

**Trustees' Report &
Financial Statements
2014**



Comic Relief



Overview

Highlights

The highlights of 2013/14 included:

Sport Relief **raising its highest ever total of £71.8 million**, supported by our relationship with the BBC.

The launch of the 'Respect and Protect' report into the experience of older people and staff in care homes and hospitals in England and Wales.

The Malaria Consortium fighting malaria in mid-western Uganda through net distribution, training health workers, and supporting health centres with diagnostic tests and malaria treatment. The results are dramatic, with the **number of malaria cases halved between 2009 and 2014.**

The BT Sport Relief Challenge 'Davina Beyond Breaking Point' saw Davina McCall cycle, swim and run 500 miles from Edinburgh to London in just seven days, **raising over £2 million** for Sport Relief.

Announcing the first ever **Red Nose Day USA**, to be held in May 2015.

Allocating **£81.1 million of grants** to projects in the UK and around the world, to help towards our vision of **A Just World Free From Poverty.**

Contents

Overview	2
Highlights	2
CEO's Review	3
Chairman's Statement	4
What is Comic Relief?	5
Our objectives and priorities	7
Key priorities	7
Operating review	8
Financial review	22
Investment Review outcomes	23
Financial performance	24
Reserves	26
Policies	27
Risk	31
Structure and Governance	33
Independent auditor's report	39
Financial Statements	41



CEO's Review



Kevin Cahill CBE
Chief Executive,
Comic Relief

The year 2013/14 has, in keeping with most years at Comic Relief, been exceptional. As we sign off on this report we look forward to the future with renewed optimism. Staying on top of our game and keeping everything going from year to year, at the level of intensity we have achieved in recent years, is a real challenge. But the passion and hard work of the staff team, Trustees, artists and all of our partners, lightens the load and make anything possible. That passion is exemplified in their determination to help make the world a fairer, more equitable place and to deliver tangible benefits to the lives of people at home and around the world.

This year, we had a new chair, Tim Davie. He has stepped seamlessly into the role and quickly won the confidence of the Trustee group and the Executive team. Luckily there was enough about the way we were doing things that he liked, and he's focused firmly on the ways he can add value. He's helped us sharpen our commercial thinking, take a new look at governance and begin building Comic Relief as a global brand. This includes advanced plans for Red Nose Day USA in 2015.

We took steps to look six years into the future and, on both the technology and organisational efficiency fronts, made plans which will see us refine our business model and step confidently onto the digital super highway.

We have allocated £81.8 million in grants in the UK and the world's poorest communities. This means we've been able to reach hundreds of thousands of people living incredibly tough lives, which is the reason we do what we do in the first place.

And last but not least, there was the success of Sport Relief in March. It continued to grow, both in money raised and in public participation. Working with the BBC to reinvent the television offering paid off handsomely – Queen Elizabeth Olympic Park was a fitting backdrop for the final weekend and the campaign raised a record total of £71.8 million.

To my mind no organisation exemplifies better the old maxim that the sum is greater than the individual parts. Thank you to those reading this and all the people who continue to support us year on year.

Chairman's Statement



Tim Davie
Chairman,
Comic Relief

2013/14 was another landmark year for Comic Relief, and it continued to deliver outstanding work in bringing alive its vision to create a just world, free from poverty.

Personally, as the new Chair, this year has been deeply rewarding and inspiring. After a very busy 12 months, we exited 2013/14 having delivered a record Sport Relief appeal, addressed some challenges and set a clear course for the future. Most importantly, we continued to deliver thousands of much needed grants in the UK and beyond. Throughout my first full year, I have been deeply impressed by the quality of our executive team, led tirelessly by our CEO, Kevin Cahill, as well as our Trustees, who have provided invaluable support to me in my first full year in the role.

One challenge in 2013/14 related to questions about our investment policy and we have addressed the issues raised head on. The Trustees approved a robust new investment policy, accepting in full the recommendations of an independently-chaired review panel. We are confident that we are in a strong position, but never take for granted the trust that the public put in us, and we will always do everything we can to deserve that trust.

We have always been an innovative and creative charity, and our future direction includes a desire to set the pace in a digital world while extending our fundraising internationally. We are also looking at ways to continue to try new creative ideas that can create bigger sustainable change for those we help on the ground.

Finally, as well as the thanking all the Comic Relief staff and Trustees for their excellent work in 2013/14, I would also like to pay tribute to all our partners who have done so much to make the charity a success. Corporate supporters such as Sainsbury's, BT and BA have been brilliant in engaging the public and their staff, while the BBC remains an invaluable broadcast partner. Of course, the charity is indebted to every member of the public who got involved during the year. It was humbling to see the tens of thousands of people running the Sainsbury's Sport Relief Mile in the Queen Elizabeth Olympic Park and across the UK.

Thank you to everyone for their support, I look forward to another record breaking year in 2014/15.

What is Comic Relief?

Comic Relief was launched live on Christmas Day in 1985, via satellite from a refugee camp in Sudan. A famine was devastating neighbouring Ethiopia and people had fled in their thousands over the border to seek refuge.

The premise from the start was that the comedy community could come together to make a long-term difference, by raising a laugh and raising money at the same time. Today we raise money through our two major fundraising events, Red Nose Day and Sport Relief.

Our vision: A Just World Free From Poverty

Our official name is Charity Projects – but we are better known as Comic Relief. The principle objectives of Comic Relief are to raise funds, to raise awareness of issues around poverty

and social justice, and to change lives through the distribution of money in the form of grants and social investments for specific charitable purposes. These aim to deliver real and lasting change to poor and vulnerable people in the UK and internationally, particularly in Africa.

In determining our grant making strategies, and the general administration of the charity, the Trustees pay due regard to the guidance of the Charity Commission (Section 4 of the Charities Act 2011).

Our mission: Positive change through the power of entertainment

The money for grants is allocated through a series of application rounds over a two year period. This ensures that any charity that thinks it is eligible has the chance to apply for funding.

