



# Report of the Trustees and Financial Statements

For the year ended 31 March 2018

Catholic Agency for Overseas Development  
Company number 9387398  
Charity Registration Number 1160384

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The Catholic Agency for Overseas Development (CAFOD) is the official aid agency of the Catholic Church in England and Wales and part of Caritas Internationalis. Charity no 1160384 and a company limited by guarantee no 09387398.

## Letter from the Chair

I am delighted to present this report, documenting the dedicated work which your support has enabled CAFOD to undertake throughout the year. The generosity of the Catholic community in England and Wales towards our brothers and sisters in need across the world never ceases to move me, and this year has been no exception.



This has been a year in which the necessity of the work that organisations like CAFOD do was made abundantly clear. In March I visited a refugee camp for Rohingya Muslims who had fled persecution in their native Myanmar. CAFOD were working hard, alongside our partner Caritas Bangladesh, to bring food, sanitation and shelter to people in a desperate situation. Whilst witnessing the help we were able to offer was hugely rewarding, this was still a very difficult and emotional trip for me. It was the first time I had been surrounded by people who were virtually without hope. To see more than half a million people forced to live in this way was harrowing.

One thing that I witnessed repeatedly during the trip was that these people were not waiting for handouts; they wanted to be as involved as possible in recovering their lives and rebuilding their communities. This is something CAFOD believes is consistent around the world, and is at the heart of everything we do. People in need want to, and should, receive the means by which they may help themselves. This year, grants were delivered to partner organisations in close to 50 countries around the world, providing the support that enabled hundreds of thousands of people to overcome their obstacles with dignity and self-respect.

I am continually astounded by our community's response to CAFOD's campaigns. This year CAFOD staff and volunteers spoke to some 301,200 children during visits to schools and their enthusiasm and commitment is to be commended. Legacy giving (whereby someone leaves a gift to CAFOD in their will) saw a noticeable increase of £2.4 million from last year to a total of £9.3 million.

Many of the most generous people I have met are those in the poorest countries, who have so little to give in the first place. I wonder if this spirit of giving has been eroded in our current culture, and I ask you to consider this in the context of your own lives. One example of this faith in action is the success of the *Power To Be* campaign which urged the World Bank to stop investing in fossil fuel. More than 30,000 signatures were collected, and a commitment was made for this investment to stop by 2019.

This year's Harvest Fast Day campaign was centred on clean water, and raised £1.5 million. To think that in today's world, more than one billion people do not have access to clean water supplies is beyond words. Let us continue to appreciate what we have, in terms of our own comfortable, secure lives. Also, let us all reflect on what we can do, through our prayer and actions, to provide for others who have so little.

We should be proud of CAFOD's work, though never complacent. As you read this report, please remember that you can and do make a difference. CAFOD only exists because of your generous spiritual, practical and financial support. Thank you for all that you do, and all that you will do, to help.

Yours in Christ,

A handwritten signature in black ink, appearing to read 'John S. Arnold'.

Rt Rev John Arnold, Bishop of Salford

# 1. Strategic Report

## Together, we are CAFOD

**We are a global community, working together to promote positive change: supporters, partners, staff, volunteers, communities both here and abroad. Together we are achieving extraordinary things.**

CAFOD's vision is a world transformed to reflect the Kingdom of God – a world where:

- The rights and dignity of every person are respected.
- All have access to basic needs in life.
- Women and men share equally in shaping their societies and our world.
- The gifts of creation are nurtured and shared by all for the common good.
- The structures that shape people's lives are just, and enable peace.

We stand beside those who are living in poverty, whatever their religion or culture, helping people in their own communities so that everyone can reach their full potential. We work with poor and disadvantaged communities in the global South to overcome inequality and bring about sustainable development and wellbeing. During humanitarian emergencies we protect lives and relieve suffering, as well as working to reduce the risks and build the resilience of vulnerable communities. Our advocacy work raises awareness and understanding of the causes of poverty and injustice, and inspires a commitment to lasting change. Not afraid to speak out, we challenge those with power to adopt policies and behaviours that promote social justice and work towards ending poverty.

We are a part of the Church, mandated by the Bishops to help inform and mobilise the Catholic community in England and Wales to address issues of poverty and injustice across the world through prayer, action and giving, in ways that also support transformation in our own lives.

### We are ROOTED IN THE CATHOLIC COMMUNITY



We are an expression of the compassion of the Catholic community of England and Wales and its solidarity with the poorest and most marginalised, regardless of faith, gender, race, ethnicity or other defining features. We are inspired by the Scriptures and tradition of the Church, particularly Catholic Social Teaching and Pope Francis' *Laudato Si'*, and we are driven by our values of compassion, hope, dignity, partnerships, solidarity, stewardship and sustainability. Whilst we work with people of all faiths and none, many of our programmes work through the local Church, allowing us to reach people who would otherwise be left behind.

## **We are GLOBAL NEIGHBOURS**

We believe that everyone in the world has the right to live their lives with dignity. That's why last year we spent £47.6 million working in close to 50 countries worldwide supporting more than 300 partner organisations across Africa, Latin America, the Caribbean, Asia and the Middle East.

We are a member of Caritas Internationalis – a group of more than 160 Catholic agencies from around the world – known as 'the helping hand of the Church'. We are also a member of CIDSE, an international alliance of 18 Catholic agencies from Europe and North America. Additionally we often collaborate with other organisations and networks in the UK, Europe and globally. Together we strive to eradicate poverty, to address and challenge its root causes and to empower people to bring about change for themselves.



## **We are HELPING PEOPLE HELP THEMSELVES**

No one wants to live on handouts, nor do we believe it is God's will for them to do so. We equip people with skills and opportunities to live with dignity, support their families and give something back to their communities. Where possible, we try to work in partnership with local organisations with whom we share common principles and values, making grants which allow them to deliver on our shared objectives. We believe the best people to help in a situation are usually those closest to it; therefore the majority of our grants are made to partner organisations who have expert localised knowledge and experience. Our partners are grounded in the local communities where they work, and are committed to supporting communities over the long term and ensuring that there is active community participation throughout. This localisation of aid is an essential aspect of 'shifting the power' in favour of the poorest and most disadvantaged.

The people we work with are central to identifying the answers to the challenges they face. That's why we support and are a signatory to the Grand Bargain, Charter for Change and the START network, all of which commit us to ensure that communities in the global South play an increased and more prominent role in humanitarian responses. Before making a grant, we carefully consider the governance, financial stability and procedures, past achievements, expected outcomes and guiding values of a potential partner. Our grants are usually made within long-term strategies agreed with our partners, often on a three-year basis, and are always subject to formal proposals, assessment and approval. We monitor all projects systematically and major projects are subject to a final evaluation review, which we publish on our website. Last year we made 612 grants to partner organisations totalling £30 million, including £1.5 million in support of their organisational running costs.

We also support partners to apply to institutional donors directly, as lead applicant, further helping to shift the balance towards our Southern partners and supporting their growth and development. It also responds to the trend for some donors to favour funding local civil society directly. We supported partners in Colombia, Mozambique and Bangladesh with proposal development processes to secure contracts with a total value of £1.9 million, for work across a range of thematic areas including female empowerment, child protection and advocacy. Donors included the European Union and the Spanish and Norwegian agencies for development cooperation (AECID and Norad).

## We are SPEAKING OUT FOR JUSTICE

We believe in the need to channel resources to support the poorest and most disadvantaged. And this means addressing the unjust systems and structures and the broken relationships that sustain them, and increasing awareness and influencing skills amongst those active in civil society who are committed to the common good. It can take years of effort, or be as simple as signing a petition, but campaigning does work. Cancelled debt, increased aid for water and sanitation, action on climate change and a clamp down on corruption have all come as a result of people taking action together. We believe that poverty is a condition we don't have to accept. Injustice is not simply a fact of life. When international bodies and governments make decisions that damage poor communities, we must speak out. Our faith is why we choose to act. The world can and must change as we seek to play our part in reflecting the Kingdom of God. Many of our partner organisations also do campaigning and advocacy work and are strengthened by knowing that the Catholic community in England and Wales supports their efforts.



## We are FACING THE TOUGHEST CHALLENGES

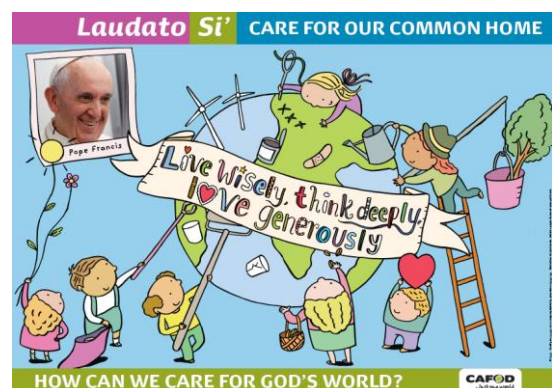
Conflict. Climate change. Inequality. HIV and AIDS. Food insecurity. Human trafficking. Together, we tackle challenges head on every day, using our passion and expertise to bring about positive change. The challenges faced by communities we work with are complex. Given the increasing severity and frequency of these challenges, the need for effective communities of change makers will increase, and so will our resolve to take action, and our determination to overcome these unjust and undeserved burdens.

## We are THERE IN A CRISIS

Our approach to grant making means we can enable local organisations to act fast, providing food, water and shelter for people who have lost everything. We are a member of the Disasters and Emergencies Committee (DEC) and occasionally appeal for funds alongside other UK charities. Over the past year we have done so for our East Africa and the Rohingya crisis appeals. We are there in the months and years that follow too, helping people rebuild their lives and prepare for whatever the future holds.

## We are LOOKING TO THE FUTURE

Pope Francis' called on young people to "be revolutionary" and to "not be afraid to bring Christ into every area of life, to the fringes of society." Each year, tens of thousands of young people encounter our work at school or in groups – from volunteers, teachers and classmates. Together we inspire young people to be the change they want to see in their communities and worldwide, and give them an opportunity to begin this journey.



## **We are TRUSTED**

The tremendous support shown by the Catholic community in England and Wales will only continue if we are trusted to deliver on our mission. Research in 2017 showed that 88% of Mass-going Catholics questioned reported that they trust CAFOD “a great deal” or “a lot”. We are transparent about our fundraising and expenditure, including salaries, and last year 90% of the money we received was spent on our charitable objectives.

## **We are INSPIRED BY ORDINARY PEOPLE**

Our roots lie in actions led by women in Catholic parishes across England and Wales more than 50 years ago. Elspeth Orchard is just one of the extraordinary Catholic women who volunteered and helped organise the first Fast Day in 1960 from which CAFOD evolved. Much of our work is still supported and enabled by volunteers. There are many ways in which our thousands of volunteers enrich, sustain and drive our work:

- Parish and schools volunteers enable their communities to understand some of these big issues and support them to take action.
- Campaign volunteers hold politicians and companies to account.
- Young leaders and gap year volunteers reach out to young Catholics.
- Volunteers write prayers, work in our offices and share our work online using Twitter, Facebook and other channels.
- Fundraising volunteers gather their friends and family together to raise money and celebrate the difference we can all make by sharing what we have.

Many of our partners overseas also rely on local volunteers to deliver their life-changing work, often in very difficult circumstances.

These partnerships with volunteers embody and exemplify solidarity and interconnectedness. Last year in England and Wales we were fortunate enough to have 3,388 parish-based volunteers, 245 school volunteers, 90 office volunteers and 3,488 volunteers engaged in a range of other activities, such as campaigning, fundraising, media, administrative support and youth work. Their value to CAFOD is immeasurable, such are the range of activities undertaken and the level of support provided. As a very approximate estimate, we believe that last year in England and Wales volunteers dedicated more than 210,000 hours of their time to CAFOD – that’s the equivalent of £1.8 million if everyone was paid at the UK living wage!

Our volunteers tell us that they are motivated by different things: some volunteer to express their Catholic faith, others want to gain work experience in the international development sector. Many report that volunteering is very rewarding and offers them the opportunity to learn new skills, meet inspiring new people, and make new friends in their community.

**Thank you, to all of our volunteers, for sharing your time and talents and transforming both your communities and those in which we work. You are making a tremendous difference in the fight against global poverty and injustice.**



Volunteering with CAFOD opens your eyes to what is happening in the world  
*(Chelsea, a young leader in Bristol)*



## We are EXTRAORDINARY TOGETHER



### **Our partners – Fundación Nuna, Altiplano, Bolivia**

Life is tough in the highlands of Bolivia. Farmers live at the mercy of unpredictable and challenging weather. Fundación Nuna provides technical support to indigenous farming families. The director of our *Hands On* project Eva explains: "Our work is not about dictating or imposing. Our challenge is to hear what each family wants and needs. It has meant the world to us to know there are people who are rooting for us."

### **Our supporters – Jenny, Porthcawl**

Parishioners from Our Lady, Star of the Sea generously supported Jenny as she walked the Camino de Santiago, an ancient pilgrimage route in Spain. Jenny raised enough money to fund a health centre in a remote community, keeping it stocked and even providing petrol for the clinic ambulance. What an amazing achievement - thank you!



### **Our volunteers – Chris, Walsingham House**



Chris is one of our gap year volunteers and works with the Walsingham House team alongside the youth service in the Brentwood diocese. He recently visited our programmes in Sierra Leone, a time he described as "awe-inspiring, faith-driven and hope-filled". Chris is part of a team of gappers who between them reached more than 20,000 people last year, engaging them on issues of poverty and justice and inspiring them to take action.

### **Our staff – Clare Dixon, Romero House office**

Clare has been Head of our Latin America programmes for more than 40 years - and since 2005 she has been Secretary of the Archbishop Romero Trust. In November she was awarded the José Simeón Cañas Medal for Extraordinary Merit in recognition of her commitment and work in support of the people, the Church and the Society of Jesus in El Salvador and Central America.



### **Our Trustees – Father Jim O'Keefe, Tyne and Wear**

Father Jim has been involved with CAFOD since 1982, serving as a Trustee since 2004. In July he joined more than 100 CAFOD supporters and volunteers for our annual pilgrimage, crossing the causeway at Holy Island, Northumberland, in support of CAFOD's *Power To Be* campaign. Father Jim will be stepping down as a Trustee this year, and we are extremely grateful for the huge contribution he has made.



## Help us achieve extraordinary things. Join our global community of change makers.

God of love, show us our place in this world  
As channels of your love  
For all the creatures of this earth,  
For not one of them is forgotten in your sight.  
Enlighten those who possess power and money  
That they may avoid the sin of indifference,  
That they may love the common good,  
advance the weak,  
And care for this world in which we live.  
The poor and the earth are crying out.  
O Lord, seize us with your power and light,  
Help us to protect all life,  
To prepare for a better future,  
For the coming of your Kingdom,  
Of justice, peace, love and beauty.  
Praise be to you!



Pope Francis, Laudato Si'

### **Together we can make a real difference to people's lives.**

- **Pray** for our brothers and sisters living in poverty and all those working with and for them
- **Give** a donation to support our vital work around the world
- **Act** by making your voice heard through our campaigns

Get in touch with us - [cafod@cafod.org.uk](mailto:cafod@cafod.org.uk) or 0303 303 3030 to find out more about our work or to enquire about volunteering

## We are ACCOUNTABLE FOR OUR IMPACT

Some of our work takes place in very challenging situations, and when things don't go to plan, we are committed to learning from this so that we can respond better in the future. This is core to the commitment that we have made, both to the people we work with and to those who support us. We will never be complacent, neither in accepting the inequalities that exist in the world nor by turning away from opportunities to improve and increase the impact we can make.

We also consider how we can put our values into practice whilst we work. These values are based on scripture and Catholic teaching, are inspired by our Catholic faith and come from our belief that we can live out this faith in words and deeds, working for justice and an end to poverty.

- **Compassion** - Confronted by global poverty and suffering, our fundamental response is compassion rooted in love. We refuse to accept the suffering of our brothers and sisters and we are compelled to take action to alleviate it.
- **Dignity** - We believe in the intrinsic dignity of every person. We work with and for all people regardless of race, gender, religion or politics. We are an inclusive and diverse organisation, which celebrates difference and creates relationships of mutual respect.
- **Solidarity** - We walk alongside poor and disadvantaged communities, making their cause our cause, uniting in action and prayer. We share our resources, and we work together to challenge the policies and systems that keep people poor, so that the whole of humanity can flourish.
- **Hope** - Our hope is inspired by Christian faith and the strength and resourcefulness of our partners and the people they serve. In the knowledge that Christian hope is not passive, we believe that, by working together, a better world can and must be achieved so that all can enjoy the fullness of life.
- **Partnership** - We build links between and within poor communities overseas and the Catholic community in England and Wales. We work alongside our partners at home and overseas, acknowledging that we receive as well as give. We work within, and beyond, our wider Catholic family, seeking justice to change our world for the better.
- **Sustainability** - We recognise the intimate relationship between protecting and sustaining the environment and promoting human development. We aim to take proper account of ecological sustainability in our work and in our lifestyle, believing we are enriched by living simply.
- **Stewardship** - We strive to be good stewards of all the resources entrusted to us. We endeavour to be openly accountable for our work, transparent in our decision making, focusing on positive change through systematically evaluating our impact and effectiveness.

**'Just One World' is our vision for change, our agenda for action. It guides our overall focus as CAFOD's Leadership Group regularly reviews our organisational priorities.**

We measure our success in achieving our aims and objectives through regular reporting. We are strengthening our ability to report against specific metrics and targets as well as using qualitative evidence provided through stories from our partners and the communities we work with.

