donations paid by CAF, during the year, included £2,124,234 (2020: £2,106,032) to NCVO under the terms of CAF's Declaration of Trust. The amount due to NCVO at 30 April 2021 was £584,123 (2020: £423,736).

32. 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.

33. 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 within the Trustees' Report. CAF Bank's exposure to its principal risks, which are those associated with holding financial instruments, is further described below:

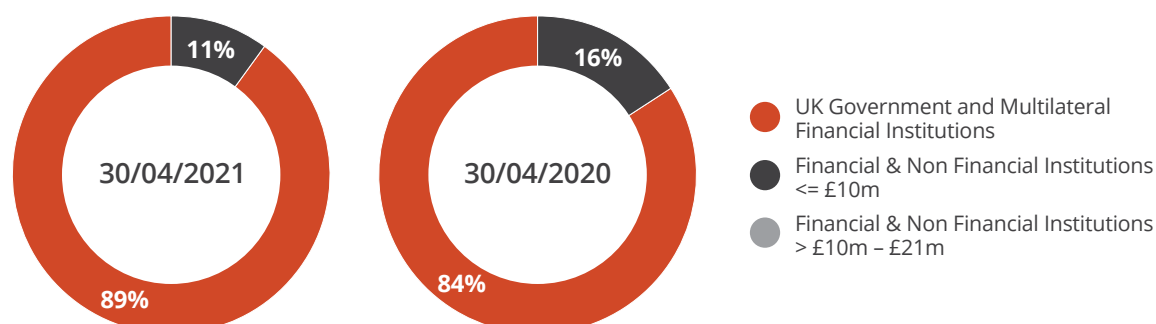
33.1 Credit Risk

The following tables set out CAF Bank's principal financial instruments from which credit risk arises.

Treasury assets by class:	2021		2020	
	Book Value £000	Market Value £000	Book Value £000	Market Value £000
Listed:				
UK government	-	-	63,036	63,102
Multilateral financial institutions	758,564	760,657	536,545	540,386
Fixed coupon corporate bonds	24,093	24,399	43,521	43,657
Floating rate corporate bonds	83,398	84,458	107,981	107,876
	866,055	869,514	751,083	755,021
Unlisted:				
Certificates of deposit	19,821	19,983	20,000	20,029
Debt securities	885,876	889,497	771,083	775,050
Balances at Bank of England	417,756	417,756	327,571	327,571
Loans and advances to banks	7,897	7,897	6,273	6,273
	1,311,529	1,315,150	1,104,927	1,108,894
Treasury assets by credit rating:	2021		2020	
Category (Fitch equivalent credit rating)	Book Value £000	% of Book	Book Value £000	% of Book
UK government	417,756	31.87%	390,609	35.35%
AAA	752,985	57.41%	526,185	47.62%
AA+	83,071	6.33%	82,893	7.50%
AA	-	0.00%	4,238	0.38%
AA-	25,485	1.94%	48,937	4.43%
A+	22,351	1.70%	52,065	4.72%
A	9,881	0.75%	-	0.00%
	1,311,529	100.00%	1,104,927	100.00%

33.1 Credit Risk continued

Treasury assets by exposure value:



Lending

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 2021, the largest loan was £4.8m (2020: £4.9m). The maximum aggregate exposures to any one sector (social housing) and geographical area were 53% and 29% respectively (2020: 55% 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 BCM Mortgage Services Ltd who provide regular management information on a loan by loan and aggregated basis. A provision of £802k has been made at 30 April 2021 reflecting losses that may have been incurred but not yet identified (2020: £707k) and £1,376k has been provided for specific loan provisions (2020: £938k). No overdrafts were written off during the year (2020: none).

One loan was in arrears at 30 April 2021 (2020: none).