It is also because Comic Relief has rigorous checking systems to make sure it is funding the best applications that will make the biggest difference.

While Comic Relief is working to allocate and pay out this money, the funds are invested in keeping with Charity Commission guidelines. The return on these investments goes towards paying the costs of Comic Relief's fundraising campaigns and other running costs, which means that these costs don't have to be paid out of money donated directly by the public. Comic Relief is committed to making sure that every pound the charity gets directly from the public is a pound that goes towards helping transform the lives of people dealing with poverty and social injustice. This includes the cost of making sure that our grants are allocated to effective organisations and properly monitored and evaluated.



Sport
Relief
2014

All other Comic Relief costs relating to fundraising and organisational overheads are covered in cash or in kind from all types of supporters like corporate sponsors and donors, suppliers, generous individuals and government (including Gift Aid) as well as from investment income and interest.

For more details of how we run ourselves, please see the financial review section on page 22.

A breakdown of the grants by programme area is shown in note 7 of the financial statements.

Facts and stats

The money raised during one Sport Relief campaign is allocated by Comic Relief to charities and social change organisations before the next Sport Relief two years later. The same approach is used for Red Nose Day.

Our objectives and priorities

Comic Relief has three main objectives to help deliver its mission and vision.

The first is to continue to deliver popular fundraising campaigns which also demonstrate broad public support for the fight against poverty and social injustice at home and across the world.

The second is to be an effective grant maker and work with others to create real and lasting change for poor and vulnerable people in the UK and internationally.

The third is to raise awareness of issues around poverty and social justice, and to promote understanding of the changes needed to help the poorest and most vulnerable people.

Key priorities

2013/14

As outlined in last year's Trustees' Report, trustees set the following priorities for 2013/14:

- 1. Sport Relief 2014:** Build on the success of Sport Relief 2012, to deliver an enhanced event for Sport Relief 2014, while not increasing the real-terms costs of fundraising.
- 2. Red Nose Day 2015 and beyond:** Kick off the creative and innovative planning needed to refresh Red Nose Day for 2015 and beyond, ensuring that the brand stays fresh as it matures.
- 3. New revenue streams:** Develop a clear strategy for new revenue streams, incorporating current ventures and potential new opportunities, to deliver around £10 million of new income each year by summer 2018.
- 4. Demonstrate impact:** Continue to improve the ways in which we measure the change we want to deliver, across all our activities.
- 5. Technology:** Continue to deliver capital technology projects and ensure that high quality technology work underpins our business needs and objectives.
- 6. Organisational effectiveness:** Review the effectiveness of all elements of the organisation.

We have detailed how we did against each of these priorities, in the Operating Review.

Operating Review

1

Sport Relief 2014

Build on the success of Sport Relief 2012, to deliver an enhanced event for Sport Relief 2014, while not increasing the real-terms cost of fundraising.



David Beckham

The return of Only Fools and Horses, with a special guest appearance from David Beckham, was the most popular feature on the Night of TV

Sport Relief 2014 was our most successful yet. The final total announced on the Night of TV (Friday 21st March) was £51,242,186, beating the record set by Sport Relief 2012. When we closed our books on the 31st of July 2014, the campaign had raised a final total of £71.8 million, a 5.7% increase on Sport Relief 2012, which raised £67.9 million.

Corporate fundraising saw a step change, increasing by 32% to £12.3 million, largely due to our strategic corporate partners: Sainsbury's, BT and British Airways. A donation of £6,508,010 was announced on the Night of TV on behalf of Sainsbury's, which was the largest corporate donation to Sport Relief to date.

Funding from institutional partners increased by 31% to £19.7 million. Of this figure, £10 million came from the UK Government's Department for International Development (DfID), which match funded £10 million of public donations to support trade, enterprise and employment initiatives. Other significant donations included £4 million in match funding from The Queen Elizabeth Diamond Jubilee Trust. This launched The Queen's Young Leaders Programme, which supports young people across the Commonwealth. The Bill and Melinda Gates Foundation donated £5 million which we match funded to make a £6 million grant to the GAVI Alliance for its vaccine programs in sub-Saharan Africa, and a £4 million grant to The Global Fund to Fight AIDS, Tuberculosis and Malaria.

The Night of TV was broadcast live by the BBC from Queen Elizabeth Olympic Park. There was an increase in viewing figures, particularly in the 7-10pm show on BBC One, with a peak audience of over 11 million. Highlights included the return of Only Fools and Horses, the 'Clash of the Titans' live sporting competition, with teams led by John Bishop and Sebastian Coe, and the reunion of Kylie Minogue and Jason Donovan, singing 'Especially for You', after 25 years. Once again the partnership with the BBC proved to be crucial to the success of the campaign.



Sport Relief has become known for the achievements of celebrities undertaking remarkable challenges. The BT Sport Relief Challenge: Davina – Beyond Breaking Point, saw Davina McCall cycle, swim and run 500 miles from Edinburgh to London in just seven days, raising over £2.4 million. Alex Jones's vertical challenge in Alex Against the Rock showed her climbing Utah's 1,200ft sheer-faced Moonlight Buttress, and raised over £1.4 million.

For the first time, the Sainsbury's Sport Relief Mile, on Sunday 23rd March, was joined by the Swimathon and the Cycle as part of the Sainsbury's Sport Relief Games. The flagship event took place at Queen Elizabeth Olympic Park, but the Games also happened at hundreds more venues across the UK, where the nation ran, swam and cycled, to fundraise for people living tough lives in the UK and around the world.

Although the cost of mounting the main Sunday event at Queen Elizabeth Olympic Park was significant, the net costs of fundraising in real terms did not increase from Sport Relief 2012.

Facts and stats

Social media achieved 186,950 Facebook likes, 772,278 Twitter followers and 261,244 YouTube subscribers, giving us a huge reach across these audiences.