Over the coming pages you will read about a small selection of our achievements last year, set in the context of the four aims in Just One World:

- **Aim 1 - Increasing Power and Influence**  
So that women and men in the poorest and most disadvantaged communities are able to influence the systems, decisions and resources affecting them, living under governments, institutions and global structures that are just and accountable.
- **Aim 2 - Promoting Sustainable Change**  
So that women and men in the poorest and most disadvantaged communities have access to the essential services and resources they need to live sustainably, with dignity.
- **Aim 3 - Achieving Peace, Security and Recovery**  
So that women and men in the poorest and most disadvantaged communities live in a safe and secure environment, and are able to minimise, survive and recover from crises.
- **Aim 4 - Building our Partnerships in the Catholic Community**  
So that Catholics in England and Wales are inspired to challenge global poverty through prayer, action and giving, and in doing so transform their own lives.

Humanitarian crisis and systemic inequalities do not conform to geographic borders, neat classifications or financial years. As a result, our report shows some achievements that are the culmination of close relationships nurtured over years, and others which are the result of a rapid response based on thorough preparation and lessons from previous crises. Likewise, some of the stories you will read show very focussed work within a clearly defined locality, while others have needed to take a much broader generalised approach.

**What remains consistent are the high standards we expect of ourselves and those we work with, the genuine belief in what we do, and the extraordinary outcomes achieved through our collective action – made possible through the actions, gifts and prayers of our supporters, partners, staff, volunteers, and communities both here and abroad.**

## A year to celebrate.

Total amount raised this year, enabling us to grow our reach and increase the impact of our work around the world.

£52.6 million

Increase in legacy giving from last year – another powerful expression of faith by the Catholic community of England and Wales.

£2.4 million

Pupils reached through school visits, helping them learn about the world they live in, who we help, why we're needed and how they can get involved.

301,200

## Thanks to thousands of actions, gifts and prayers...

60,367

Individual campaign actions taken, including writing to an MP, signing a petition or sending a message of hope.

20,000

Miles walked by our supporters, as part of the *Share The Journey* campaign promoting solidarity with refugees and migrants.

2,081

Parishes contributed through prayer, donations and acts of solidarity.

1,184

Schools took at least one action, such as fundraising, joining a campaign or hosting a volunteer.

350

Young leaders completed the volunteer programme, learning about the areas we work in and the issues affecting the world, as well as having fun and meeting other young people committed to making a lasting change.

## ....together we are able to have a truly global reach.

### ***In England and Wales...***

CAFOD gathered more than 30,000 signatures for our *Power To Be* petition, asking the World Bank to support renewable energy - and it worked. The World Bank took a big step to protect the planet and the poorest people by stating it will stop support for oil and gas after 2019. Your voice has been heard!

### ***In New York...***

CAFOD supported Caritas Sierra Leone, Caritas Kenya and PRFT Zimbabwe to engage in a UN High Level Political Forum on the Sustainable Development Goals.

### ***In Nicaragua ...***

CAFOD helped train young people to become journalists, reporting on matters that affected their local communities.

### ***In Colombia ...***

CAFOD continued our efforts to work for peace and supported Human Rights defenders.

### ***In Bolivia...***

CAFOD trained poor urban communities to engage with policy-making and secure funding for development.

### ***In Rome...***

CAFOD were privileged to be in St Peter's Square with some of our wonderful volunteers when Pope Francis challenged us all to open our arms wide to welcome refugees and launched *Share The Journey*, a global campaign on migration.

### ***In Jordan, Lebanon and Syria...***

CAFOD continued helping communities survive and recover from the ongoing conflict.

### ***In Bangladesh...***

CAFOD reacted to the Rohingya refugee crisis by providing emergency aid to thousands in need, in the Cox's Bazar district thanks to the generous response to our emergency appeal.

### ***In Kenya...***

CAFOD improved food security and resilience to climate shocks through crop and livestock management training.

### ***In Sierra Leone...***

CAFOD helped deliver water, sanitation and health projects to communities of girls and women living in boarding facilities.

### ***In the Philippines...***

CAFOD carried on rebuilding the damage caused to people's lives, livelihoods and wellbeing following typhoon Haiyan.

**Thank you.  
Together, we make a  
huge difference.**

## Our values drive and shape everything we do, from large scale international programmes, to national advocacy work, to our individual actions.

**Compassion** – Thanks to the generosity of our supporters we were able to respond rapidly to the Rohingya refugee crisis in Bangladesh. We provided water, sanitation and health (WASH) supplies, food, shelter, and other essential materials to more than 60,000 people, whilst preserving their safety and dignity. Whenever an emergency situation arises CAFOD works around the clock with our global partners to make



sure the first responders on the ground are supported as soon as possible, providing for people's greatest needs and working to collectively alleviate the suffering of those affected.



**Hope** – Widespread drought, combined with ongoing violence between the government and rebels, has created famine conditions in many parts of South Sudan. Hundreds of thousands of people face a daily struggle to find enough food to feed themselves and their children. Our supporters contributed an amazing £3.3 million to the East Africa appeal, enabling us to work with our partners to provide the essential supplies that these people required. Money alone, though, is not

the answer. We prayed for peace in South Sudan, providing resources online that enabled our supporters to join global prayers for an end to the conflict and alleviation to the people's suffering. Through prayer and trust in Divine Providence, we hope that those who are most in need will receive the help they deserve. For those who are suffering, our prayers offer hope and assurance that they are not forgotten and that many people are listening to their call.

**Dignity** - In Bolivia and Guatemala, we helped marginalised indigenous communities strengthen their resilience to climate change by helping them manage their natural resources, teaching new ways of farming their land, and integrating traditional customs and local knowledge with more modern techniques and approaches. These communities are now better equipped to face future risks and uncertainties, whilst retaining pride in their distinctive culture and practices.





**Partnership** – Many areas of Lebanon have seen a large influx of Syrian refugees, placing a huge strain on the host communities where they settle and sometimes causing friction between the two groups. Our partner has supported small cooperatives run jointly by Syrian and Lebanese women which produce jams, pickles and chocolate. Through this partnership and the training they have received, the women have strengthened their skills in business management, accounting and marketing and are able to earn a small income. More importantly, the cooperatives are a place where women from both communities can work together, share stories and form friendships, which contribute to a reduction in intolerance, marginalisation and friction in their communities.

**Stewardship** - We need to steward the resources which are entrusted to us so that they are used in the most effective and impactful way. To ensure this, we constantly review, evaluate and if necessary critique our work, learning and improving as we do. We conduct a wide range of activities to assess the impact and effectiveness of our work which often takes place in difficult circumstances. For example, following our emergency response to flooding in Sri Lanka, surveys were conducted with members of the affected communities and written feedback was collected via an anonymised suggestion box. We were able to learn about the effectiveness of the programme from the people whose opinions matter most, and use this knowledge to improve future similar responses.



**Sustainability** – We work hard to limit the impact and reverse the spread of climate change around the world, and as an international organisation we must also consider our own impact on the environment. Over the past year we have halved the number of sheets printed in our London office. This saving equates to over 50 trees worth of paper, or the carbon equivalent of two return flights from London to Australia, and is just one example of the continuing drive to lower our carbon footprint.

**Solidarity** – More than 4,000 people signed a petition calling on the Brazilian government to stop the eviction of over 1,000 people in Mauá, an area in São Paulo, Brazil. Following a successful campaign, this action led to a reversal of the plans and secured a permanent home for hundreds of families. Neti is a Mauá resident who works for CAFOD partner APOIO. She told us that “it means a lot that people on the other side of the world know what we are going through. I sometimes feel like giving up, but when your messages of support arrive, I gain strength because I know I am not alone.” Sometimes it’s easy to feel a sense of helplessness when hearing of the plight of others thousands of miles away, but actions such as this prove that a just small gesture of solidarity can be powerful enough to influence governments and save lives.



## Just One World –

### Our vision for change, our agenda for action

#### **Aim 1 – Increasing Power and Influence**

So that women and men in the poorest and most disadvantaged communities are able to influence the systems, decisions and resources affecting them, living under governments, institutions and global structures that are just and accountable.

**CAFOD believes that the poorest people and communities are unjustly denied the resources, skills, influence and capacity they need for a healthy and dignified life and future.** To address this imbalance, we've enabled Caritas agencies across Africa and Asia to contribute to national plans for the Sustainable Development Goals in their own country and participate at the UN in New York. We've supported SECAM (Symposium of Episcopal Conferences of Africa and Madagascar) in their priority area of migration and engagement with the African Union. We've supported partners to enter into the UN discussions on the Business and Human Rights Treaty. We've also worked closely with the Holy See and Dicastery of Integral Human Development, engaging in climate and energy discussions at UN level. We have maintained and grown our influence in key coalitions that are central to our work and to the effectiveness of the wider sector, establishing a sub-group on climate finance within Bond (a UK membership body for international development organisations), co-ordinating the ACCESS coalition of close to 50 civil society organisations, and chairing the Climate Coalition (a group of UK organisations working on climate change), amongst others.

In the UK, CAFOD launched the *Power To Be* campaign, calling on the UK's representative to the World Bank to shift the balance from investing in environmentally damaging fossil fuels to supporting renewable, clean energy sources. More than 30,000 of our supporters agreed that it is unacceptable that one in six people across the world live without a reliable supply of energy, and called on the people with the power to change this to make it happen. And they listened – in December the World Bank announced that from 2019 it would no longer support oil and gas production, representing a huge step forward towards a world powered responsibly, fairly and sustainably for all to enjoy.

In September, CAFOD joined with the rest of Caritas Internationalis in welcoming Pope Francis' launch of the *Share The Journey* campaign, which promotes solidarity and compassion with the millions of refugees and migrants around the world. We are encouraging our supporters to hold sponsored walks, travelling in companionship with those forced from their homes. We have also started a petition to ask the government to ensure that the UK takes a lead during UN refugee negotiations, and are asking people to join in a prayer for mercy and relief for the world's refugees. Over 20,000 miles have already been walked, with thousands of individual expressions of faith and companionship shown.

“  
It's great to see so many people in England and Wales supporting efforts to bring power to people without access to electricity. (Melanie Robinson, UK representative to the World Bank)

”



In Sri Lanka, CAFOD worked with a range of local partners to support marginalised communities into becoming more active, aware and engaged citizens and thereby uphold and advance their socio-economic rights. The communities formed networks which enabled them to become more engaged in public service budgeting and decision making, and provided a space for a previously voiceless community to become politically active. We also worked with Brazilian organisation Instituto Cultivar to protect the rights and magnify the voice of rural land workers, and carried out advocacy to encourage the reform of agrarian policy.

In Bolivia, CAFOD continue to work with UNITAS, increasing participation within communities and enabling people to undertake a critical analysis of their reality and engage with actors such as the government to improve it. Through educational activities they work to raise awareness within the community of common problems and explore what work can be done to pressure for them to be resolved. They also support them to network and collaborate with other social movements whose objectives align with our vision for change.

### Case Study

**Location: Chinhoyi Diocese;  
Zimbabwe**

**CAFOD contribution: £110,000**

We worked with the Catholic Commission for Justice and Peace (via the Chinhoyi Diocese) to deliver forums to make young people better aware of their rights, deliver skills and knowledge relating to democracy and advocacy, make them more able to engage with local stakeholders, and take a greater role in community decision making.



*Young people collaboratively assessing the challenges they face and exploring ways to collectively overcome them.*

10 Youth Voice Forums were established, in which young people received training on Catholic Social Teachings, governance, democracy and advocacy. The quote highlighted is from one member of a forum, and shows the transformational nature of the information and tools they were given, and the ambition and drive it awakened. The forums also brought the young people together with stakeholders from the local communities. This led to a greater interaction between the groups, and an increased level of support and acknowledgement of the young people's contribution.

Following the forums, the young people become more vocal in their communities, and took a greater role in decision making in issues that affected them. These outcomes are also sustainable and long term – for example, in Kanyaga the legislation has changed meaning that young people can now be voted into local developmental committee positions, and in Muzarabani, councillors agreed to set a quota for a youth representative in every new committee that is elected in the community.

“ The forums equipped us with important knowledge so that we could appreciate both local and national processes...we can now articulate and take our roles in these processes from a more informed angle.

”

## **Aim 2 - Promoting Sustainable Change**

So that women and men in the poorest and most disadvantaged communities have access to the essential services and resources they need to live sustainably, with dignity.

**CAFOD continues to work with our local partners to understand the causes of the challenges they experience, and what the solutions to tackling them are. This ensures the sustainability of our interventions, and increases the long-term resilience.**

If resilience is about coping with and thriving despite change, then sustainability is about ensuring the durability of that resilience. For example, in Uganda we have supported our partners to influence local policies and practice which has led to increased engagement by the district level authorities to develop institutional and policy frameworks that are responsive to the needs of the communities. This ensured the sustainable management of land and water, with a focus on the particular needs of women and girls. In particular, community engagement and advocacy has resulted in more than 1,000 latrines being constructed, more women being involved in leadership positions in Water User Committees, and advocacy groups and community delegations going to local government to raise related issues. In Zimbabwe our Sanitation for Success project has contributed to progress towards the Millennium Development Goal of halving the proportion of people without sustainable access to basic sanitation. The provision of improved WASH facilities and services is critical, particularly in an urban setting where population densities are high. In November, the Sanitation Festival brought together communities, schools, the private sector, academia, and government institutions to appreciate and share innovations that improve sanitation and hygiene. We rolled out a resilience toolkit to embed *Laudato Si'* in our work with communities in difficult circumstances and continue to support partners and sister agencies.

19,212 people provided with better access to sanitation in Nyanga and Murewa

**CAFOD works with communities, building the capacity of households to deal with shocks and stresses, and supporting them to thrive and flourish. This means considering the people, the environment and the systems in which we live.**

In consultation with partners in Central America we identified the local effects of climate change: loss of harvests, pests and diseases, loss of drinking water and livestock, and harm to community health. We have started to deliver a regional livelihoods programme focusing on building people's skills and knowledge, working with women, preserving water resources, and promoting good agro-ecological practices and renewable energy technologies. The Amazon region faces the particular challenge of preserving and defending both nature and the relationship between humans and their environment. The Pan-Amazonian Ecclesial Network (REPAM) connects nine Latin American Caritas organisations with the Latin American Bishops' Conference, the Latin American and Caribbean Confederation of Religions as well as missionaries to protect the environment and the most vulnerable communities of the Amazon. In 2017, in addition to supporting the mapping of the Church's outreach throughout the Brazilian Amazon region and funding REPAM's communications work, we organised a visit of Church leaders from the Congo Basin to the Amazon region, in an effort to provide mutual support and learning in these two, most precious and most threatened areas of ecological diversity. We are ensuring that the demands of *Laudato Si'* are central to the Church's efforts in the region.

**Peacebuilding is a core component of many of our programmes, linking to the call of Laudato Si' to adopt an integral human development approach.**

Last year CAFOD commissioned a review of our peacebuilding work in the Middle East. It found that our work contributed to changing attitudes and behaviour in favour of non-violence, tolerance and acceptance of diversity. For example our programmes in Lebanon have supported the economic inclusion of Syrian and Palestinian refugees and vulnerable Lebanese people. We have facilitated safe spaces for children and young people to come together to build greater understanding, have provided support for emerging change makers and continue our advocacy for social stability. In Nigeria and Niger we have been working to enhance the understanding and respect for cultural and religious diversity. Our work has a strong focus on inter-religious dialogue to encourage the interaction between different religious denominations, particularly Islam and Christianity. The broader, long-term impact is to ensure that communities in Niger and Nigeria live in a peaceful and culturally inclusive environment. Our partners have been developing and disseminating academic and cultural material, strengthening networks and platforms, promoting public discourse and advocating for changes at government level. This has involved considering fair access to livelihood opportunities, and the means of well-being, collaborative and trusting relationships and good governance, fair and accessible justice systems and safety for all.



*Beauty, inspecting her bees!*



Now neighbours have started to come to know about bee keeping from me. I help them understand the techniques, and assure them if any problems arise, I will help them at any time.



As well as giving advice and guidance, Beauty has now made six bee keeping boxes which she sold on to others. "I engage myself in bee keeping as it helps ecological balance; it contributes to the development of fruit and grain in the area. I will continue the bee keeping work in my family and community."

### **Case Study**

**Location: Dinajpur district,  
Bangladesh**

**CAFOD contribution: £25,000**

CAFOD is working with Caritas Bangladesh to deliver training and supplies which enable 250 marginalised farmers to become bee keepers, increasing their household incomes and diversifying their livelihoods. We are also helping the farmers access suitable flowering crop fields for their bees to harvest and supported them in establishing co-operatives which improved their access to local markets and increased the profits they made from selling their honey.

Beauty and her husband have two sons, one in school and one in nursery. "I learned from the training how to manage the bees, their behaviour, food and shelter" Beauty says. "I taught my husband and sons how to take care of the bees, how to keep them safe in the box and how to collect honey." Beauty has sold 10 litres of honey so far at 3,500 Bangladeshi Taka (about £30) per litre, supplementing her family income. The impact also extends to her community - others have now started bee keeping in the area.

### **Aim 3 - Achieving Peace, Security and Recovery**

So that women and men in the poorest and most disadvantaged communities live in a safe and secure environment, and are able to minimise, survive and recover from crises.