Secured and unsecured lending

	2021 £000	2020 £000
Gross loans and advances to customers	127,937	106,400
Contingent liabilities and commitments	36,779	33,439
	164,716	139,839
Amounts included within the above:		
Secured on property	164,716	139,805
Unsecured:		
Loans	-	-
Overdrafts	-	34
	164,716	139,839

As at 30 April 2021 the average loan to value ratio across the lending portfolio was 53% (2020: 54%).

33.2 Liquidity and Funding Risk

CAF Bank holds liquidity buffer eligible assets of £1,174m (2020: £916m), excluding assets pledged as security under repurchase agreements. Liquidity buffer assets comprise investments in the Bank of England Reserve Account, UK Gilts, Treasury Bills and multilateral development banks.

33.3 Market and Interest Rate Risk

The following tables set out details of the maturity and duration of financial instruments held by CAF Bank.

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:

At 30 April 2021	Next day 2021 £000	Up to 3 months 2021 £001	3 months to 6 months 2021 £000	6 months to 1 year 2021 £000	1 year to 5 years 2021 £000	Over 5 years 2021 £000	Other items 2021 £000	Total 2021 £000
Assets								
Balances at Bank of England	415,461	2,295	–	–	–	–	–	417,756
Loans and advances to banks	7,897	–	–	–	–	–	–	7,897
Loans and advances to customers	115,004	–	–	–	9,502	–	–	124,506
Debt securities	–	337,166	32,012	207,175	202,453	106,641	429	885,876
Prepayments and accrued income	–	–	–	–	–	–	4,053	4,053
Intangible fixed assets	–	–	–	–	–	–	1,194	1,194
	538,362	339,461	32,012	207,175	211,955	106,641	5,676	1,441,282
Liabilities								
Customer accounts	788,350	–	–	84,088	525,704	–	4	1,398,146
Repurchase agreements	–	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	–	–	1,848	1,848
Accruals and deferred income	–	–	–	–	–	–	13	13
Shareholders' funds	–	–	–	–	–	–	41,275	41,275
	788,350	–	–	84,088	525,704	–	43,140	1,441,282
Interest rate sensitivity gap	(249,988)	339,461	32,012	123,087	(313,749)	106,641	(37,464)	–
Impact of 2% change in interest rates	–	(234)	(236)	(1,809)	13,479	(11,310)	–	(110)

33.3 Market and Interest Rate Risk continued

Assets and liabilities analysed by interest rate pricing time periods continued:

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

33.4 Other categories of risk

- Reputational risk
- Operational risk
- Strategy and Mission risk
- Regulatory 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 and includes particular reference to CAF Bank in respect of regulatory and operational risk.

33.5 Capital Management

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

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

The capital plan takes the following into account:

- Current and anticipated future regulatory capital requirements
- Increases in demand for capital due to business development, including planned lending growth
- Potential demand for capital from market shocks or stresses
- Available supply of capital and capital raising options
- Achieving a minimum required leverage ratio; and
- Internal controls and governance for managing the Bank's risk, operations and capital.

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

CAF Bank's capital resources comprise:

	2021 £000	2020 £000
Ordinary share capital	29,350	29,350
Distributable reserves	1,000	1,000
Additional tier 1 capital	11,000	11,000
Profit and loss account	(75)	–
	41,275	41,350

CHARITY INFORMATION, TRUSTEES AND ADVISERS

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Cyrus Ardalan
Matt Hammerstein
Anne Heal (resigned 23 November 2020)
Tiina Lee
Roger Perkin FCA
Janet Pope
Sir Ernest Ryder
David Shalders (appointed 15 July 2020)
Dr Priya Singh (appointed 23 November 2020)
Susannah Storey CB

Executive committee

Neil Heslop, OBE, Chief Executive
Mike Dixon FCA, Director of Finance and Operations
Mark Greer, Managing Director of Philanthropy Services
Ted Hart, CEO of International Corporate Services
David Jessop, Director of People
Angus Macfarlane, Director of Transformation
Nora Sakaan, Director of Brand and Marketing
Alison Taylor, CEO of Charity Services

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