Facts and stats

522 of Britain's best-known sports people, comedians and entertainers gave their time and talent for free to support Sport Relief 2014 – and we would like to thank them all.

2

Red Nose Day 2015 and beyond

Kick off the creative and innovative planning needed to refresh Red Nose Day for 2015 and beyond, ensuring that the brand stays fresh as it matures.

By the close of this reporting period, planning was well underway to ensure that Red Nose Day 2015 continues to inspire people to support, participate and give in the future.

The Night of TV has been re-imagined and will be broadcast from a new venue. It will feature new commissions such as 'The People's Strictly Come Dancing', and existing favourites, including the 'Great Comic Relief Bake Off' with a line-up of celebrity bakers.

The relationship with our supporters is being opened up to make sure that they are at the heart of the story we tell during Red Nose Day. They will play an integral part throughout the campaign, which will run from launch in early February, to Red Nose Day on Friday 13th March 2015.

There will be an increased emphasis on demonstrating the impact that donations to Red Nose Day have had on people living tough lives in the UK and in Africa. The campaign will be showing the progress that has already been made, and the difference we hope to make in the future.

Facts and stats

What makes the relationship between the BBC and Comic Relief so special is our shared belief in using the power of entertainment to change lives.

That's why the relationship has been, and will continue to be, so important to us both.



3

New revenue streams

Develop a clear strategy for new revenue streams, incorporating current ventures and potential new opportunities, to deliver around £10 million of new income each year by summer 2018.



Given the current economic conditions, this target is proving challenging. However, we have a clear strategy to enable us to manage and maximise income from international licensees and other licensee partners, and to develop new opportunities for international licensees in priority territories.

Red Nose Day USA has been confirmed for May 2015, and planning is underway with our broadcast partner NBC. The Trustees' Vice Chair, Richard Curtis, will be Executive Producer. The money raised through individual donations from the public, corporate partners and philanthropists will support established charities working both in the United States and around the world, with a shared vision of A Just World Free From Poverty.

BT Sport's Supporters Club is another initiative, which brings together our long-standing partner BT, and Comic Relief to help disadvantaged young people through sport, both in the UK and around the world. BT Sport customers make monthly donations, which BT match up to the first £1 million. It raised around £1.85 million in the last financial year, with approximately 87,000 BT Sport customers signed up. The money raised has to date funded 18 projects in the UK and in the poorest communities in the world.

The other area of growth is in our institutional funding. In June 2014 DFID committed an additional £12 million to the Common Ground Initiative (CGI) over a further five years (2014-19). CGI works to transform the lives of people across Africa by working with small and African Diaspora organisations based in the UK.

Facts and stats

The British Airways Flying Start initiative, whilst making donations to the main campaign total, raised money throughout the year through employee fundraising and its collections aboard its international and domestic flights.



4

Demonstrate impact

Continue to improve the ways in which we measure the change we want to deliver, across all our activities.

Monitoring, evaluation and learning

Over the past year we have continued to develop our monitoring, evaluation and learning (MEL) support for those applying for grants, for existing grantees and for other key stakeholders who monitor what we do and how we do it. Our focus has been on working with the organisations we fund to help them establish what MEL would be both achievable and useful for them, taking into consideration their size, complexity, resources and context.

We evaluated and re-designed our UK 'start up' meetings to provide better support for new grant recipients. At these meetings we spend time together to improve grantees' understanding of Comic Relief's monitoring and evaluation requirements, and to ensure that they have the skills, knowledge and confidence to provide the information we need.

We have also completed a number of specific evaluations that demonstrate the impact made by our grants. These include 'Respect and Protect', a joint research initiative between Comic Relief and the Department of Health, to examine the complex issue of mistreatment of older people living in care homes and hospitals. And an evaluation of Comic Relief's 'Managing Money Better' programme, which aims to help older people save money, reduce debt and increase their income.

Facts and stats

During 2014 we commissioned an independent Grantee and Applicant Perception Survey to find out how the organisations we work with think we're performing. We will use these findings to help us continue to improve the way we work and to ensure we are as efficient as possible.