**By the end of March 2018, approximately 687,000 Rohingya Muslim women, men and children had fled attacks in Myanmar.** Seeking safety in the Cox's Bazar area of neighbouring Bangladesh, a huge refugee camp soon formed. As the scale of the situation became apparent, CAFOD mobilised resources to begin the long process of relief and recovery. With the vast majority of Rohingya believing it unsafe to return home, or having no homes to return to, well over half a million people remain trapped on the border, unable to begin rebuilding their lives.

66,750 people reached with blankets and bedding, food and hygiene supplies in Bangladesh

24 schools refurbished in Lebanon; 2,500 people treated by Caritas psychologists in Jordan

**Elsewhere around the world, millions of people live in conflict, suffering from the threat of daily attacks, or being forced to flee from their homes to save their lives.**

The conflict in Syria has now lasted longer than the second world war. CAFOD continued to support a range of partners across Syria, Lebanon and Jordan who are working with the millions of victims of this conflict - both the hundreds of thousands of refugees it has created, those physically, psychologically and spiritually damaged by the fighting, and the neighbouring host communities who have had their already tight resources tested to breaking point by the enormous influx of people. In Colombia, fighting between the government and various armed groups has forced thousands of people to flee, or left them dangerously trapped in the cross-fire, without adequate access to food or medical supplies. We are worked with Caritas Colombia to provide food and essential shelter items, and to help them rebuild their livelihoods after the fighting destroyed their land and livestock.

**The effects of climate change are felt globally, and impact upon millions of lives.** We made multiple grants to partners across South East Asia in response to widespread flooding. We helped conduct rapid need assessments in 24 villages before implementing an extensive emergency response. We also supported Caritas Sri Lanka to distribute essential cooking supplies, which improved the hygiene and nutrition levels, and also gave people back their dignity by enabling them to cook for themselves.

6,603 WASH kits distributed in across the region; 1,465 Sri Lankan families provided with cooking essentials

The impact that a fast, informed response has on both the immediate situation and also people's long-term future is enormous. As one mother who we worked with told us, "if you had not been here, we would have had to migrate."

When the Atrato River in Colombia broke its banks and destroyed the surrounding farmland, CAFOD worked with Pastoral Social Quibdó to reach 200 families, helping them rebuild their livelihoods by providing seeds and farming tools. In Peru, we helped the Diocese of Lurigancho-Chosica provide 60 families with emergency relief first aid, WASH supplies and tools following landslides and heavy flooding. And in Tortola and Dominica, we supported 4,626 households rebuild their lives following hurricanes Irma and Maria.

**We continued to work across Africa, responding to a range of chronic and acute humanitarian situations.**

Conflict in DRC continues after more than 20 years; 85% of its population live in extreme poverty and many are forced to flee into neighbouring countries. Large parts of East Africa have been devastated by drought, which has wreaked havoc on people's livelihoods. South Sudan has faced the double burden of drought and conflict. In DRC we worked with our partners to respond to the range of issues associated with the prolonged and often violent displacement of people, and have facilitated Caritas Goma's support of other diocese. In April we raised concerns over failing rains, leading an inter-agency analysis of the impending crisis. Subsequently we responded to drought in Kenya, South Sudan, Ethiopia and Somalia, providing water for both people and their livestock, cash vouchers, food, and in Somalia, vital health provision; all of which will give families essential support until they can re-establish their livelihoods as the rains return. Initially we assisted in excess of 28,000 people with immediate emergency assistance, while in the recovery phase we are continuing to assist 12,726 people in South Sudan and Northern Kenya. This support was funded with more than £1.5 million from the DEC and more than £2.7 million from CAFOD's own appeal funding.



*Zainab, with her card. She told us how she "always prays to God...with our prayers we hope to get back to our normal lives, someday soon."*

**Case Study**

**Location: Borno state, Nigeria**

**CAFOD contribution: £827,000**

Triggered by violent conflict, and sustained by the effects of climate change and systemic poverty, over 5.2 million people in Nigeria now face emergency levels of food insecurity. In some areas, 87% of people are entirely dependent on emergency food distribution.

Bishop Oliver was very clear when he explained to us the impact Boko Haram was having on his community. Food availability in some areas of

Nigeria has reached crisis levels. Hundreds of thousands of people have been internally displaced by the fighting, which disrupts food production and supply, causing malnutrition and exacerbating other risks. Without help, children are particularly at risk of lifelong damage or death.

CAFOD helped those families in greatest need access life-saving nutrition for their children. Working with the Nigerian office of Catholic Relief Services, we implemented an electronic cash transfer scheme, whereby those in need were given monthly credit loaded onto biometric cards, which could be redeemed for essential staple ingredients, as well as specialised highly nutritious food from local markets.

“ Boko Haram have swept our communities of anything that belonged to our people. Their animals have gone; their crops have gone; their houses have been destroyed.

*(Bishop Oliver Dashe Doeme, of the Diocese of Maiduguri)*



This pioneering approach also helps to prevent excessive queuing; large gatherings of people present easy targets for the militants. In our nine-month start-up phase we reached 12,500 people, including 2,125 children. Sadly, this represents only a small amount of the total number of people in need; the funding provided is part of a wider, more long-term response, and we hope to reach a further 32,500 people in the following nine months.

## Aim 4 -

### Building our Partnerships in the Catholic Community

So that Catholics in England and Wales are inspired to challenge global poverty through prayer, action and giving, and in doing so transform their own lives.

#### The Catholic community responded to the cry of the poor.

- 350 young leaders completed our volunteer programme, learning about the issues affecting the world, as well as having fun and meeting other young people.
- 108,000 individuals took action or donated directly
- Our staff and volunteers reached 301,200 pupils through school visits, helping them learn about who we are, who we help, why we're needed and how they can get involved.
- Thousands supported our work through their communities: 77% of all parishes and 46% of Catholic schools in England and Wales have donated or campaigned.

77% of all Catholic parishes in England and Wales have donated or campaigned

#### Local leadership in our volunteering programme is increasing; an inspiring example of the Catholic community expressing its solidarity with our brothers and sisters in need.

Last year we saw more examples of volunteer area coordinators taking responsibility to guide other volunteers in their area. They are supported by CAFOD's network of diocesan volunteer centres which work with the Catholic community across England & Wales. Our growing number of MP correspondent volunteers continue to lobby their local MP, advocating for political change so that more communities can flourish.

#### We refocused our call to pray, fast and give.

It's a simple ask - choose something, give it up and donate the money saved. And as we focused on Lent Fast Days, many of our supporters willingly took up the challenge! Going vegan, giving up single use plastic and lots more besides. Fr Tim Byron SJ works with young people in London and as well as encouraging his students to have a 'digital detox' during Lent, Father Tim abstained from the TV-streaming platform Netflix. It has been a delight to hear about the sustained and committed efforts by individuals and communities through our volunteers and on social media. In fact, Lent had quite a digital presence - nearly 20% of donations were made online!

#### This Lent we shared Marian's story from Zimbabwe, and raised more than £4.2 million!

Marian struggled to provide for her family, and it broke her heart to see her children go hungry, but together we helped turn heartbreak into hope. Marian joined a community vegetable garden, which is supported by our partner Caritas Gokwe. Her children now have the nutritious food they need to grow healthy and strong, and Marian has been given hope for the future. "My life is different now," she says. "We are now more of a family in our community. Caritas has brought us together." Marian is happy to see her children grow healthier every day.

“ I'm very grateful to CAFOD supporters for what they've done. You have been a bridge from a place of suffering to a better world.

”

**Relationships lie at the heart of our work.** Through a series of webinars and speaker visits, we enabled more supporters to talk directly to CAFOD staff and partners. Parishes built relationships with communities in Ethiopia, El Salvador, Brazil, Peru and Cambodia, hearing from people who are working hard to improve their lives. Many parishes show their support by sharing messages of solidarity and fundraising through coffee mornings and shared lunches; in turn strengthening their own communities. Around 3,000 individual supporters are getting 'Hands On', supporting specific projects through a regular gift to our project in Doutchi, Niger. We are in the final stages of our project in Bolivia, helping communities irrigate their dry fields, train them in farming techniques, and build protective greenhouses. This year we continued our successful partnership with British company CPL Aromas, who have further increased their contributions to our work and now support six projects across the world.

“ When we have received news from parishes in England and Wales accompanied by prayers and encouraging words, this has been a comfort because we know that there is a bigger world out there beyond our communities and we feel that people are accompanying us.  
*(Warmi Huasi, Connect2 Partner Peru)* ”

**Schools and parishes continue to reflect and implement lifestyle changes contributing to a better world for all.** Nearly 40 parishes have now been awarded the LiveSimply award. More than 20 schools, including St Patrick's Primary School and Stoneyhurst Collect in Salford Diocese, have been awarded our new Laudato Si' award which encourages pupils to "love generously, live wisely and think more deeply".



**Case Study**

**Location: Reading, UK**

**CAFOD contribution: Voluntary commitment of Linda Heneghan**

Linda arranged for pupils from four Catholic primary schools in Reading to take part in a public speaking competition. Finalists from English Martyrs, St Paul's, Christ the King and St Joseph's spoke on the subject of renewable energy and caring for creation.

“ Small changes will set us on the right path to save our planet. *(One of the young people who took part in the event)* ”

” The pupils spoke about Pope Francis' statement that the "earth is God's gift to us for its beauty and wonder" but that "our common home has never been so hurt and mistreated". They asked us all to live more simply, reducing the number of things we buy, recycling more, thinking about packaging, reducing our water usage and using more renewable energy. The pupils talked about the "many places in our world where people have no electricity or power sources" recognising that "we need to stop treating the world's resources as an object for profit". These young people, with their awareness of and passion for social justice, are a real inspiration to us.

## DFID UK Aid Match

UK Aid Match is a programme funded by the UK government's Department for International Development (DFID).



More than £10 million raised for Lent 2015, enabling life-changing programmes across the world

By matching pound for pound the contribution made during an appeal, the programme doubles the positive outcomes that your money will achieve.

In 2015, DFID offered to match contributions during the Lent Fast Day appeal. The Catholic community made the most of this opportunity, holding sponsored fasts in schools and parishes, making one-off donations and signing up to make regular gifts, and spreading the word to others, in order to help us reach our goal. The amazing generosity enabled a total of £5.1 million to be raised. DFID matched £5 million of this, and the money has been paid out over three years.

**Lifelong programmes have been supported globally throughout the world, and DFID's funds have supporter programmes in Bangladesh, Kenya, Myanmar and Zimbabwe.** Now almost complete, we have improved livelihoods for disadvantaged women, men and children living in marginalised rural communities who are susceptible to a range of risks. We hope to ultimately reach 80,000 family households, around 450,000 people, across the four countries, an ambitious target that is only made possible by the amazing contributions of our supporters. We designed the programmes with a strong emphasis on knowledge sharing and learning between communities, across borders and even over continents; truly one global community.

**Improving nutrition, diet and wellbeing are key to living life with dignity. We supported people to grow more, and better quality, crops, care for their livestock, and generate a fair income through selling their produce.** After teaching new techniques, providing equipment, and bringing farmers together to work collaboratively, we found that all of the households we were working with in Myanmar reported an increased level of dietary diversity. This will have a huge positive effect on these families' physical health; and by enabling them to achieve this themselves, from their own lands, and by working together, their sense of dignity, pride and ownership of their futures remains strong.



*Aye Myint Moe, assessing the catch of the day in her shop in Myanmar. The impact of climate change was making it harder and harder for her to earn a living from the river alone, but with a loan paid for by DFID match-funded money she was able to invest in a small grocery stall, enabling her to diversify her income and improve the financial security of her whole family.*



Helping people improve their nutrition and diet means more children growing up healthy and strong. It means more children succeeding in school because they have the energy to learn. And it brings hope not just now, but to future generations. In the communities of our Zimbabwe Match Fund programme, only 12% of households met the DFID classification of 'high nutritional diversity' before we started. After just two years, 66% of the households were consuming at least seven or more different food groups. Tabeth and her family of four used to survive on one cup of boiled maize a day. Tabeth would feel sick from hunger and her children were too weak to go to school. With DFID match-funded money we have provided agriculture training and fenced off a community garden where her and her family now grow (and eat!) nutritious vegetables all year round.



*Tabeth watering her plants; Jekesa Fungwa, Zimbabwe.*

**Across all four countries, the families we worked with often struggled to meet their basic needs, but our programmes are making a difference.**

By enabling farmers in Zimbabwe to increase and supplement their existing income, we found that 33% of households had enough money to increase their stock of goats and cattle. Farmers can also reinvest their money, buying crops, livestock or equipment and increasing their resilience. In Myanmar, we found a marked increase in families with sufficient income to purchase extra farming equipment, such as ploughs. Communities also worked and saved together to buy a tractor and combine harvester to share. In Bangladesh, thousands of

In Kenya, 7,516 households have diversified their incomes, through poultry farming and bee keeping

**Remember Lent 2012?** It was the year UK Aid Match was launched and CAFOD was one of the first charities to benefit. With some of that money, we built a dam and reservoir in Zimbabwe which now provides water for more than 30,000 people. "Now water is available whenever we want it. I don't have to go to collect water at night. I wake, and my body feels relieved, healthy and fit. It's very different from before." "Everything we do needs water. We use it for drinking, for washing our bodies, for washing clothes, and for our cattle. So, we're very thankful. But the best thing is that now the children can go to school instead of fetching water." **This transformation is thanks not only to the donations but also to the local people who are committed to maintaining the reservoir.**

rural farms do not have the standard minimum to live day to day. Following involvement with the programme, we found that 24% of households had increased their income to at least \$1 per day, allowing them to purchase clothing, repair their homes and pay for their children to attend schools.

**These changes would not have been possible without the gifts and prayers of thousands of children, young people, parishioners, volunteers, supporters, partners and staff as well as DFID's contribution.**

**By working together, we can truly transform lives.**

## Ensuring we remain as effective as possible

CAFOD's Leadership Group (CLG) drives ongoing organisational improvement, informed by our strategic directions.

**Research undertaken last year showed that we could be better at communicating our work, reaching and enabling even more people and communities in England and Wales to get involved.** How we contribute to positive change for people and communities makes us distinctive: our vision, mission and values; the quality, impact and focus of our programmes; our reach and partnership approach; and working through and in service to the Church. Colleagues have developed and tested some powerful messages with focus groups across England and Wales. We are looking forward to sharing more of the incredible work our partners do and the life changing difference they make within their local communities next year.

**Volunteers are the lifeblood of our work in England and Wales. We think that we can build even greater levels of local leadership to further root CAFOD's practices in the Catholic community.** Volunteer teams meet to advise and plan locally in approximately one third of dioceses, and volunteer advisory groups inform national education volunteer activity. Whilst we have improved access to resources online, this is not yet as easy as it should be. Despite this we have increased the participation of volunteers and have recruited some additional 144 volunteers last year. Volunteers are invited to join CAFOD's monthly staff briefings online and we were grateful to honour several long-serving volunteers last year with certificates and a Mass of Thanksgiving.

**Increased support makes a real difference to our partners around the world.** We are dependent on funds in order to deliver our mission. We pride ourselves in having one of the lowest percentage spend on support and governance costs in the sector, just 10%. Last year we focused on increasing the percentage of our expenditure that goes directly on partner grants. We have changed the way we allocate resources in our budget, introduced some new internal systems, and have reduced the number of senior managers in the organisation. We also saw early results from structural changes that we implemented through our T2020 programme a few years ago. Our institutional income grew, including greater contributions from our Catholic sister agencies. Institutional income remains essential to delivering our mission as it extends the reach of our international programmes and releases supporter gifts to meet new needs and priorities.

**There are increasing regulatory and compliance demands on CAFOD and our partners. Last year we had to invest time and resources to strengthen and demonstrate our practices.** In England and Wales, we reviewed how we contact our supporters, recomunicated how we ensure data privacy, and adjusted our systems so that we are ready for the new fundraising and Global Data Protection Regulations (GDPR). Our international programmes strengthened their practices in response to safeguarding vulnerable children and adults as well as improving due diligence around countering aid diversion, bribery and corruption and money laundering. Regulation and compliance doesn't just affect CAFOD's practices – it affects our partners too. We continue to strengthen their capacities around these areas, providing expertise, sharing learning from other partners and accompanying their change in working practices.

**By evidencing and demonstrating our contribution to local, national and global change, we enable staff, partners and communities to learn. We can then improve our interventions to maximise their impact, influence and benefit.** We took steps to further focus and strengthen our international programme and project design, monitoring, evaluation, accountability and learning and have agreed clear priorities.

Last year we made good progress in shaping and sharing internally our key organisational performance information and enabled our Trustees to hold us to account more systematically. There are areas where we would like to improve our data and reporting and generating better insight will continue to be a priority next year.

**We are continuing to develop more equitable, effective and accountable partnerships to redress the imbalance of power at global and national levels.**

Working in partnership is a fundamental expression of our Catholic ethos and the integral approaches called for in *Laudato Si'*. We have been mindful of the power imbalances within our own partnerships and between our partners and the people and communities they support. We aim to collectively model the changes we hope to see in the wider world. We have taken steps to address some of these: we continue to advocate for a greater localisation of humanitarian aid so that Southern-based national partners can play an increased and more prominent role in humanitarian response. We have been working with some other CARITAS agencies to harmonise reporting needs, so that we reduce the administration required, and we are committed to adjusting our own organisational ways of working including providing even greater transparency.