Grant making

During 2013/14 we allocated **£81.8 million in grants:**

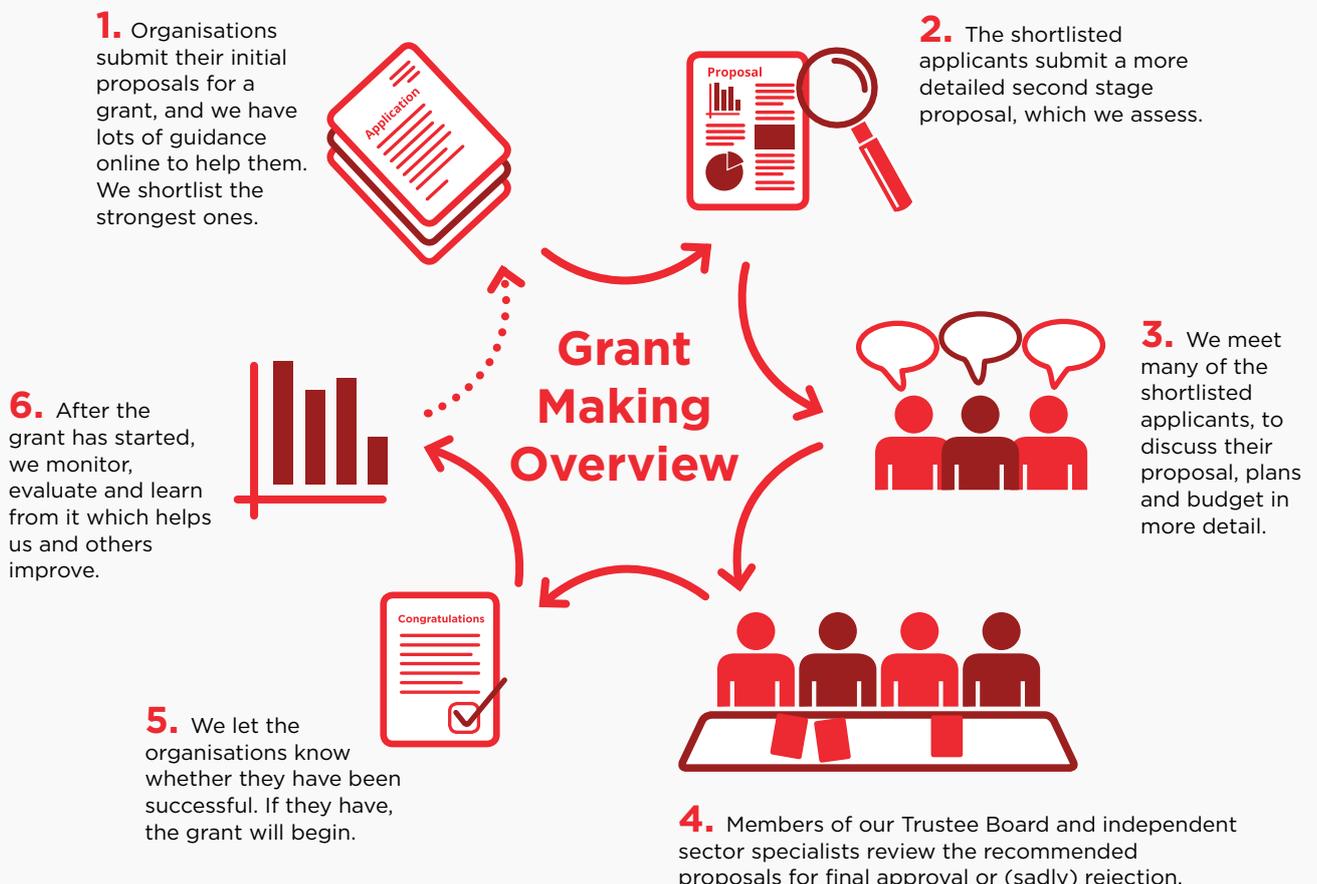
£25.4 million in the UK and £56.4 million internationally.

- We received and assessed over 800 international and 1,500 UK applications and proposals for funding.
- After shortlisting we approved 95 new international and 196 UK new grants.

In the year, we made over 1,700 payments to new and existing grant holders, totalling £86 million.

Grant making overview

Comic Relief's grants strategy works towards A Just World Free From Poverty; so do the thousands of charities we support through our grants, for work in the UK and in some of the world's poorest communities.



Grants strategy

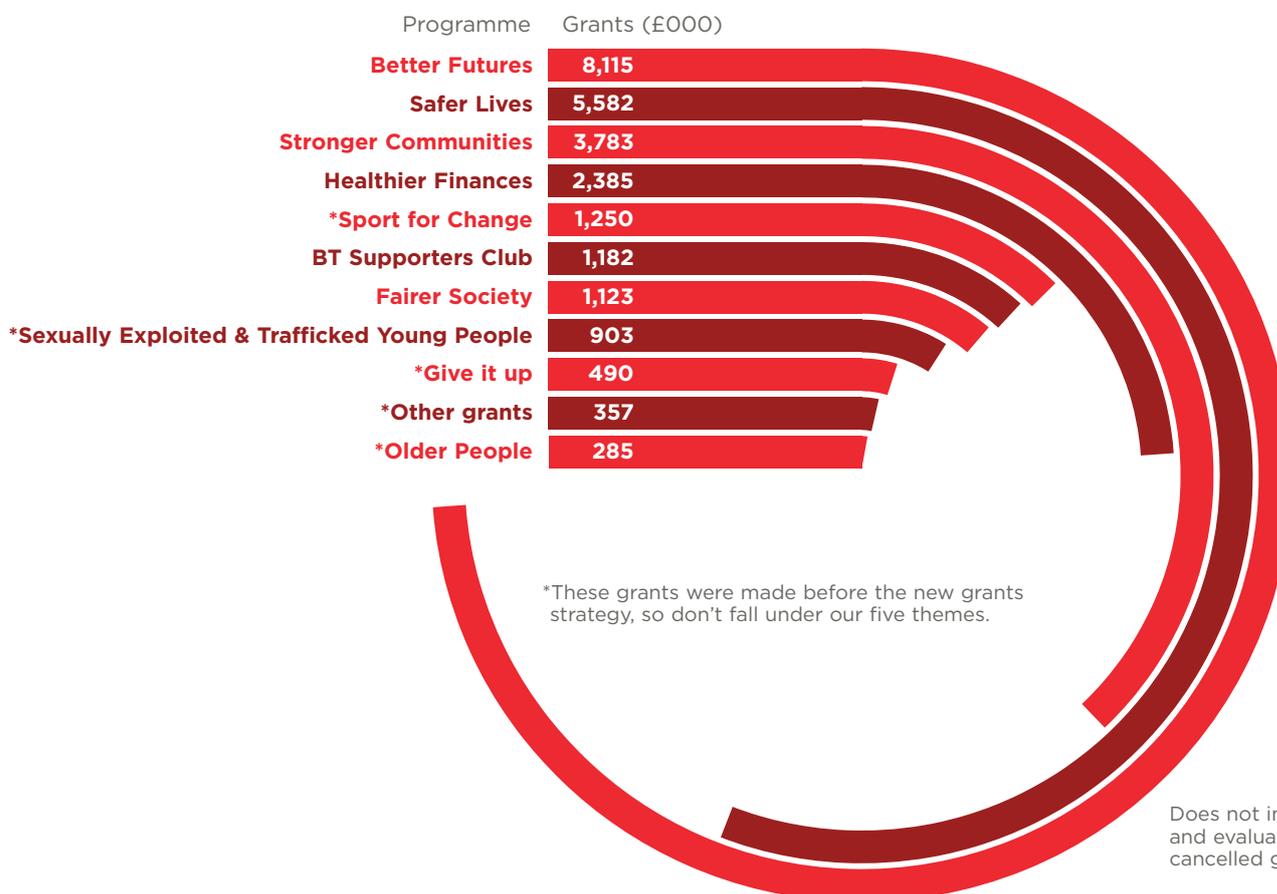
Our new grants strategy was launched in 2013. Going forward, it brings our UK and international grant making together under five big themes:



Grants

UK

During 2013/14 we allocated **£25.4 million in the UK**, which includes £6.5 million in small grants, to reach communities in every region and nation.



Grants impact: UK

In addition to making new grants, we monitor and evaluate hundreds of our 'live' grants, to measure their progress and learn from their challenges and achievements. Here are some examples of the impact demonstrated by the projects we support:

Healthier Finances

The evaluation of Comic Relief's Managing Money Better programme, involving 14 projects, showed that in the first year the projects had helped older people save money, reduce their debt and increase their income to the value of £3.5 million. The projects reached more than 13,000 older people, through in-depth one-to-one advice and support, and awareness-raising sessions.



Case study

Time to Change

Amy developed anorexia at the age of 16. As her weight plummeted she started self-harming. But despite her struggles with her mental health, Amy felt ashamed and isolated herself from friends and family.

Two years ago Amy became involved with Time to Change, a Comic Relief funded organisation that challenges perceptions of mental health.

Amy is now able to be open about her issues, and has become a Time to Change Champion, advising groups on attitudes to anorexia and other conditions.

Fairer Society

Comic Relief has funded the Time to Change campaign since 2007. The campaign, which aims to address the stigma and discrimination associated with having a mental health problem, had its most successful year yet in 2013. Since 2007, 6.4% of the adult population of England now has an improved understanding of, and attitude towards, mental health - which equates to an estimated 2.7 million people.

Safer Lives

Comic Relief is finalising evaluation data and preparing a report on how schools can best tackle the issues of violence affecting women and girls, working within the curriculum to ensure that schools are better places of safety for young people. It will provide practical ideas for young people and help to change the wider school culture.



Give It Up

Comic Relief is working on innovative abstinence-based recovery approaches for those leaving drug and alcohol treatment, often led by former addicts.

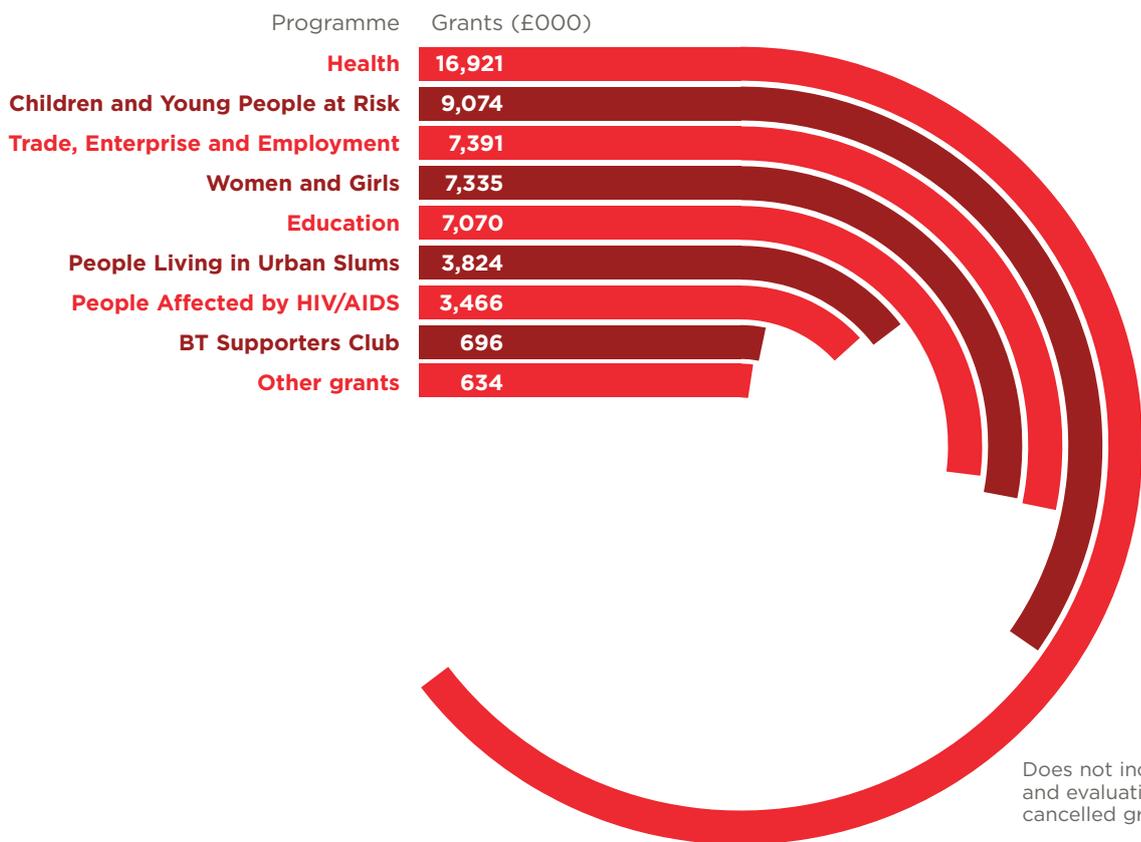
Facts and stats

During the year we helped 104,000 people in the UK through 333 projects, in addition to hundreds of thousands of people across the UK through small community-based projects.

Grants

International

During 2013/14 we allocated **£56.4 million internationally.**



Facts and stats

We helped more than five million people, across Africa and some of the world's poorest communities, through 103 projects during the year.