**Case Study**  
**Location: Asia and Africa**

Women and girls make up half of the world's population – they represent half of its potential for development. Gender inequality is a serious issue and is incorporated into our programmes. A review in 2014 stressed the need for confidence building for CAFOD and partner staff. The result is a toolkit launched in March 2018, which is available to download from our website.

Our '*Believe in Change*' aims to help Catholic organisations and leaders feel better equipped and confident to promote gender equality in their work, using language, methods, values and theological reflections that are rooted in Catholic teaching.

In response to the review we created a multi country programme with Church partners to promote gender equality, and engaged systematically with the key structures, from the smallest community groups to the national Bishops conferences. As a result some community leaders are bringing more women into the decision-making processes, and the Kenya Episcopal Conference drew up its own gender policy which is now being translated into practical action plans. The toolkit brings all this learning into one guide which we developed and piloted with partners from Africa and Asia.

The toolkit uses partner case studies from across the world describing challenges and achievements of their gender work with a focus on rural women. The toolkit works on four levels – individual, family, community, and society – and allows partners to reflect on gender roles and change harmful practices through the pastoral cycle of seeing, judging, acting and celebrating. These steps do not require outside experts, but rather build on individuals' and groups' own reflections of their convictions and practices in light of teachings found in the Bible.

## Reflections from the Director

Dear friends,

In my time at CAFOD as Director, I have been consistently moved by the generosity of all our supporters, who enable our work through their gifts of prayer, action, and money, and by the dedication of our staff, partners and volunteers. This year has been no exception. As you have read in this report, we continue to boldly champion the rights and dignity of our poorest brothers and sisters across the world. My heartfelt thanks to all of you for your continued support in this mission. CAFOD and our partners have been at the forefront of responding quickly and effectively to crises across the globe, ranging from the ongoing Syria conflict, the eruption of the El Fuego volcano in Guatemala, through to the millions of people who have been displaced by conflict and persecution across Africa, Asia and Latin America. In addition to our response work, we have been actively committed to improving the lives of hundreds of thousands of people throughout the world, providing clean water and sanitation facilities to communities, supporting anti-human-trafficking projects and campaigning for the rights of migrants to be respected. The words of Elspeth Orchard, one of the first Family Fast Day organisers, still ring true in relation to our work: "We weren't doing anything special, we were just doing what we thought we ought to do, remembering that we are all God's children".

This year, the UK overseas aid sector was profoundly rocked by a series of scandals surrounding the exploitation of recipients of aid and the treatment of staff. The actions of those who abused their privileged positions of power are reprehensible and discredit the vital work undertaken by the majority of good people in our sector. CAFOD did not hesitate to join in the swift condemnation of such acts. CAFOD has always had a stringent set of safeguarding guidelines, but in light of the events of this year we have reviewed them independently in order to improve both policy and practice still further. I am unequivocally clear: CAFOD has a no tolerance approach to anyone who abuses their position to exploit recipients of aid or who exploits others.

This is my last time addressing you as Director; after fifteen extremely fulfilling years of leading CAFOD, I have decided to take retirement. My successor will find themselves leading a wonderful organisation which is in a very strong position. They will be buoyed by the loyalty and generosity of our supporters and inspired by the incredible life changing work which we undertake around the world.

The coming months will see Pope Francis canonise two Saints with very close links to CAFOD. Blessed Oscar Romero, after whom our London office is named, was a longstanding CAFOD partner during the years of social turmoil in El Salvador. Pope Blessed Paul VI was the Pontiff when CAFOD was founded; his encyclical *Populorum Progressio* was prophetic in its call for economic systems to benefit the whole of humanity - his insight has been the cornerstone of all CAFOD's work since our foundation in 1962. Please remember to pray to these two great intercessors for all our work.

And finally, we thank God for the life of Cardinal Cormac Murphy-O'Connor, CAFOD's Patron for many years, who died this last year. I'll remember him as a tireless champion of our work who was always there when I needed support.

*Chris Bain*

Chris Bain, Director

## Our plans for the future

### Aim 1 – Increasing Power and Influence

We will continue to advocate for integral human development – development that is socially and environmentally sustainable and leaves no-one behind. We want to play our part in changing the current models of production and consumption, including through advocating for a transition to low carbon development and renewable and efficient energy technologies, and by empowering poor and marginalised communities to participate fully in economic and social life. Specifically we will work to engage the UK government to increase the UK's emissions reduction targets in line with the aspiration to limit global warming to fewer than 1.5°C, set during the global climate conference in Paris in 2015. This will maintain a strong and ambitious UK voice internationally and ensure we are meeting the urgent challenges which caring for our common home presents. We will also support increased partner advocacy on Agenda 2030, climate change and the increasing threats to Human Rights Defenders across the world.

### Aim 2 - Promoting Sustainable Change

We will build on the excellent work our partners and communities are engaged in towards achieving sustainable change across Africa, South East Asia, the Middle East and Latin America. We continue to reach out to those living in extreme poverty, people affected by conflict and injustice and those who suffer from the devastating consequences of climate change. We will seek to increase our impact by investing more financial resources where the need is greatest, increasing the means and opportunities for the most marginalized to exercise their rights, have access to essential goods and services, and we will strengthen the capacity of partners and communities to shape their own destiny.

We will join efforts with sister agencies, governments, institutions, private sector and other relevant stake holders at local, national and international level, and seek opportunities to respond to challenges in a more effective and efficient manner.

Partnership lies at the heart of what we do and the values we stand for. Gender inequality remains as one of the biggest challenges in most of the countries we work in, and we will continue to address gender and power imbalances all across our programmes and ensure men and women have equal access to opportunities in order to live to the full. Through regular reviews we will ensure that our programmes enable communities to flourish.

### Aim 3 - Achieving Peace, Security and Recovery

Over the next twelve months, CAFOD will continue to support our partners and local communities in responding to crises in a timely and effective manner. Our longer-term development teams and humanitarian emergency staff will work closely together to ensure robust responses through the provision of emergency supplies, the deployment of emergency surge capacity staff and continued investment in strengthening the capacity of key local partners to lead emergency responses in their own communities.

Accountability to affected communities and safeguarding of vulnerable children and adults will underpin all our international work and be an area in which we continue to provide

leadership and support, and our performance will continue to be measured and evaluated using the Core Humanitarian Standards framework.

We will increase our focus in the areas of humanitarian capacity strengthening, WASH and protection mainstreaming, working alongside key partners in these areas. Our drive for localising power and capacity will remain central to our humanitarian policy and programming, with a focus on bringing about practical change at all levels; this will be measured through our Grand Bargain and Charter4Change commitments. As an active member of Caritas Internationalis we will continue to help lead in the areas of protection mainstreaming, WASH, and accountability through the Caritas Internationalis strategic plan and general assembly in 2019. External relationships and funding will remain a critical component of our global humanitarian work and will be measured through partnership successes such as START and Caritas Norway and income received.

#### **Aim 4 - Building our Partnerships in the Catholic Community**

Next year we will continue our programme of prayer, giving, reflection and action. We plan to engage parishes in England and Wales on some key issues such as migration, improve sharing the outcomes of our work in Latin America, and continue to promote more tactical opportunities to make a real difference. We will put a focus on young people: we are working with other Catholic agencies to reach 10,000 young people at Flame 2019 and will continue to train teachers to motivate them to pass on the knowledge, understanding, attitudes and skills that will equip young people to engage in global justice issues. We will continue to work with the Caritas network on raising the issue of refugees and migrants with activities across parishes leading up to the Global Compacts. We will also work with Caritas and CIDSE agencies to encourage our supporters to engage on how we can increase the ambition on climate change both by governments and in our own lives.

#### **Strategic Directions**

CLG will continue to work on long term organisational improvements:

- Reporting annually a full breakdown of our expenditure to partners in accordance with our Charter for Change commitment.
- Developing our approach to monitoring partner voice in our influencing work at international, regional and national level, increasing opportunities for partner engagement.
- Working with staff and partners to strengthen our complaints mechanisms and procedures in line with our commitment to the Core Humanitarian Standards.
- Completing the independent review of our safeguarding policies and procedures related to CAFOD staff, volunteers and partners, and implementing the resulting new policies.
- Clarifying how we will engage with the EU post-Brexit to maximise funding and engagement opportunities.
- Implementing our new supporter database so that we can better engage with supporters based on their interests and preferences.
- Enabling volunteers to access more information online.
- Refreshing how we communicate CAFOD's mission more simply, coherently and with passion across all audiences, all our programmes and all channels.
- Further incorporating Laudato Si' into our strategic framework and ways of working.

**Risks and uncertainties** - Risks refers to factors that could prevent us delivering our plans and strategies or achieving our aims. Risks can be financial, political, regulatory or operational. Whilst we cannot control the risk occurring, we can ensure that we have sound mitigating actions and controls in place. Risk management is incorporated into our planning, organisational decision-making and management procedures. Our Trustees review the organisational risk register regularly, ensuring that we manage threats to our work appropriately. Our principal risks and uncertainties are:

### **Safeguarding and Code of Behaviour**

We do everything we can to ensure we have appropriate policies, procedures and resources in place to minimise the risk of anyone being harmed through our work and to set clear expectations for behaviour of our staff. The recent crisis related to the behaviour of some aid workers has highlighted the very real risks faced by vulnerable people and communities and the impact that these can have on their lives and on the organisations they represent. In the light of this and our commitment to continually improving our safeguarding work we are currently in discussion with the Core Humanitarian Standards (CHS) overseeing body with a view to improving the way that we manage feedback and complaints. We are also running refresher training on Safeguarding and our Code of Behaviour for every member of staff and developing improved training programmes for our international staff working on these issues with local partner organisations around the world. We are re-contracting with all partner organisations receiving ongoing funding from CAFOD to ensure that these commitments and expectations are explicit and written into all our working agreements and to offer support, if needed, for improving local systems and processes. In line with the whole sector we have made adjustments to the way that employment references are managed. These actions and strategies are regularly overseen by the CAFOD Leadership Group.

### **Fraud and loss**

We take stewardship of the resources entrusted to us very seriously. Loss and fraud reduce our effectiveness and, if not acted upon, could damage our reputation with donors and supporters, leading to reduced income. In working in the most challenging environments, and with institutional donors, there are risks around not complying with a range of legislation or specific donor requirements; for example counter-terrorism measures to avoid diversion of funds; anti-bribery, corruption and money laundering; and appropriate procurement procedures. To minimise the likelihood of non-compliance with our internal and external standards, we have policies and systems in place and ensure that all relevant staff have the knowledge, skills and capacity to implement these. We monitor compliance in real time and act appropriately in cases of suspicion of fraud or other financial irregularities. Our measures include a suite of integrity policies, operating manuals, financial health checks for our partners and clear reporting procedures. We and most of our partners are subject to internal and external audits. All of our compliance activities are reported to our Trustees.

### **Safety and Security**

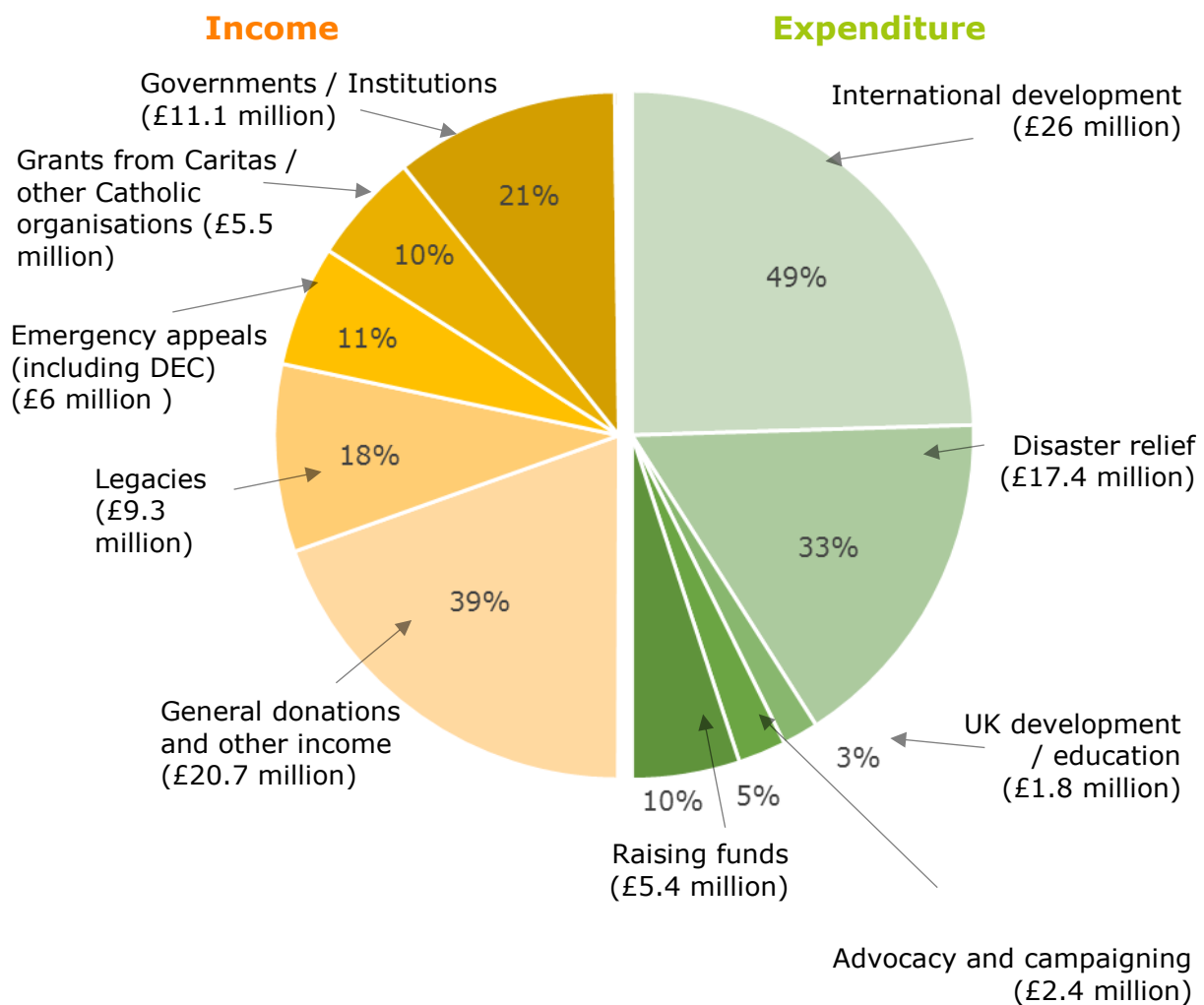
Our staff and others travelling overseas are often at risk. Their safety and security are paramount. Should we fail them in our duty or be negligent in security arrangements, this could result in injury or death to staff or others, programme disruption and financial loss, or legal and reputational damage for CAFOD. We do all we can to minimise the risk of staff and others facing life threatening situations without adequate training and/or access to

effective support. We have policies, manuals, mandatory staff training and a Crisis Management Plan in place, as well as regularly updated security plans for all countries in which we operate programmes. Our central incident reporting system and database are overseen by the CAFOD / SCIAF Global Security Coordinator who ensures that protocols are adhered to. Our Security Cluster reviews incidents, issues and concerns bi-annually.

## Financial review

### At-a-glance figures

During 2017/18, we received a total of £52.6 million, which represented a £2.6 million increase from 2016/17. Every year, the majority of our income comes from the hugely generous support that we receive from the Catholic community of England and Wales. We received £29.8 million in donations and legacies, and £6 million in response to specific emergency appeals (including £2.8 million which we received through being a member of the Disasters Emergency Committee). The balance was raised from Caritas and other Catholic agencies, the UK government, and other government and institutional donors. We spent £5.4 million on raising these funds, which allowed us to spend £47.6 million, or 90% of our total income, on helping us to achieve our charitable aims. Almost half our total spending was on international development and a third on emergency humanitarian work.



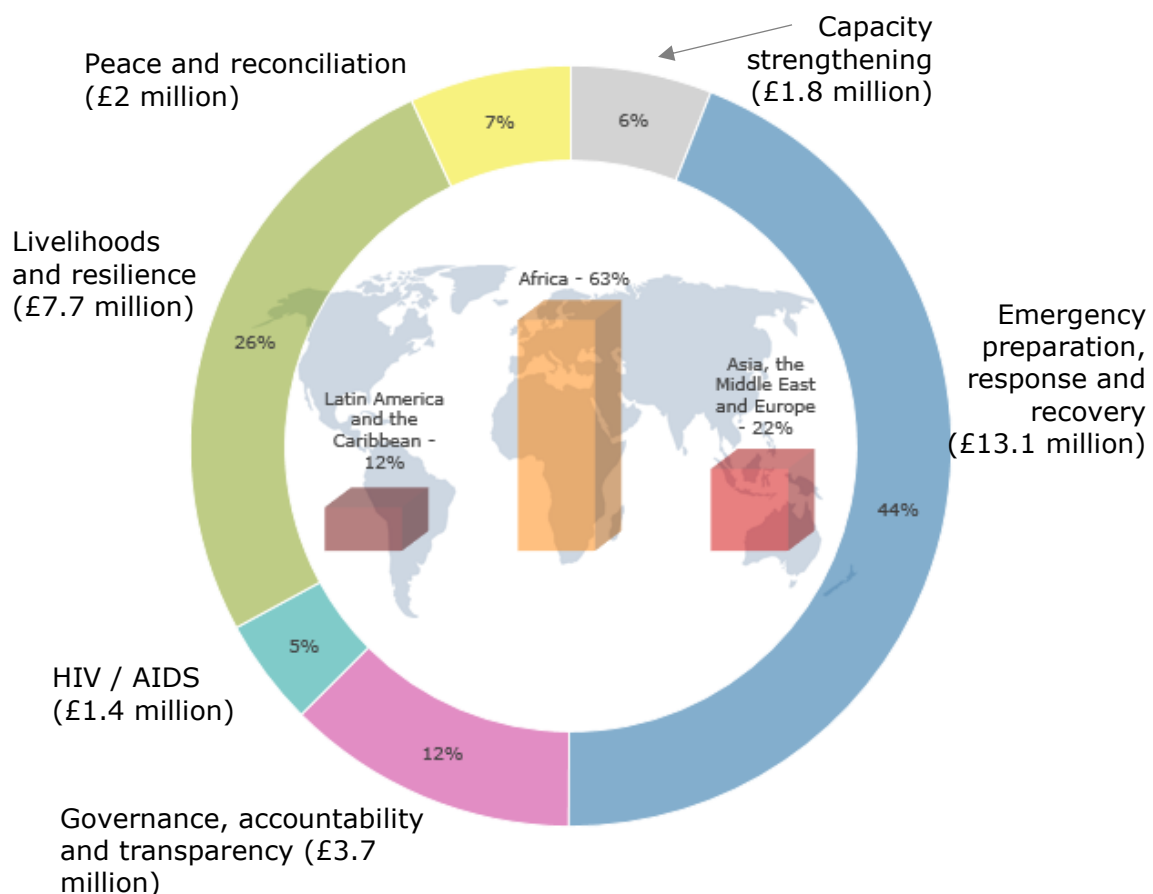


Supporter donations to emergency appeals included £3.3 million for the East Africa crisis response, £1 million for the Yemen response and £0.7 million for the Rohingya crisis response. Grants from Caritas, CIDSE and other Catholic agencies support specific international programmes including several emergency responses that CAFOD is leading on behalf of Caritas Internationalis. Funds raised during the year include £1.2 million for the Eritrea programme and £2.2 million for the South Sudan programme. Grants from governments and institutional donors include £3 million from the UK Government's UK Aid Match Fund programme grants, £4.3 million from the European Union and £1.7 million from United Nations agencies.

£47.6 million spent on charitable activities

As a member of Caritas Internationalis, we operate as part of a worldwide network of agencies committed to helping those in need. We also work with a wide range of other local and non-faith based partners. Last year, we made 612 direct grants to our partners (totalling £30 million), including £1.5 million in direct payments in support of their activities. This approach enables us to have a truly global impact. We were able to contribute £18.8 million to support work in 20 countries within Africa; £6.7 million for work in 18 countries across Asia, the Middle East and Europe, and £3.5 million for 10 countries in Latin America and the Caribbean. £0.8 million was spent to support global work including advocacy and education.

The resources entrusted to us allow us to cover a wide and diverse range of issues, reflecting the contexts in which we operate, the requests that we receive from our partners, and our analysis of how to maximise the impact of our programmes.



## Factors affecting the financial performance and position going forward

We have continued to receive new funding from the UK government through the DFID UK Aid Match programme. We expect to receive up to £5 million in matched funding (over three years) following our Lent 2018 Appeal. We are also planning to actively pursue other possible funding opportunities with DFID, such as UK Aid Connect and other programmes.

We have been carefully monitoring the impact on supporter fundraising of the more difficult economic environment, the introduction of best practices for fundraising in the UK by the Fundraising Regulator, GDPR and further Charity Commission guidance in this area. We have seen little negative impact on income in this financial year and we have a fully funded contingency reserve to cover the eventuality of any significant income shortfall due to these or other factors. With very little change to our previous practices, we have been able to meet the best practice standards in the sector, as the guidelines have been clarified and legislation has come into effect. We continue to develop and improve our systems and processes so that we can better evidence our compliance with GDPR and minimise any financial impact in terms of loss of income or increased costs of compliance. The launch of our new Supporter and Volunteer database will give us the flexibility to protect the integrity of and access to personal data and to record and monitor supporter permissions and preferences, with minimal incremental expenditure.

The date of the UK leaving the EU is fast approaching, but uncertainty remains over a range of issues affecting us and other UK based INGOs. Although there has been some improvement and greater stability in currency rates in 2017-18, the depreciation of the pound against the US dollar has reduced the effective value of our pound Sterling grants to our partners, as they spend in local currencies mostly aligned to the US dollar. This has also added to our cost base for overseas offices and salary costs in many countries. We are mindful of this ongoing risk and we continue to buy forward on US dollars to smooth out currency impacts and practice careful stewardship of our finances. The process and extent of the impact of exiting the EU remains uncertain. We have had an exceptional year of funding from EU institutions, consisting of Europe Aid (development funding) and ECHO (humanitarian funding). We received £4.3 million in 2017-18 (£2.1 million 2016-17). A recent communication from DFID noted that “the draft Withdrawal Agreement reflects the principles agreed in the Joint Report, published last December (2017), that the entitlement of UK entities to participate in current EU programmes will be unaffected by the UK’s withdrawal from the EU until programme closure. This means that UK-based organisations and individuals should be able to bid for funding, participate in and lead consortia, until programme closure, and otherwise implement as normal for all EU development programmes which are approved before December 2020, without fear of exclusion or discrimination.” However, DFID acknowledged that “these commitments do not reflect your experiences of bidding for and implementing programmes with the EU”. It is unclear if UK INGOs will remain eligible for some or all EU funding instruments after the December 2020 cut off, or if additional funds will be available from the UK government, as it will no longer be contributing to the EU. We are involved with various groups lobbying and researching this situation. The longer-term impact on our total institutional income will continue to be closely watched.

## Reserves Policy

The Trustees review CAFOD's reserves policy each year, ensuring a balance between spending on the immediate needs of charitable programmes and setting aside a reserve to protect our work, by providing time to adjust to any sudden large scale operational challenges in our overseas work or to changing financial circumstances in the amount of funds available.

At 31<sup>st</sup> March 2018, we held total funds and reserves of £26 million - £11.2 million general funds; £7.8 million designated by the Trustees for specific purposes; £6.5 million restricted funds in hand; and a permanent endowment fund of £0.5 million.

The Trustees have established a desired stabilisation fund, which contributes to limiting the risk of disruption to our charitable programmes associated with the financial risks the organisation faces. Alongside the potential risks associated with the assets that CAFOD holds and with potential unforeseen costs, the Trustees consider the main financial risk to be a downturn in general income. To cope with any such unexpected downturn in general income, without damaging the long-term programme commitments that we make to our partners, we would need at least two years to adjust these programmes.

Based upon a possible shortfall of 10-15 percent in the level of general income and the need for two years to adjust programmes, the Trustees have established the target level of free reserves at 20-30 percent of the planned annual general income for the coming years, which is a range of £6 million to £9 million.

At 31 March 2018, general funds of £9 million are available, together with £2.2 million in unallocated reserves, so that our target level of £6 million to £9 million for free reserves is met. The Trustees will not allocate further reserves to specific programmes in 2018-19 unless the total of free reserves can be anticipated to exceed £9 million throughout 2018-19. As we have planned to spend more on our grants to partners and operating costs in 2018-19 than we expect to receive in unrestricted income, we will utilise that unallocated reserve to cover this planned deficit.

We also held £7.8 million designated funds at the balance sheet date: £5.7 million set aside to fund the fixed assets that are required for our operations and £2.1 million already assigned by the Trustees to be spent in the coming years on specific activities.

At the end of the year we also held £6.5 million of restricted programme funds, including £2.1m for the ongoing East Africa crisis response, £1.6m for the Nigeria emergency response and £1.1m for the Syria humanitarian response.

## Investment Policy

To ensure continued good stewardship of our resources and maintain the trust of the Catholic community we have a responsible and considered approach to investing. The objective of our investment policy is to maintain high liquidity, whilst remaining in a secure position by avoiding risking our capital. We also ensure that any investment meets the ethical standards we have set ourselves. Within these guidelines, we work to achieve the best possible returns, growing the resources available to help us achieve our charitable aims.

To meet this objective, we make investments in Sterling deposits with financial institutions that hold a high credit rating, spreading the total invested across fixed terms up to 24 months and limiting the amount invested with any one financial institution. Our current policy is to restrict deposits to UK incorporated banks that are regulated by UK banking authorities. As well as Sterling deposits, we maintain balances in Sterling, US dollars and Euros for transactional purposes to cover ongoing expenditure. These 'transactional' balances are held on instant access with the Royal Bank of Scotland.

In addition, we have a permanent endowment fund, the capital element of which is held in perpetuity and from which the income is applied to our work. To maintain the capital value of this fund, meet its ethical standards and achieve the best possible return, this fund is invested in an ethical UK common investment fund.

Our investment policy is reviewed by the Finance, Legal, Audit and Risk Committee, acting as an investment sub-committee, and is approved by the Trustees annually. The Finance, Legal, Audit and Risk Committee, reporting to the Trustees, monitors investment performance and compliance with investment policy quarterly. The Trustees have confirmed that the objectives of our investment policy were met during the year.

## 2. Structure, governance and management

### Legal structure and governing document

CAFOD is the official overseas development agency of the Catholic Church in England and Wales. Following the actions of Catholic women's organisations that held the first 'Family Fast Day' in 1960, CAFOD was formally established by the Bishops of England and Wales in 1962 to address the concern of the Catholic community about the needs and problems of developing countries. CAFOD is constituted as a charitable company limited by guarantee and not having a share capital (company number 09387398, charity registration number 1160384). Our governing document is the Memorandum and Articles of Association. Our charitable objects are:

- The relief of poverty throughout the world.
- The advancement of education throughout the world.
- The advancement of the Christian religion throughout the world.
- The relief and prevention of sickness, disease and physical or mental disability throughout the world.
- Such other charitable purposes anywhere in the world as are for the benefit of the UK community.

### Board of Trustees

CAFOD is governed by four Member Trustees and a wider group of Trustees, who together form the Board of Trustees. Member Trustees are appointed by the existing Member Trustees with their appointment ratified by the standing committee of the Bishops' Conference of England and Wales. The Member Trustees hold a limited number of reserved powers, including the appointment of other Trustees and the power to amend CAFOD's Memorandum and Articles. All other powers, including the establishment of specialist committees and general responsibility for the running of CAFOD are vested with the full Board of Trustees. There are three sub-committees: Strategy and Performance Committee, Remuneration Committee, and Finance, Legal, Audit and Risk Committee (FLAR), as well as other specialised advisory committees on which some Trustees sit.

The Trustees give their time voluntarily and receive no private benefits from CAFOD. The Trustees have taken account of the statutory reporting duty to illustrate how, in practice, the activities of CAFOD meet the legal public benefit requirement. In this respect, the Trustees have noted and paid due regard to all the Charity Commission's statutory guidance that is relevant to our mission, and have highlighted in this report examples of CAFOD's activities which illustrate how our work fulfils its mission and the significant benefits it brings to:

- Individuals and communities in poverty overseas, irrespective of their race, religion or creed.
- Teachers, youth workers, students and pupils involved in teaching and learning about global poverty and injustice and its causes.
- The Catholic Community in England and Wales in expressing its faith in action in response to global poverty and injustice issues.

## Charity Governance Code

Effective governance and leadership are essential if CAFOD is to achieve its ambitions and aims. The Charity Governance Code is a non-legally-binding set of best-practice guidelines, developed with contributions from more than 200 organisations, which is observed by the Charities Commission. The code is “deliberately aspirational”, setting out a ‘perfect scenario’ to strive towards, rather than a list of parameters that every charity must be achieving. There are seven key principles outlined in the guide:

### Organisational purpose

Our Board of Trustees is the custodian of CAFOD’s vision, mission and values; they approve strategy, structure, corporate plans and budgets and ensure the organisation is effective and accountable. The Board selection process considers a potential member’s understanding of and commitment to our aims and objectives. Trustees have an induction programme and some chair specialist committees and involve themselves with the work of different sections, international regional teams and volunteer centres, to ensure that collectively they have the overview necessary for the proper governance of CAFOD. Regular communications and briefings are delivered to the Board to ensure they can continue to articulate our charitable purpose, our effectiveness and outcomes.

### Leadership

Through meeting quarterly, and ad hoc discussions of any significant matters that arise in between meetings, the Board collectively maintains responsibility for ensuring a suitable set of aims are used to govern our work, and for implementing a strategy to achieve these. The Board members agree to govern their own lives by the same values and beliefs that drive our work, reflect CAFOD positively and uphold our reputation both within the international development sector and externally. By regularly meeting CAFOD leaders and occasionally accompanying our work, the Board ensures our values continue to underpin the ethos of CAFOD and the work that it delivers. Our whole Trustee body brings a wide range of skills and experience from a variety of backgrounds, including finance, government and the charity sector, as well as from the Catholic community.

### Integrity

The Board will always act in the best interests of CAFOD, and makes decision based on what they genuinely believe is the best course of action to ensure that we strive towards our charitable objectives. Every year the Board members, as well as senior leadership within CAFOD, complete declaration of interest forms, to highlight and address any potential conflicts; these are also reviewed by our auditors. The Board remains entirely independent in its decision making, and measures are taken to ensure that when necessary any potentially contentious decisions are justified and explained in a way that ensures the reputation of CAFOD, and the sector is maintained. The culture of the Board is one which encourages members to challenge, question and offer support.

### Decision making, risk and control

Our Trustees appoint the Director of CAFOD and have delegated to the Director and management of CAFOD the responsibility for the approval of grants to partners. The Board of Trustees has delegated the responsibility for making remuneration recommendations to the Remuneration Committee. Board meeting agendas are managed so that only the most pressing matters relating to strategy, performance and assurance are brought forward for discussion and decision making. Operational matters are delegated to the CLG, with only the most serious of these being brought before the Board. Careful consideration is given

to the stewardship of our resources, and the financial position of the organisation is regularly and transparently reported to the Board. Financial and non-financial risks are managed by a separate expert advisory committee (FLAR), which includes Board members and specialists. A report from FLAR is presented to the Board at each meeting for members to comment on and review. The actions and progress of the other advisory committees, as well as any key personnel and teams, and any major partners or contractors that CAFOD might be working with, are all reported on to the Board as appropriate, in order for them to maintain responsibility and provide oversight for the entire organisation.

### **Board effectiveness**

The selection process for finding Board members aims to ensure a wide and diverse range of relevant and beneficial skills, experience and networks are maintained across the group. This includes both within and outside the Catholic community and the international NGO sector. Several members of staff within CAFOD have specific responsibilities around ensuring communication, coordination, information sharing and decision making are effectively facilitated across the Board and the CLG. Meetings are scheduled to try to ensure as full an attendance as possible, and detailed minutes and actions are recorded, circulated and stored on file.

### **Diversity**

The Board recognises that a broad variety of perspectives and abilities is essential for effective, beneficial governance. The selection of new members aims to ensure a wide degree of diversity is maintained on a range of categories amongst the Board, and that this difference is celebrated and optimised to best achieve positive outcomes for the organisation. Currently there is close to a 50/50 gender split (7 men; 6 women), and the members come from a range of backgrounds and sectors, including the Catholic Church, local government, international diplomacy, law, other NGOs and higher education.

### **Openness and accountability**

The Board takes an active role in guiding and reviewing how our outcomes, impact and actions are accurately and transparently reported to key stakeholders. This includes assessing the policies and approach related to the handling of serious complaints, media relations and any incidents of whistleblowing. The Chair personally communicates important messages and decisions directly to the entire organisation and is open to questioning. The Board works to maintain and foster the trust and support of the Catholic community, wider supporter base and NGO sector equally, and always considers any ramifications to the public perception of CAFOD that its actions, either as a group or individually, might cause.

CAFOD will continue to assess our leadership and governance practices and outcomes using the Charity Governance Code as a guiding document. We will always strive towards reaching and maintaining the highest standards possible in all of the principles mentioned above, and will continue to transparently report on our performance.

## Remuneration Policies

CAFOD staff and Trustees take careful consideration of their responsibility as stewards of the resources entrusted to us. All employees should be treated with dignity and respect which is why we are a Living Wage employer. Our remuneration packages reflect the skills and experience required in particular roles. The Board of Trustees is responsible for setting the remuneration levels for the CAFOD key management personnel (defined as the CAFOD Director and other members of the business management cluster) and other members of the CLG. CLG is responsible for setting the remuneration for the CAFOD workforce. However, CAFOD is committed to ensuring that there is a clear relationship between the remuneration policy and practice of senior staff and that of CAFOD's whole workforce, currently set at a ratio of 5:1. Therefore the remuneration review process is designed to accommodate this. Salary scales are reviewed annually and published to all staff.

## Dignity, Diversity and Equality Policy

CAFOD believes in the intrinsic dignity of every person. As set out in the CAFOD Code of Behaviour, CAFOD expects all staff, volunteers, partners and consultants to conduct themselves in a manner that preserves the dignity, respect and equality of every individual. In line with the Vision, Mission and Values, and as a Catholic agency, the dignity of every human person, as set out in Catholic social teaching, is an overriding principle of the way we work.