Grants impact: International

In addition to making new grants, we monitor and evaluate hundreds of our 'live' grants, to measure their progress and learn from their challenges and achievements. Here are some examples of the impact demonstrated by the projects we support:

Education

A five year grant of £3 million from Comic Relief has helped VSO to work in 174 rural communities and 303 schools in northern Ghana to improve children's attendance and performance. They've trained and motivated teachers and made sure there are more female teachers in rural areas. They've got parents and children more involved in how the schools are run and have got local laws enacted to protect girls from practices, such as early marriage, which can curtail education. Over 85,000 children have benefited, with girls' enrolment in secondary school increasing in project areas by more than 40% between 2009 and 2013.



Case study

Malaria Consortium
When toddler Muzafulu developed a high temperature and trouble breathing, his mother went to her neighbour, Immaculate. Immaculate had received training from the Malaria Consortium, a Comic Relief funded project that gives basic medical training to health volunteers in rural villages. Immaculate used a simple diagnostic kit to confirm that Muzafulu had malaria and gave him immediate treatment, buying enough time to get him to a health centre. Soon his temperature began to fall and he fully recovered.

Health

In 2009, Comic Relief made a £4.3 million five-year grant to The Malaria Consortium, to help fight malaria. During this time, the Malaria Consortium, working in mid-western Uganda, has distributed more than 600,000 nets, trained over 1,100 health workers in how to correctly diagnose and treat malaria, and provided health centres with vital equipment. The results have been outstanding, and the region has seen a dramatic reduction in malaria prevalence from 38% to 18% between 2009 and 2014, one of the fastest rates of decline in the country.

Trade, Enterprise and Employment

In 2008 Comic Relief awarded The Fairtrade Foundation a £5 million grant to support work across Africa to get more communities benefiting from Fairtrade.

In the past five years they've increased the number of producer organisations trading Fairtrade products from 240 to more than 390. Over this period the total income to Fairtrade producers in Africa has doubled from US\$10 million to US\$20 million. South Africa has become a consumer as well as a producer of Fairtrade products and has already sold over £1 million worth of Fairtrade goods.

And the Fairtrade movement is increasingly representative of the farmers who produce Fairtrade goods. Some 50% of the global Fairtrade Board are now producers. There were none five years ago. They can play a key role in defining the movement's next phase.

5

Technology

Continue to deliver capital technology projects and ensure that high quality technology work underpins our needs and objectives.

Future strategy

We have planned an ambitious transformation programme for how Future Media and Technology (FM&T) is delivered within Comic Relief. A restructuring of the FM&T team has begun, with an aim to make technology central to everything that we do.

Staff changes, in particular reducing our reliance on external contractors, to decrease risk and cost, have challenged us at times, and progress has been slower as a result. The benefits of new ways of working are beginning to be felt as we move forward. Any complex business must be underpinned by the appropriate technology and Comic Relief is no exception, but with the help of committed staff and partners we are making good progress.

Supporting the campaign

The complexity of the Sport Relief 2014 events, where we moved from having the Sainsbury's Sport Relief Mile to including swimming and cycling too, provided many technological and staffing challenges. However, these were overcome and the team supported the operation of a successful campaign.

The suite of technology developed to support the Night of TV went through the most rigorous testing process to date, resulting in our technology platforms delivering the huge amount of traffic without significant problems.

We would like to thank all our technology partners whose support and expertise is invaluable to us.

Grants management

In 2013, we introduced a new grants management system, enabling organisations to not only apply online, but also to manage their grant and reporting requirements online too, making the process easier and more efficient for everyone.

This new Grants Evaluation Management system (GEM) went live in September 2013, with nearly 9,000 users registered by the end of 2013/14. We are continuing to develop the software in response to user feedback.

6

Organisational effectiveness

Review the effectiveness of all elements of the organisation.

A duplication review was led by an external consultant at the end of the financial year, to identify any areas where work was being duplicated across the business, and to recommend ways to improve effectiveness. These recommendations are being implemented across the financial year 2014/15. This work will help us refine our operating model in order to ensure continued value for money.

Our six-year strategy has been translated into an operating plan for 2014/15 with clear, tangible annual targets. A quarterly review process is now in place to track progress against objectives to support effective delivery.

The values that underpin the organisation are important to us and as part of looking at the effectiveness of the organisation these were reviewed. A 'Culture Team' made up of staff from across the organisation came together to set up engaging and inclusive events to ensure the whole organisation could contribute and input. A renewed set of values and behaviours for those working at Comic Relief has now been agreed and work is underway to embed them into every day working life, with the aim of ensuring we all work together as effectively and positively as ever.

Comic Relief's values

BOLD

Being **BOLD** means challenging ourselves, using initiative and being accountable.

ENGAGING

ENGAGING means being a team player and valuing contributions from others to achieve the best results.

CREATIVE

CREATIVE means being open, staying fresh and keeping the Comic Relief 'mojo'.

FUN

FUN means being friendly, approachable and present (adding a bit of sparkle).

TRUSTWORTHY

TRUSTWORTHY means being dependable and treating others with respect.

Looking ahead

Our six-year strategy runs from 2014-2020.

The strategy's core aims are:

Aim 1: Remain pre-eminent as a UK fundraiser and measure success by a combination of income levels, public participation figures, creative excellence and high appreciation.

Aim 2: Grow Comic Relief's total income by continuing to bring in money outside of the main UK campaigns and by increasing international revenue.

Aim 3: Deliver an ambitious grants programme aligned with the organisation's strategy, communicate it to key stakeholders and demonstrate the difference made with the money raised.

Aim 4: Run Comic Relief efficiently and transparently, nurture core partnerships and ensure it is fit for the future.

Aim 5: Support work that encourages creativity and new approaches to delivering change for the disadvantaged people that Comic Relief exists to support.

We have therefore set the following priorities for 2014/15:

1. **Red Nose Day 2015** – Create a big, funny, refreshed Red Nose Day, and measure success through a combination of income levels, participation figures, creative excellence and public appreciation.