CAFOD gives full and fair consideration of applications for employment made by disabled persons, having regard to their particular aptitudes and abilities, is committed to the continuing employment of, and provision of training for, employees who have become disabled while employed, and for training, career development and promotion of disabled persons.

## Statement on Environmental Impact

**In Laudato Si', Pope Francis invites us to a change of heart; individually, as a community, and at an international level, so we may truly respond to "both the cry of the earth and the cry of the poor"**. The negative effects of climate change are linked with a wide range of the work we do, including government clean-energy advocacy, agricultural resilience programmes and our responses to emergency situations caused by severe weather. As global temperatures continue to rise, and the subsequent effects on the global South become more apparent each year, limiting our environmental impact has never been more important.

**We work hard to ensure that whilst working towards our charitable objectives we are doing so in a sustainable, environmentally friendly way.** Within Romero House, CAFOD's London office, there is a dedicated 'Green Group', made up of staff from CAFOD, the Climate Coalition and the Catholic Social Action Network, who meet regularly to discuss the environmental impact of the building and suggest ways to further limit our impact. The office has an 'excellent' rating from BREEAM, the world's leading building sustainability assessment tool. Ground-source pumps are used to heat the building, and we produce electricity via solar panels on our roof. These panels also help warm the water



for our kitchens, and the toilets are flushed using collected rainwater. There are recycling bins on every floor, and a strong emphasis on only printing when entirely necessary. The nature of our work necessitates some staff members travelling internationally. We minimise our impact by selecting the most direct routes possible, and, when available, using airlines with a positive approach to carbon offsetting. We always consider the environmental impact our travel has, and only plan trips when a physical presence is absolutely required.

## Statement on Fundraising

At CAFOD, we have made a Fundraising Promise to our supporters. It outlines how we will behave when we fundraise and ensures our fundraising is legal, honest, open, transparent and accountable.

**We are committed to high standards.** We do all we can to ensure that fundraisers, volunteers and fundraising contractors working with us comply with our Fundraising Promise. We are registered with the Fundraising Regulator which sets and maintains the standards for charitable fundraising in the UK. We comply with laws relating to data protection, health and safety and the environment.

**We are honest and open.** We tell the truth and do not exaggerate. We do what we say we are going to do. We answer all questions about our fundraising activities and costs.

**We are clear.** We are clear about who we are, what we do and how gifts are used. Where we have a promotional agreement with a commercial company, we make clear how much of the purchase price we receive. We give a clear explanation of how someone can make a gift and amend a regular commitment.

**We are respectful.** We respect the rights, dignities and privacy of our supporters and beneficiaries. We will not put undue pressure on supporters to make a gift and if a supporter does not want to give, or wishes to cease giving, we will immediately respect her/his decision. We offer supporters choices about how they wish to be contacted and respond to requests to end contact. We deliver most of our fundraising activity directly, with the exception of some payroll giving promotions. The professional payroll giving fundraisers we use are responsible for responding to invitations by companies to speak to employees about the general benefits of payroll giving. These agencies represent a wide range of charities and are not operating only 'on CAFOD's behalf'. They are providing a 'reactive' service to companies and employees. They are instructed to talk specifically about CAFOD only if an employee first mentions CAFOD's name and expresses an interest in supporting us. While the risk of their fundraisers applying pressure to give is very low, there is a system in place where employers are surveyed after each visit, so they can report anything they were unhappy with. No issues or complaints have been communicated to us with regard to payroll giving. The agencies we use have a clear vulnerable people policy and meet the standards outlined in the Fundraising Code of Practice.

A policy specific to protecting vulnerable people is in its final draft stage. Existing principles already in use are:

- If it is known or there are reasonable grounds for believing that an individual lacks capacity to make a decision to donate, a donation will not be taken.
- Donations given by someone who lacked capacity at the time of donating will be returned.

**We are fair and reasonable.** We take care not to use images or words that cause unjustifiable distress or offence and try not to cause unreasonable nuisance or disruption

**We are accountable.** We encourage any feedback from the public, and our Trustees regularly review trends in the messages we receive. We are registered with the Fundraising Regulator, have paid the levy and uphold the code of practice. We continue to develop our policies and practices in line with best practice requirements, and our regular detailed return on all fundraising related complaints has been submitted to the Fundraising Regulator for the calendar year of 2017.

The main fundraising activities undertaken by CAFOD last year (and the number of complaints about each we received) were postal direct mailing (194), online advertising (15), press advertising (0) and email fundraising (10). We received a further 26 complaints across the other 11 fundraising channels we use. In total, 245 complaints, comments and opinions were received from the public, which represents less than 0.005% of the total number of individual fundraising activities undertaken.

Of the 194 complaints received following direct mail appeals, the majority were about the frequency of our communications with supporters, the content of the appeal, the salaries and costs associated with fundraising, or concerns over the wider developmental sector and foreign aid spending. 13 of the 15 complaints about our online advertising were technical issues with the functionality of the website. The 10 complaints received about emails were in relation to the content included.

We consider every piece of feedback we receive individually, and in detail. We are always looking for options to improve the ways in which we interact with our supporters, and we consider their feedback the most important measure against which we judge our performance.

## **Statement on Safeguarding**

**We are committed to recognising the personal dignity and rights of all people we work with, especially vulnerable groups.** We have a particular concern to ensure children, young people and vulnerable adults are safeguarded and recognise we have a special duty of care and respect towards them. Our organisational culture prioritises safeguarding and our code of behaviour and we have mechanisms by which we ensure a safe and trusted environment for all who work and come into contact with us.

**We are committed to a zero-tolerance approach to misconduct breaching our Code of Behaviour, including fraud, abuse, sexual misconduct, intimidation and other acts.** We have robust safeguarding and whistle-blowing policies and practices in place, which are regularly reviewed, to ensure that vulnerable people are protected. Staff are briefed on these and the channels through which they can confidentially raise concerns as part of their induction to the organisation and during refresher training.

The Board discussed the issue of safeguarding and behaviour in light of the safeguarding events highlighted in the media during the year. There was a satisfactory level of assurance on CAFOD's policy and practice. The Board asked for an independent health check to be undertaken of how safeguarding is best managed whilst working through CAFOD's partnership model. There will also be a review of any complaints relating to code of behaviour issues. Both of these reviews will report back to the Board.

**We are committed to being openly accountable for our work and to reporting breaches of our code of conduct to donors and the Charity Commission, especially breaches related to children and vulnerable adults.**

We have also reviewed historical cases of sexual misconduct allegations against CAFOD employees. Between 2010 and 2017, CAFOD has investigated and acted upon two cases related to sexual misconduct, both of which occurred overseas. The first investigation yielded no evidence to require disciplinary action, and in the second investigation we worked with local police authorities and the staff member was dismissed. This was reported to the Charity Commission.

We work through trusted local partners overseas and have long-standing relationships with many of them. We have also joined an initiative with other UK-based overseas development agencies (BOND) and the Charity Commission to strengthen cross-sector information sharing and protection of vulnerable people.

**During the period 2017/18 two concerns were raised regarding the conduct of our staff:**

- We were informed by a journalist that a current CAFOD employee had been accused of sexual misconduct whilst working for a different aid agency in 2011. We were unaware of these allegations previously and had received two references, as standard practice, including from his most recent employer when he applied for the role in 2014. We received a reference from the organisation's headquarters which confirmed the allegations against him. His failure to disclose the circumstances of his departure were in breach of CAFOD's Code of Behaviour and the individual was dismissed.
- The second case is currently open and is being managed in accordance with our organisational policies.

### 3. Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report, which incorporates the directors' report as required by company law, and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and the group as at the end of the financial year of the income and expenditure of the group for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities' SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group 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 financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Insofar as each of the Trustees of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' Report, including the Strategic Report, was approved by the Trustees on the 10<sup>th</sup> July 2018 and signed on their behalf by



The Right Reverend John Arnold, Chair of Trustees

## 4. Independent Auditor's Report to the Members of Catholic Agency for Overseas Development

We have audited the financial statements of the Catholic Agency for Overseas Development for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2018 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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

## **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' report.

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

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement (set out on page 44), the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Tim Redwood  
Senior Statutory Auditor  
For and on behalf of

**Crowe UK LLP**  
Statutory Auditor  
**London, UK**

8 AUGUST 2018

## 5. Financial statement

### Consolidated Statement of Financial Activities

(incorporating an income and expenditure account)

for the year ended 31 March 2018

	Note	Unrest- ricted Funds £'000	Rest- ricted Funds £'000	Total Funds 2018 £'000	Unrest- ricted Funds £'000	Rest- ricted Funds £'000	Total Funds 2017 £'000
Income and endowments from:							
Donations and legacies	2	26,874	8,912	35,786	23,649	7,886	31,535
Charitable Activities	3	344	16,292	16,636	3,565	14,743	18,308
Other trading activities		27	-	27	42	-	42
Investments	4	134	19	153	142	19	161
<b>Total</b>		<b>27,379</b>	<b>25,223</b>	<b>52,602</b>	<b>27,398</b>	<b>22,648</b>	<b>50,046</b>
Expenditure on:							
Raising funds	5	5,254	109	5,363	5,680	180	5,860
Charitable activities:							
International Development	5	14,059	11,892	25,951	15,802	11,565	27,367
Disaster Relief	5	4,489	12,951	17,440	4,814	9,719	14,533
Development education	5	1,761	50	1,811	2,012	56	2,068
Advocacy and campaigning	5	2,367	71	2,438	2,457	133	2,590
<b>Total</b>	<b>5</b>	<b>27,930</b>	<b>25,073</b>	<b>53,003</b>	<b>30,765</b>	<b>21,653</b>	<b>52,418</b>
Operating surplus/(deficit)		(551)	150	(401)	(3,367)	995	(2,372)
Net gains on investments	13	-	5	5	-	69	69
Net income/(expenditure)	7/22	(551)	155	(396)	(3,367)	1,064	(2,303)
Reconciliation of funds:							
Total funds brought forward		19,565	6,787	26,352	22,932	5,723	28,655
Total funds carried forward		19,014	6,942	25,956	19,565	6,787	26,352

CAFOD did not change any of its principal activities during the above financial years and there were no gains and losses other than those included above. Restricted funds above include permanent endowment funds with a current value of £530,430; see note 13. All of the charity's income and expenditure is derived from continuing operations.



## Balance Sheets as at 31 March 2018

		2018 Group	2018 Company	2017 Group	2017 Company
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10	10,308	10,308	10,539	10,539
Intangible assets	11	911	911	687	687
Investments	13	3,996	3,996	3,991	3,991
		<b>15,215</b>	<b>15,215</b>	15,217	15,217
<b>Current assets</b>					
Stock		16	16	17	17
Debtors	14	3,865	3,865	3,350	3,350
Short term cash deposits		11,628	11,628	11,288	11,288
Cash at bank and in hand		4,642	4,642	5,455	5,455
		<b>20,151</b>	<b>20,151</b>	20,110	20,110
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(8,711)	(8,711)	(8,205)	(8,205)
<b>Net current assets</b>		<b>11,440</b>	<b>11,440</b>	11,905	11,905
<b>Total assets less current liabilities</b>		<b>26,655</b>	<b>26,655</b>	27,122	27,122
Pension scheme liability	17	(699)	(699)	(770)	(770)
<b>Total net assets</b>	21	<b>25,956</b>	<b>25,956</b>	26,352	26,352
<b>The funds of the charity:</b>					
Endowment funds	19	530	530	525	525
<b>Restricted income funds:</b>					
General donations and legacies	19	239	239	293	293
Emergency appeals	19	4,156	4,156	5,686	5,686
Income from charitable activities	19	2,017	2,017	283	283
<b>Unrestricted funds:</b>					
Designated fixed asset fund	20	5,685	5,685	5,692	5,692
Designated programme fund	20	2,095	2,095	3,880	3,880
General funds	20	11,234	11,234	9,993	9,993
<b>Total funds</b>	21	<b>25,956</b>	<b>25,956</b>	26,352	26,352

*The result for the financial year dealt within the financial statements of the parent Company was a deficit of £396,000 (2017: deficit of £2,303,000).*

The financial statements were approved and authorised for issue by the Trustees on 10<sup>th</sup> July 2018 and signed on their behalf by:



The Right Reverend John Arnold  
Chair of the Trustees



Chris Perry  
Honorary Treasurer

## Consolidated Cash Flow Statement for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash used in operating activities	22	(307)	(3,263)
Cash flows from investing activities			
Dividends and interest from investments		153	161
Proceeds from sale of fixed assets		16	8
Proceeds from the sales of investments		-	74
Purchase of tangible fixed assets		(111)	(86)
Purchase of intangible fixed assets		(224)	(278)
Net cash used in investing activities		(166)	(121)
Change in cash and cash equivalents in the reporting period	23	(473)	(3,384)
Cash and cash equivalents at the beginning of the reporting period		16,743	20,127
Cash and cash equivalents at the end of the reporting period		16,270	16,743

## Notes to the Financial Statements for the year ended 31 March 2018

### 1. Accounting policies

#### (a) Basis of accounting

CAFOD is a charitable company limited by guarantee incorporated in the United Kingdom (company number 9387398, charity registration number 1160384) with the liability of members (four in number) of £1 each. The registered office is: Romero House, 55 Westminster Bridge Road, London SE1 7JB. The nature of the charity's operations and principal activities is described in the Trustees' Report accompanying the Financial Statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), and applicable company and charity law in the UK.

Having reviewed the financial position and future plans for the charity, the Trustees have identified no material uncertainties related to events or conditions that cast significant doubt on the charity's ability to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

The charity is a public benefit entity as defined in FRS102.

#### (b) Basis of consolidation

The CAFOD Trading Company ceased to trade in the year ending 31<sup>st</sup> March 2017. All assets and activities were transferred to the charity. The group financial statements consolidate the financial statements of the charity and of

its subsidiary undertaking, the CAFOD Trading Company Limited. No separate Statement of Financial Activity or Cash Flow Statement are presented for the parent charity, as permitted by s.408, Companies Act 2006 and FRS102 paras 1.8, 1.12(b) respectively.

### **(c) Income**

Unrestricted income is available for expenditure approved by the Board. Restricted income is available for expenditure in accordance with the purpose specified by the donor.

Income is credited to the Statement of Financial Activities when entitlement can be demonstrated, receipt is probable and the amount can be reliably measured. In respect of income from governments and other institutional donors, entitlement is obtained when only administrative requirements exist and all disbursement and other entitlement conditions are satisfied. Legacies are included in the Statement of Financial Activities at the earlier of receipt and the date the estate accounts are approved or a distribution authorised by the executors.

Donations from supporters are accounted for when received.

### **(d) Expenditure**

Expenditure is included in the Statement of Financial Activities when incurred and includes attributable input VAT which cannot be recovered. Expenditure is categorised both by type (namely grants to partners, activity costs and support costs) and by purpose (namely raising funds and charitable activities); an analysis of total expenditure by type and by purpose is given in note 5.

#### *Grants and programme payments:*

Grants to third parties are charged to the Statement of Financial Activities when they have been approved and where a binding commitment has been made to the partner organisation. Grants represent funds made available to partner programmes and comprise either cash funds transferred to the partners or in kind provision of goods and services procured on their behalf. Programme grants that have been approved but not yet disbursed at the balance sheet date are carried forward as programme creditors in the balance sheet.

Programme payments are CAFOD managed programme activities made in support of partners.

#### *Activity and support costs:*

Activity costs include the costs of the trading company (in the 2016-17 comparative numbers only), the costs of trading activity for 2017-18 and the costs of all teams in CAFOD, other than Finance, Facilities, the Directorate, Governance, IT and People and Performance functions, which are classified as support costs. Governance costs include the costs of internal and external audit, Board expenses and an apportionment of the salary costs of the senior executive team, relating to time spent by them on the governance of CAFOD's activities.

Activity costs are attributed directly to expenditure purpose headings. Support costs are allocated to expenditure purpose headings on the basis of the full time equivalent number of staff contributing towards each purpose. The expenditure purpose headings are:

#### *Raising funds:*

Fundraising trading costs: the costs incurred in any trading activities;

Costs of generating voluntary income: the costs incurred in attracting voluntary income;

#### *Charitable activities:*

International development: work with poor and disadvantaged communities in the global South to overcome poverty and bring about sustainable development and well-being;

Disaster relief: work to protect lives and relieve suffering during emergencies and reduce the risks to vulnerable communities as a result of conflict and natural disasters;

UK Development education: work to raise understanding of the causes of poverty and injustice to inspire a commitment to lasting change;

Advocacy and campaigning: challenging those with power to adopt policies and behaviour that promote social justice and end poverty.

### **(e) Foreign currency translation**

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Financial assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange on that date and any gains/(losses) on exchange are credited/(debited) to the Statement of Financial Activities. Foreign exchange forward contracts are included on the balance sheet at their fair value, and realised and unrealised gains/(losses) are credited/(debited) to the Statement of Financial Activities.

## **(f) Pensions**

CAFOD operates four contributory money purchase pension schemes. Scheme funds are independent of CAFOD's finances. Two schemes are administered by The Pensions Trust. Two schemes were administered by CAFOD Trustees for the period to 6th July 2017 and by Fairfield Pension Trustees Limited from 6th July 2017.

One of the schemes that CAFOD is a member of is the Pensions Trust's Growth Plan. The Growth Plan is a money purchase pension scheme which also has some historical guarantees. This is a multi-employer pension scheme for which it is not possible to identify separately the assets and liabilities of participating employers and, as such, CAFOD's regular payments in respect of this plan are charged in the Statement of Financial Activities on a defined contribution basis. A liability is recognised for the present value of agreed additional contributions payable to fund a deficit in this plan related to past service.

## **(g) Fixed assets**

### **(i) Tangible assets**

Tangible assets costing £1,500 or more are capitalised. Depreciation on assets is charged from the date of first usage and provided on the straight line method at the following annual rates in order to write off each asset over its estimated useful life:

- Leasehold land and buildings (subject to annual impairment review): 1-2% on cost
- Plant and machinery: over 15 years
- Computers, office furniture and equipment and motor vehicles: 25% on cost

### **(ii) Intangible assets**

Software development costs are recognised as internally generated intangible assets provided that:

- there is certainty that it is technically feasible to complete the development activity so that it will be available for future use;
- there is the intention to complete the development activity and use it;
- the organisation can use the intangible asset to generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development activity and to use it; and,
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Intangible assets costing £50,000 or more are capitalised.

Depreciation on intangible assets is charged from the date of first usage and provided on the straight line basis in order to write off each intangible asset over its estimated useful life, from the date it is first brought into use.

## **(h) Investments**

Investments are included on the balance sheet at their market value at the end of the financial year. Realised and unrealised gains/(losses) are credited/(debited) to the Statement of Financial Activities in the year in which they arise.

## **(i) Cash and cash equivalents**

Cash and cash equivalents include deposits repayable on demand without penalty. Short term money market deposits, and fixed term cash deposits which do not meet this criterion are held under current assets as short term deposits. Cash and bank deposits are stated at the cash amount.

## **(j) Other financial assets and liabilities**

Debtors and creditors are stated at the settlement amount after any applicable discounts.

## **(k) Fund accounting**

Designated funds comprise funds set aside out of unrestricted funds for specific future purposes.

General reserves represent those monies that are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to conditions imposed by donors.

Endowment funds comprise monies that must be held indefinitely as capital. Income therefrom is credited to general funds and applied for general purposes unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

**(l) Operating leases**

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

**(m) Financial instruments**

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost). Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and the group's debtors excluding prepayments. Financial liabilities held at amortised cost comprise the group's short and long term creditors excluding deferred income. Other than the pension scheme liability, no discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial. The pension scheme liability will be settled over seven years and five months from the balance sheet date and is discounted appropriately.

At the balance sheet date, the charity held financial assets at amortised cost of £23.8m (2017: £23.8m) and financial liabilities at amortised cost of £9.3m (2017: £9.0m).

**(n) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**2. Income from donations and legacies**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds</b>	<b>Total Funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
General donations from supporters	17,349	3,108	20,457	19,605
Legacy income from supporters	9,160	136	9,296	6,925
Emergency donations from supporters	284	2,919	3,203	4,683
Emergency donations via DEC	81	2,749	2,830	322
<b>Income from donations and legacies</b>	<b>26,874</b>	<b>8,912</b>	<b>35,786</b>	<b>31,535</b>

Emergency appeal donations from supporters includes income received from the Disasters Emergency Committee (DEC), a group of 13 leading UK aid charities that come together in times of crisis.

### 3. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
	£'000	£'000	£'000	£'000
Caritas and other Catholic agencies (a)	62	5,441	5,503	5,670
Government grants (b)	217	9,210	9,427	10,669
Institutional and other grants (c)	65	1,641	1,706	1,969
<b>Income from charitable activities</b>	<b>344</b>	<b>16,292</b>	<b>16,636</b>	<b>18,308</b>

#### (a) Caritas and other Catholic agencies:

Caritas Australia	3	440	443	380
Caritas Austria	-	-	-	161
Caritas Czech	-	79	79	-
Caritas Denmark	3	111	114	-
Caritas Germany	4	104	108	-
Caritas Italy	1	35	36	39
Caritas Japan	1	21	22	24
Caritas Korea	-	61	61	87
Caritas Norway	8	295	303	955
Caritas Spain	3	476	479	297
Caritas Switzerland	-	99	99	-
Caritas Taiwan	-	15	15	-
Catholic Relief Services	-	249	249	420
Development & Peace	24	872	896	953
Misereor	-	346	346	153
Scottish Catholic International Aid Fund	11	438	449	426
Sécours Catholique	(1)	169	168	201
Trócaire	2	1,498	1,500	1,288
Vastenaktie	3	105	108	266
Others	-	28	28	20
<b>Income from Caritas and other Catholic agencies:</b>	<b>62</b>	<b>5,441</b>	<b>5,503</b>	<b>5,670</b>

### 3. Income from charitable activities (continued)

	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
	£'000	£'000	£'000	£'000
<b>(b) Government grants:</b>				
UK Government, DFID:				
Programme partnership agreement	-	-	-	3,133
UK Aid Matched Funding	-	3,039	3,039	3,439
Other	8	151	159	179
DFID / Government of Ireland Sierra Leone	-	-	-	173
European Union	123	2,368	2,491	1,269
European Community Humanitarian Office	48	1,734	1,782	848
Government of Guernsey	-	20	20	-
Government of Isle of Man	-	102	102	74
Government of Jersey	-	140	140	149
United Nations agencies	38	1,656	1,694	1,405
<b>Government grants</b>	<b>217</b>	<b>9,210</b>	<b>9,427</b>	<b>10,669</b>

	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
	£'000	£'000	£'000	£'000
<b>(c) Institutional and other grants:</b>				
Big Lottery Fund Grant	(2)	14	12	372
Christian Aid	-	29	29	32
Comic Relief	-	-	-	5
HIVOS	-	2	2	2
Latin America Children's Trust	-	93	93	-
Norwegian Church Aid	6	147	153	193
Norwegian Church Aid (in kind)	-	-	-	44
Porticus	-	147	147	-
START	50	827	877	1,082
The Mott Foundation	7	106	113	76
Viiv Healthcare – Positive Action for Children	-	21	21	126
World Vision	4	215	219	-
Others	-	40	40	37
<b>Institutional and other grants</b>	<b>65</b>	<b>1,641</b>	<b>1,706</b>	<b>1,969</b>

There were no unfulfilled conditions or contingencies relating to government grants existing at the year end.

### 4. Income from investments

	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
	£'000	£'000	£'000	£'000
Interest receivable	134	-	134	142
Dividends receivable	-	19	19	19
<b>Income from investments</b>	<b>134</b>	<b>19</b>	<b>153</b>	<b>161</b>

## 5. Expenditure

	Grants & programme payments £'000	Activity costs £'000	Support costs £'000	Total 2018 £'000	Total 2017 £'000
Fundraising trading costs	-	4	-	4	9
Costs of generating voluntary income	-	4,733	626	5,359	5,851
<b>Raising funds:</b>	-	4,737	626	5,363	5,860
International development	16,777	6,162	3,012	25,951	27,367
Disaster relief	13,067	3,208	1,165	17,440	14,533
UK Development education	37	1,526	248	1,811	2,068
Advocacy and campaigning	80	2,030	328	2,438	2,590
<b>Charitable activities:</b>	29,961	12,926	4,753	47,640	46,558
<b>Total expenditure</b>	29,961	17,663	5,379	53,003	52,418

	2018 £'000	2017 £'000
Information technology	1,554	1,536
HR and organisational development	1,397	1,532
Financial management	878	989
Premises and facilities	752	720
Strategic leadership	372	553
Governance (analysed below)	426	445
<b>Support costs:</b>	5,379	5,775
Senior management	207	247
Legal and professional services	32	36
Internal audit	110	78
External audit	68	76
Board training and meeting costs	9	8
<b>Governance costs:</b>	426	445

## 6. Grants and programme payments

Grants and programme payments are made up of; 612 grants to third parties totalling £28.30m, plus payments made in support of partners for programme activities totalling £1.45m, plus exchange losses of £0.21m. Details of grants to third parties and partner payments are provided in a Report of Grants for 2017/18 published on CAFOD's website <http://cafod.org.uk>.

	2018 Number	2018 £'000	2017 Number	2017 £'000
<b>Analysed by activity:</b>				
Capacity strengthening	123	1,783	136	2,298
Emergency preparedness, respond and recovery	107	13,117	113	10,010
Governance accountability and transparency	143	3,699	139	3,280
HIV/AIDS	26	1,354	39	2,055
Livelihoods resilience and environment	146	7,748	154	9,024
Peace and reconciliation	67	2,044	59	1,695
	612	29,745	640	28,362
Realised losses / (gains) on Foreign Currency	-	121	-	(339)
Unrealised losses / (gains) on Foreign Currency contracts	-	95	-	(79)
<b>Total grants and programme payments</b>	612	29,961	640	27,944



	2018 Number	2018 £'000	2017 Number	2017 £'000
<b>Analysed by region</b>				
Africa (a)	321	18,755	340	18,445
Latin America and Caribbean (b)	119	3,536	118	3,618
Asia, Middle East and Europe (c)	126	6,662	137	5,383
Global, policy and education	46	792	45	916
	612	29,745	640	28,362
Realised losses / (gains) on Foreign Currency	-	121	-	(339)
Unrealised losses / (gains) on Foreign Currency contracts	-	95	-	(79)
<b>Total grants and programme payments</b>	<b>612</b>	<b>29,961</b>	<b>640</b>	<b>27,944</b>

See note 16 on Forward foreign currency contracts.

	2018 no. of grants	2018 £000	2017 £000
<b>(a) Africa</b>			
Burundi	1	10	18
Democratic Republic of Congo	65	2,042	2,495
Djibouti	-	-	13
Eritrea	6	1,124	1,885
Ethiopia	7	1,076	1,885
Ivory Coast	1	3	-
Kenya	41	2,234	1,281
Liberia	14	787	331
Malawi	2	20	179
Mozambique	9	445	349
Niger	11	255	359
Nigeria	13	1,047	287
Rwanda	2	20	36
Sierra Leone	14	239	971
Somalia	2	414	-
South Sudan	34	3,743	1,767
Sudan	12	1,559	2,344
Swaziland	7	189	168
Uganda	12	797	618
Zambia	18	726	782
Zimbabwe	47	1,946	2,572
Multi-Country	3	79	105
<b>Africa</b>	<b>321</b>	<b>18,755</b>	<b>18,445</b>

	2018 no. of grants	2018 £000	2017 £000
<b>(b) Latin America &amp; Caribbean</b>			
Bolivia	10	458	349
Brazil	27	1,135	1,192
Colombia	20	500	496
Dominican Republic	-	-	20
Ecuador	-	-	30
El Salvador	4	139	119
Guatemala	7	251	226
Haiti	1	27	83
Honduras	5	101	86
Nicaragua	9	310	335
Peru	13	272	367
Venezuela	1	10	-
Multi-country	22	333	315
<b>Latin America and Caribbean</b>	<b>119</b>	<b>3,536</b>	<b>3,618</b>

<b>(c) Asia and Middle East and Europe</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	<b>no. of grants</b>	<b>£000</b>	<b>£000</b>
Afghanistan	10	336	354
Bangladesh	14	960	856
Cambodia	14	283	425
Greece	2	150	250
India	3	159	103
Indonesia	1	23	-
Iraq	1	12	50
Israel	6	200	166
Jordan	2	73	414
Lebanon	10	658	358
Myanmar	18	482	432
Nepal	9	1,605	111
Pakistan	1	2	-
Philippines	-	-	741
Sri Lanka	13	271	315
Syria	3	185	255
Ukraine	1	6	-
Yemen	3	1,028	230
West Bank and Gaza	7	150	299
Multi-country	8	79	24
<b>Asia, Middle East and Europe</b>	<b>126</b>	<b>6,662</b>	<b>5,383</b>

## 7. Net expenditure

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Net expenditure is stated after charging/(crediting):		
Depreciation of tangible fixed assets	321	299
Loss / (profit) on sale of tangible fixed assets	5	(8)
Operating leases: land and buildings	377	309
Auditors' remuneration	65	76
Auditors' remuneration:		
Audit of CAFOD		
UK (primary auditor, Crowe UK LLP)	33	33
Overseas (secondary auditors)	29	38
	<b>62</b>	<b>71</b>
Audit of CAFOD Trading (UK, Crowe UK LLP)	-	3
Other non-audit services (UK, Crowe UK LLP)	3	2
<b>Auditors' remuneration</b>	<b>65</b>	<b>76</b>

## 8. Taxation

CAFOD is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities. All of its income falls within the various exemptions available to registered charities.

## 9. Employees, Trustees and volunteers

	2018	2018	2017	2017
	Employees	Employees	Employees	Employees
	average	cost	average	cost
	full-time	£'000	full-time	£'000
	equivalent		equivalent	
Generating funds	78	3,439	86	3,728
International development	207	6,325	215	6,637
Disaster relief	80	3,073	82	3,227
UK Development education	31	1,464	35	1,645
Advocacy and campaigning	41	1,853	42	1,880
<b>Total</b>	<b>437</b>	<b>16,154</b>	<b>460</b>	<b>17,117</b>
Salaries		13,608		14,373
Employer's social security contributions		1,201		1,320
Employer's pension contributions		1,345		1,424
<b>Total</b>		<b>16,154</b>		<b>17,117</b>

The total average number (by headcount) of employees in the year was 456 (2017: 477).

Included in the above are costs relating to redundancy and compensation for loss of office of £206,643 (2017: £152,000).

The number of employees whose emoluments (excluding employer's national insurance and pension contributions) amounted to over £60,000 in the year was as follows:

	2018	2017
	Number	Number
£60,001 - £70,000	10	6
£70,001 - £80,000	3	4
£90,001 - £100,000	1	1

Total remuneration and benefits received during the year by CAFOD's highest paid member of staff (the CAFOD Director) was £93,260 (2017: £93,260) salary, £11,743 (2017: £11,751) employer's national insurance and £16,320 (2017: £16,320) employer's pension contribution. The total remuneration and benefits received during the year by the remaining 4 members of the key management personnel for CAFOD who together with the CAFOD Director form the Business management cluster was £266,714 (2017: £276,473) salary, £32,490 (2017: £32,996) employer's national insurance and £27,973 (2017: £27,647) employer's pension contribution.

### Trustees

The Trustees do not receive any remuneration for their services. CAFOD paid the costs of travel for one trustee (2017: three Trustees) to attend quarterly board meetings, the accommodation of all Trustees at the annual residential board meeting, one trustee to attend meetings on behalf of CAFOD (2017: two Trustees) and the costs for two Trustees (2017: two Trustees) to visit CAFOD programmes during the year. Together, this cost a total of £6,140 (2017: £6,920).

### Volunteers

In addition to employed staff and Trustees, CAFOD relied on the services of 3,388 (2017: 3,376) parish-based volunteers, 245 (2017: 223) school volunteers and 3,578 (2017: 3,497) other volunteers engaged in a range of volunteer activity such as campaigning, fundraising, media, office support and youth work.

## 10. Tangible fixed assets

Group and company	Leasehold land and buildings £'000	Office equipment £'000	Motor vehicles £'000	Total tangible fixed assets £'000
Cost at 1 April 2017	11,533	562	819	12,914
Additions	-	82	29	111
Disposals	-	(50)	(90)	(140)
<b>Cost at 31 March 2018</b>	<b>11,533</b>	<b>594</b>	<b>758</b>	<b>12,885</b>
Depreciation at 1 April 2017	1,238	476	661	2,375
Charge for the year	215	57	49	321
On disposals	-	(50)	(69)	(119)
<b>Depreciation at 31 March 2018</b>	<b>1,453</b>	<b>483</b>	<b>641</b>	<b>2,577</b>
<b>Net book value at 31 March 2018</b>	<b>10,080</b>	<b>111</b>	<b>117</b>	<b>10,308</b>
Net book value at 31 March 2017	10,295	86	158	10,539

As at 31 March 2018, CAFOD had capital commitments of £nil (2017: £nil). Leasehold land and buildings includes Romero House (net book value at 31 March 2018: £9.8m – being £8.7m for the land and building and £1.1m for the plant and machinery) which is used as CAFOD's head office and The Stableyard (net book value at 31 March 2018: £0.3m). The Stableyard was occupied by CAFOD until 2010 and leased to another international development charity at less than market value until March 2017.

## 11. Intangible fixed assets

Group and company	Software development £'000	Total intangible fixed assets £'000
Cost at 1 April 2017	687	687
Additions	224	224
<b>Cost at 31 March 2018</b>	<b>911</b>	<b>911</b>
Depreciation at 1 April 2017	-	-
Charge for the year	-	-
<b>Depreciation at 31 March 2018</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 March 2018</b>	<b>911</b>	<b>911</b>
Net book value at 31 March 2017	687	687

Intangible assets relates to the development of CAFOD's supporter and volunteer database relationship management system which was not complete at 31 March 2018 and so not in use in the year and has not yet been depreciated. It will be brought into use later in 2018.