2. **Sport Relief 2016** – Plan for Sport Relief 2016 and continue to grow the event, based on the analysis of data from Sport Relief 2014.

3. **Digital and technology** – Maximise the potential of the digital world, working where possible alongside the BBC's digital agenda.

4. **Red Nose Day USA** – Deliver a successful Red Nose Day USA campaign in 2015, which raises money which is spent to help realise 'A Just World Free From Poverty'.

5. **Grant making** – Make grants that deliver to our grant strategy and in line with funding partnerships. Particular focus on education, health, jobs, and enterprise internationally and social action in disadvantaged communities and enhanced life opportunities for young people in the UK.

6. **Activate the New Fund (Formerly known as the Comic Relief Foundation)** – which aims to support new and innovative ways for people and start-ups to tackle the relief of poverty and social injustice in the UK and internationally.

7. **Inside Comic Relief** – Continue to review how Comic Relief is run, and constantly evolve to minimise costs and increase efficiency and effectiveness across the organisation.



Financial Review

The Sport Relief campaign raised its highest ever total of £71.8 million

This was a successful year at Comic Relief, despite difficult economic circumstances. The Sport Relief campaign raised its highest ever total of £71.8 million and grants of £81.8 million were awarded. However, due to our exit from the investment market while the Investment Review was undertaken, the performance of our investment portfolio was not as strong as in previous years, resulting in a reduction in income to the General Fund. We were, however, able to manage this shortfall through our historic reserve position.

Investment Review outcomes

In December 2013, the Chair and Board of Trustees commissioned a review of Comic Relief's investment policy, led by an independent Chair, John Kingston. The purpose of the review was to recommend the principles and framework for a new investment policy for Comic Relief, and its levels of transparency, that would:

- reinforce and ensure continued public trust in the charity
- be consistent with our charitable aims and
- be in line with charity regulation and law.

Public trust is the cornerstone of Comic Relief and we would be nothing without our many supporters, to whom we have listened and will keep listening.

In May 2014 the Trustees announced that they had accepted all recommendations made by the investment review panel and a new investment policy was adopted. The recommendations were fully implemented by December.

The overall objective of the Investment Policy is to maintain and grow the value of the portfolio while remaining true to Comic Relief's mission and values. In addition Comic Relief aims to maximise the return from its portfolio, but only within an acceptable level of risk.

Investment Review outcomes

In summary:

- Comic Relief is a signatory to the UN Principles for Responsible Investment (UN PRI) as a sign of our commitment to responsible investment and is also a member of the Charities Responsible Investment Network. These provide membership of a network of responsible investors with whom to share best practice.
- We have an Investment Policy which explicitly states that investments will not be made in companies that manufacture armaments, or tobacco products, or whose primary business is the manufacture of alcohol products. This negative screening is applied to all asset classes and exclusions are reviewed every six months to ensure they remain appropriate.
- Stronger links have been built between the Investment Committee and the Trustees by the addition of two further Trustees to the Investment Committee (Diana Barran and Colin Howes). This ensures that Comic Relief's strategy and investment policy are aligned, including all opportunities and appropriate risk assessment.
- We remain committed to setting aside a small proportion of our capital for social investment, as is already done through grant making and in the investment portfolio
- Note 14 to the accounts has been expanded to provide greater transparency about our investments. More information can be found at comicrelief.com/about-us/how-we-operate/our-finances

The Trustees are very grateful to the Investment Committee and the review panel members for their advice, work, time and commitment to help steer Comic Relief through this period.

The current position on excluded companies follows the investment review panel's advice that Comic Relief should 'aim for only a small number of absolute exclusions' in order to 'avoid an excessive reduction in the universe available for investment'. The decision to exclude these areas results from an analysis examining controversial sectors against three criteria: Comic Relief's vision, its grant making programme, and public opinion.

Financial performance

There still remains a substantial difference between a Red Nose Day year and a Sport Relief year in the annual income and expenditure for the group, and therefore reference to the comparative figures for the previous year's operation will not always prove useful and can be misleading.

The results for the year for the group are set out in the consolidated statement of financial activities on page 41. The position of the group at the end of the year is shown in the consolidated balance sheet on page 43. Net current assets of the group at 31 July 2014 were £31.8 million compared to £75.9 million in 2013. This reflects both an increase in the proportion of grant creditors due in less than one year (£72.3 million compared to £57.4 million) and the lower amount of cash on deposit in a Sport Relief year as compared to a Red Nose Day year.

A total of 291 grants equating to £81.8 million have been approved

In 2013/14, the group received £84.4 million (2013: £114.2 million) from events, trading, donations, investment income and corporate support. A total of 291 grants equating to £81.8 million have been approved in the year (this compares with 2013: 335 grants totalling £107.7 million). Grant cancellations of £4.1 million were made (this compares with 2013: £4.6 million).

The split of the incoming resources of £84.4 million between restricted and unrestricted funds is shown in note 3. Grants awarded totalling £81.8 million (including grants from restricted funds) and other resources expended are shown in note 7. The balances on the respective funds are set out in notes 20 and 21.

The 'Seriously Good' range of cooking sauces ceased trading in December 2012. Comic Relief and Gordon Ramsay worked together on Seriously Good sauces from 2009 to 2012 and jointly decided that the time was right to bring the initiative to a close. Despite challenging market conditions in the premium sauce market, the range raised £470,000 for the charitable work of Comic Relief. In addition to the sums raised from sales, the Brand Relief Ltd trading subsidiary returned a further £752,000 to the charity in 2014 from the original investment of £2 million, which had been provided by a private donor who wished to support this venture.