## 12. Operating lease commitments

At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases in respect of operating leases for land and buildings were:

	2018 £'000	2017 £'000
Within one year	26	34
In the second to fifth years inclusive	27	36
Later than five years	-	-
<b>Operating lease commitments</b>	<b>53</b>	<b>70</b>

## 13. Investments held as fixed assets

	2018 Group and Company £'000	2017 Group and Company £'000
Sterling deposits	3,466	3,466
Permanent endowment fund	530	525
Investments in subsidiary undertakings	-	-
<b>Investments held as fixed assets</b>	<b>3,996</b>	<b>3,991</b>

The permanent endowment fund is invested in CCLA Charities Ethical Investment Fund Income Units at a historic cost of £449,024. The movement on investments during the year was:

	Group and Company £'000
Market value at 1 April 2017	525
Unrealised gain	5
<b>Market value at 31 March 2018</b>	<b>530</b>

CAFOD, the charity, owns the entire £3 issued share capital of The CAFOD Trading Company Limited ("CAFOD Trading"), registered in England and Wales (company number 989846). The principal activity of CAFOD Trading has been to carry out commercial activities for the benefit of the charity. CAFOD Trading ceased to trade on 28<sup>th</sup> February 2017. The registered office is Romero House, 55 Westminster Bridge Road, London SE1 7JB.

## 14. Debtors

	2018 Group and Company £'000	2017 Group and Company £'000
Interest receivable	10	26
Taxation recoverable	690	1,111
Accrued income	2,542	1,549
Prepayments	377	293
Other debtors	246	292
Forward foreign currency contracts (note 16)	-	79
<b>Debtors</b>	<b>3,865</b>	<b>3,350</b>

Included in accrued income above is an amount of £517,000 (2017: £285,000) relating to legacies. As at 31 March 2018, CAFOD also had entitlement to a number of legacies from estates for which the administration had yet to be finalised. The future income from these legacies is estimated at £4,909,000 (2017: £3,783,000).

#### 15. Creditors: amounts falling due within one year

	<b>2018</b>	2017
	<b>Group and Company</b>	Group and Company
	<b>£'000</b>	£'000
Programme creditors	<b>6,720</b>	6,759
Taxation and social security	<b>739</b>	441
Other creditors and accruals	<b>1,089</b>	922
Interest free loans from supporters	<b>68</b>	83
Forward foreign currency contracts (note 16)	<b>95</b>	-
<b>Creditors</b>	<b>8,711</b>	8,205

Other creditors and accruals include pension contributions of £131,000 (2017: £142,000).

Programme creditors represent grants approved that are yet to be paid to partners. Some grants for partners are approved in principle for two or three years. Second and third year grants represent planned future commitments, but are not recognised as a liability when they are approved, as payment is conditional upon satisfactory progress. As at 31 March 2018 planned future commitments under formal multi-year funding cycle approvals amounted to £1.1m (2017: £1.3m).

#### 16. Forward foreign currency contracts

CAFOD mitigates the risk of having to change or cut planned activities because of the financial implications of a rapid change in the value of Sterling against US Dollar and other currencies. To achieve this CAFOD purchases a proportion of US Dollars requirements on forward contracts. The fair value of these contracts is calculated at the balance sheet date by comparison between the rate implicit in the contract and the exchange rate at that date. The unrealised loss on these contracts at 31 March 2018 was £95,000, which has been included in creditors and grant expenditure (2017: unrealised gain £79,000, included in debtors and grant expenditure).

The contracts are to purchase US Dollars (USD) and sell Sterling (GBP) for a period of up to 12 months in duration, at USD/GBP rates between 1.29 and 1.44. At the balance sheet date, a purchase value of USD 6.8 million remained on these contracts representing approximately 40% of the estimated currency exposure on project creditors and salary and expense commitments for the coming year.

#### 17. Pensions

The charity operates four contributory money purchase pension schemes. Scheme funds are independent of the charity and are now all administered by independent Trustees. (Two schemes are administered by The Pensions Trust. Two schemes were administered by CAFOD Trustees for the period to 6th July 2017 and by Fairfield Pension Trustees Limited from 6th July 2017.)

For all these schemes, CAFOD paid contributions at the basic rate of 10 per cent during the year and members paid contributions at a basic rate of 5 per cent during the year. For members with more than 10 years' service, CAFOD paid 12.5 per cent and also matched any additional members' contributions up to a maximum of 17.5 per cent in total.

One of the schemes that CAFOD participates in is the Pensions Trust's Growth Plan, a multi-employer pension plan which also has some historical guarantees. As at the balance sheet date there were 232 active members of the Growth Plan (31 March 2017: 256). CAFOD intends to continue to offer membership of the Growth Plan (Series 4) to its employees along with the Pensions Trust's Flexible Retirement Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from normal retirement date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity. Current contributions to Series 4 of the Growth Plan are entirely money purchase.

The Trustee of the Growth Plan commissions an actuarial valuation every three years to determine the funding position of the Plan by comparing the assets with the past service liabilities at the valuation date and the rules of the Plan give the

Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met.

The triennial actuarial valuation results at 30 September 2014 were finalised during the year ended 31 March 2016. The valuation of the Plan was performed by a professionally qualified actuary. The market value of the Growth Plan's assets at the valuation date was £793.4 million and the Plan's technical provisions (i.e. past service liabilities) were £969.9 million, which is equivalent to a funding level of 82 per cent. The shortfall in assets compared with the value of liabilities was £176.5 million (£148 million as at 30 September 2011).

The increase in deficit resulting from the valuation resulted in a revised recovery plan being issued by the Actuary. The length of the recovery plan was extended by 2 years and 5 months beyond the initial 10-year plan, and currently extends to 31 August 2025. Contribution amounts were also adjusted depending on the Actuary's calculations of each employer's share of the liabilities. CAFOD's additional contribution was revised to £90,168 for the year ending 31 March 2017, and contributions for the following eight years and five months would be this sum increased by 3% compound per year.

CAFOD's obligation to pay additional contributions over the period of a recovery plan are recognised as a specific balance sheet provision. The movements on this provision are as follows:

	<b>2018</b>	2017
	<b>Group and</b>	Group and
	<b>Company</b>	Company
	<b>£'000</b>	£'000
Provision at start of year	<b>770</b>	804
Payments made during the year	<b>(93)</b>	(90)
Discount rate adjustment	<b>22</b>	56
<b>Provision at end of year</b>	<b>699</b>	770

The Trustees have determined that the appropriate discount rate to apply to the future cash liability is that published by actuaries from time to time for single employer pension schemes. This rate was 2.65% at 31 March 2018 (2.69% 31 March 2017).

For the year ended 31 March 2019, CAFOD's regular pension contributions for all its pension arrangements are estimated to be £1,350,000 and its additional contribution to the Pensions Trust Growth Plan will be £95,660.

The results of the current valuation to 30 September 2017 are expected to be announced just prior to the date of signature of these financial statements. There may be changes to the amount and period of future deficit contributions to be paid by CAFOD as a result of this valuation, but these have not been accepted by CAFOD's Trustees as at the signing date and will not impact deficit contributions being paid until 1<sup>st</sup> April 2019 at the earliest. Accordingly, no adjustments have been made to the financial statements to anticipate these possible changes.

## **18. Handling funds and providing services for other agencies**

CAFOD provides accounting and company secretarial support to Crosby Support Limited, an independent company (number 2949213) formed by CAFOD supporters to operate a shop in Waterloo, Liverpool. The shop acts as a focal point for CAFOD supporters in the Liverpool area to meet and participate actively in CAFOD's charitable aims, vision and values, locally. Crosby Support Limited has its registered office at CAFOD's head office, Romero House.

Since it began in 1993, Crosby Support Limited has donated £730,000 to CAFOD.

## 19. Restricted funds

Group and company	Balance Apr-17 £'000	Income £'000	Expenditure £'000	Gains £'000	Transfers	Balance Mar-18 £'000
Endowment funds:						
Sr. Laura Tanti Foundation	525	-	-	5	-	530
Restricted income funds:						
General donations and legacies	293	3,244	(3,298)	-	-	239
Emergency appeals donations	5,686	5,668	(7,198)	-	-	4,156
Income from charitable activities	283	16,292	(14,558)	-	-	2,017
Investment income	-	19	(19)	-	-	-
<b>Restricted fund movement 2017/18</b>	<b>6,787</b>	<b>25,223</b>	<b>(25,073)</b>	<b>5</b>	<b>-</b>	<b>6,942</b>

Group and company	Balance Apr-16 £'000	Income £'000	Expenditure £'000	Gains £'000	Transfers £'000	Balance Mar-17 £'000
Endowment funds:						
Sr. Laura Tanti Foundation	456	-	-	69	-	525
Restricted income funds:						
General donations and legacies	563	3,484	(3,754)	-	-	293
Emergency appeals donations	5,599	4,402	(4,315)	-	-	5,686
Income from charitable activities	(895)	14,743	(13,565)	-	-	283
Investment income	-	19	(19)	-	-	-
<b>Restricted fund movement 2016/17</b>	<b>5,723</b>	<b>22,648</b>	<b>(21,653)</b>	<b>69</b>	<b>-</b>	<b>6,787</b>

The Permanent Endowment relates to the Sister Laura Tanti Foundation for which CAFOD has received cumulative donations as at 31 March 2018 of £421,155 (2017: £421,155) held under trust deeds. The Trustees of CAFOD hold this amount and its income in trust and will apply the income for the benefit of the poor as stipulated.

The balances on restricted funds (where in surplus) represent those amounts received from donors for specified purposes or regions that had not been expended at the balance sheet date and (where in deficit) those monies granted to partners which not yet been expended by the recipient. As at 31 March 2018 the balances held were for the following purposes:

	2018 £'000	2017 £'000
Africa Programme	3,767	2,784
Asia, Middle East and Europe Programme	1,936	3,611
Latin America Programme	(3)	74
General Programme	712	(207)
Permanent endowment	530	525
<b>Restricted funds</b>	<b>6,942</b>	<b>6,787</b>

For programme grants, the timing of recognising funds and spending on programmes activities varies, with some programmes in surplus (with grants recognised in advance of being spent) and some in deficit (with funds recognised after being spent). The balance of funds from income from charitable activities at 31 March 2018, shown net above, comprises:

	2018 £'000	2017 £'000
Programme grants in surplus	9,080	8,523
Programme grants in deficit	(2,138)	(1,736)
<b>Restricted funds</b>	<b>6,942</b>	<b>6,787</b>



## 20. Unrestricted funds

Group and company	Balance Apr-17 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance Mar-18 £'000
Designated funds:					
Fixed asset fund	5,692	-	-	(7)	5,685
Programme fund	3,880	-	(1,785)	-	2,095
General funds:					
Stabilisation fund	9,000	-	-	-	9,000
Unallocated reserve	993	27,379	(26,145)	7	2,234
<b>Movement on unrestricted 2017/18</b>	<b>19,565</b>	<b>27,379</b>	<b>(27,930)</b>	<b>-</b>	<b>19,014</b>

Group and company	Balance Apr-16 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance Mar-17 £'000
Designated funds:					
Fixed asset fund	5,702	-	-	(10)	5,692
Programme fund	7,263	-	(3,383)	-	3,880
General funds:					
Stabilisation fund	9,000	-	-	-	9,000
Unallocated reserve	967	27,398	(27,382)	10	993
<b>Movement on unrestricted 2016/17</b>	<b>22,932</b>	<b>27,398</b>	<b>(30,765)</b>	<b>-</b>	<b>19,565</b>

### Designated fixed assets fund:

This fund represents the net book value at the balance sheet date of unrestricted tangible and intangible fixed assets, other than those covered by the stabilisation fund, as explained below. This fund is not therefore available for current expenditure, as the assets are used in the day to day operation of the charity.

### Designated programme fund:

This represents available funds which the Trustees have designated for expenditure on specific programme activities within the detailed budget for the coming years.

### General funds:

General funds are unrestricted funds in hand, over and above those set aside for designated purposes. These are generated as planned or because more general income has been received than was expected or because budgeted expenditure has not been incurred. The Trustees have established a policy to spend any general reserves, in excess of the target level (the free reserves), on CAFOD's programme and partners promptly, taking the opportunity to meet existing needs or invest for the future, whilst ensuring that any further commitments which the expenditure generates are sustainable.

The Trustees have established a desired stabilisation fund, to limit any potential disruption associated with the financial risks CAFOD faces from its operations. Based upon a risk assessed as a shortfall of 10 to 15 per cent in the budgeted general income and the need for two years to adjust programmes, the Trustees have established the target level of the stabilisation fund at 20 to 30 per cent of the planned annual general income for the coming years, which equates to a range of £6 million to £9 million. The balance of general funds over and above that recorded in the Stabilisation fund are included in an unallocated reserve with the intention of being expended in furtherance of CAFOD's objects as soon as practicable.

When the construction of Romero House, CAFOD's head office, was completed at a cost of just under £11 million, around half of this cost was funded from selling the previous head office and the remainder from using cash already held as the stabilisation fund. The Trustees have agreed to hold £5.5 million of this stabilisation fund in property (representing 50% of the original build cost of Romero House) on the understanding that if CAFOD ever needs to utilise these funds then it will take out a loan mortgaged on the new offices to release the necessary cash. CAFOD's bankers have signified their willingness in principle to provide such a loan. The current market value of Romero House is significantly in excess of the historic cost.

## 21. Analysis of net assets between funds

Group and company	Fixed assets	Investments	Net current assets	Pension provision	Total net assets
	£'000	£'000	£'000	£'000	£'000
Endowment funds:					
Sr. Laura Tanti Foundation	-	530	-	-	530
Restricted income funds:					
General donations	-	-	239	-	239
Emergency appeals	-	-	4,156	-	4,156
Income from charitable activities	-	-	2,017	-	2,017
Designated funds:					
Fixed asset fund	5,685	-	-	-	5,685
Programme fund	-	-	2,095	-	2,095
General funds:					
Stabilisation fund	5,534	3,466	-	-	9,000
Unallocated reserve	-	-	2,933	(699)	2,234
<b>Total net assets at 31st March 2018</b>	<b>11,219</b>	<b>3,996</b>	<b>11,440</b>	<b>(699)</b>	<b>25,956</b>

Group and company	Fixed assets	Investments	Net current assets	Pension provision	Total net assets
	£'000	£'000	£'000	£'000	£'000
Endowment funds:					
Sr. Laura Tanti Foundation	-	525	-	-	525
Restricted income funds:					
General donations	-	-	293	-	293
Emergency appeals	-	-	5,686	-	5,686
Income from charitable activities	-	-	283	-	283
Designated funds:					
Fixed asset fund	5,692	-	-	-	5,692
Programme fund	-	-	3,880	-	3,880
General funds:					
Stabilisation fund	5,534	3,466	-	-	9,000
Unallocated reserve	-	-	1,763	(770)	993
<b>Total net assets at 31st March 2017</b>	<b>11,226</b>	<b>3,991</b>	<b>11,905</b>	<b>(770)</b>	<b>26,352</b>

## 22. Reconciliation of net expenditure to net cash provided by / (used in) operating activities

	2018	2017
	£'000	£'000
Net expenditure	(396)	(2,303)
Depreciation	321	299
Loss/(profit) on disposal of fixed assets	5	(8)
Income from investments	(153)	(161)
Gains on investments	(5)	(69)
Decrease in stock	1	8
(Increase)/decrease in debtors	(515)	426
Decrease in Pension Scheme Liability	(71)	(34)
Increase/(decrease) in creditors	506	(1,421)
<b>Net cash (used in) operating activities</b>	<b>(307)</b>	<b>(3,263)</b>

### 23. Analysis of changes in cash and cash equivalents

	Opening balance £'000	Movement £'000	Closing balance £'000
Short term cash deposits	11,288	340	11,628
Cash at bank and in hand	5,455	(813)	4,642
<b>Cash and cash equivalent</b>	<b>16,743</b>	<b>(473)</b>	<b>16,270</b>

## CAFOD Reference and Administrative Details

### **Principal and registered address**

Romero House  
55 Westminster Bridge Road  
London SE1 7JB  
www.cafod.org.uk

### **Member Trustees**

Right Reverend John Arnold (Chair)  
Right Reverend John Sherrington (to 6<sup>th</sup> July 2017)  
Right Reverend Patrick McKinney (from 6<sup>th</sup> July 2017)  
Catherine Newman QC  
Mary Ney

### **Trustees**

John Darley (Vice-Chair)  
Dr John Guy OBE  
Dominic Jermy OBE CVO  
Professor Karen Kilby  
Margaret Mwaniki  
Fr James O'Keefe  
Christopher Perry – Honorary Treasurer  
Joanne Rule MBE (until 14<sup>th</sup> March 2018)  
Megan Russell  
Mary Ward

### **CAFOD Leadership**

Chris Bain - Director \*  
Matthew Carter - Emergency Response  
Jen Corlew - Communications  
Ian Farthing - Supporter Fundraising (to 12<sup>th</sup> April 2017)  
Maria Gonzalez - International Development  
Jacquie Heany - People and Performance \* (to 31<sup>st</sup> January 2018)  
Paul Howes – Governance and Church Relations \*

Jo Kitterick - Volunteers and Parish Participation  
Geoff O'Donoghue - Operations Director \*  
Neil Thorns - Advocacy and Education  
Jan Wilkinson - Finance Information and Infrastructure \*

*\* Members of the Business management cluster*

### **Principal professional advisers**

Auditor: Crowe UK LLP, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH  
Solicitors: Bates Wells Braithwaite, 10 Queen Street Place, London EC4R 1BE  
Bankers: Royal Bank of Scotland, 28 Cavendish Square, London W1G 0DB