Financial impact of the Investment Review

As disclosed in prior year reports, our strategic planning assumed that the persisting low interest rate environment would continue to have a considerable impact on Comic Relief's finances. The Trustees therefore agreed that from the 2012/13 financial year, the cost of grant making and grant management could, if necessary, be paid for from the money raised from the Red Nose Day and Sport Relief campaigns across the six years covered by the strategy. This approach has been implemented for the first time in these accounts, recognising the financial challenges faced this year and the continuing challenging economic environment.

All funds from the sections of Comic Relief's investment portfolio that could have included shares in the activities highlighted as areas of concern by the public were removed while the review was taking place. In practice (as the majority of holdings were in pooled funds) this meant disposing of a significant proportion of the investment portfolio.

Proceeds realised on sale were £3.9 million less than the market value recorded in the last accounts, but exceeded historic cost by £14.4 million.

It is important to note that underlying capital was all returned as proceeds on sale exceeded original cost. The money received from the public was unaffected and the grants Comic Relief is able to make from its Grant Fund were not impacted, meaning that all donations went to the purpose they were intended for.

On advice of the Investment Committee, the Trustees revised the total return target to 4.5% over a rolling five-year period, down from 5.5%, on adoption of the new policy.

Having approved the new Investment Policy in late May 2014, an exercise was initiated to identify fund managers and investment opportunities able to deliver against the new policy. Once identified there was an inevitable time lag before Comic Relief has been able to enter the market, due to account set-up and the timing of funding rounds. As a result, £70.1 million of the £135 million portfolio was held in cash at 31 July 2014 and it will be early 2015 before we are fully re-invested. The low interest rates available on cash contributed to a £2 million year-on-year reduction in investment income.

Investment performance

The portfolio achieved unrealised gains in the year to 31 July 2014 of £2 million.

External advisors reported to Trustees that our portfolio had achieved a return of 2.9% in the year to 30 September 2014 – while disappointing, lower returns were to be expected with the changes to the portfolio during the year. However, with an annualised return of 8.2% over three years, 7.5% over five years, and 6.3% over nine years the overall performance of the Comic Relief portfolio remains strong.

Reserves

Comic Relief held £1.7 million of restricted funds at 31 July 2014 (£0.8 million in 2013). These funds, details of which are given in note 21, will be used to support future projects in accordance with Comic Relief's grant making principles and the wishes of the respective donors.

Most of the income received by Comic Relief is unrestricted, with total unrestricted funds at 31 July 2014 of £111.7 million (2013: £137.4 million), of which £85.4 million is designated by Trustees for specific activities. In line with the Comic Relief Commitment, public donations are designated for use only on grant making and management. The corresponding balance on the Grant Fund at 31 July 2014 was £70.8 million, representing grants yet to be allocated (funds from each campaign are awarded in grants over a two-year period).

Other designated funds are held as detailed in note 20. Significant movements in the year were:

- Trustees approved the establishment of a Fixed Asset Reserve equal to the net book value of fixed assets, being £3.3 million at 31 July 2014. This recognises that fixed assets cannot be readily liquidated.
- As outlined in previous Annual Reports, £20 million has been accrued over the years for the Comic Relief Foundation (the New Fund) to fund new and innovative ways to tackle the relief of poverty and social injustice. Having completed a review of the Fund's aims and proposed activities over the next six years, Trustees agreed to release £9.8 million of the money set aside, back to the General Fund. None of the money in the Comic Relief Foundation (the New Fund) is from the direct donations from the public, given in support of either Red Nose Day or Sport Relief.

In addition, the Investment Equalisation Fund has been renamed the Investment Reserve and rather than managing the fund to a target balance (previously set at £15 million by Trustees), the Investment Reserve will reflect the difference between historic cost and current market value of the investment portfolio at the balance sheet date. For comparison purposes the prior year figures have been presented on the same basis in note 20 but the total opening unrestricted fund balance remains unchanged. Movements in the year reflect the sale of the investment portfolio during the Investment Review, the result of which was the realisation of a £14.4 million gain in the General Fund but a shortfall of £3.9 million against carrying value recorded in opening Investment Reserve (no public money was lost). This is offset by unrealised gains in the year of £2 million giving total investment movements of £1.9 million.

The remaining balance of unrestricted funds, the General Fund, is monitored regularly by trustees in accordance with their agreed reserves policy. Income to the General Fund is generated from Gift Aid, investment income, licensing activities and sponsorship/specific contributions to cover costs. The General Fund is used to cover all costs of the organisation that are not related to grant making or management.

The balance in the General Fund at 31 July 2014 was £21.1 million, which includes the gain of £14.4 million that was realised on sale of the investment portfolio, and the release of £9.8 million from the Comic Relief Foundation (The New Fund) as detailed above.

Reserves policy

The Trustees have set the reserves policy as follows:

The target balance on the General Fund across the period covered by the six year strategy is £10 million, equivalent to six months' operating costs and in line with the amount always to be held within the cash portfolio for this eventuality.

However, it should be noted that Red Nose Day generates a significantly greater level of unrestricted funds than Sport Relief, and as a result, the balance of the General Fund can vary from year to year.

While the balance, at £21.1 million, is above the target level, Trustees are satisfied that this is consistent with the long-term policy, given the budgets and planning assumptions for the remaining period of the six year strategy.

In order to set the appropriate level of the General Fund, Trustees have used the potential circumstance where a single year's fundraising campaign has had to be cancelled. It is the same approach used for the Investment Policy.

Comic Relief is in the unusual and fortunate position whereby, if there was a deficit on the General Fund in any particular year, there is a very limited risk of it affecting the charity's ability to continue its operations. The positive cash flow generated by the annual fundraising event would assist in financing the deficit should the need arise. Therefore, the Trustees believe they would be able to plan the recovery of the organisation's finances over a reasonable timeframe without threatening the grant commitments to the charity's beneficiaries if such a situation were to occur.

Trustees will review any variance and make any necessary adjustments when planning the next two-year cycle to ensure sufficient reserves are in place in accordance with the policy. When undertaking this review, Trustees, in conjunction with the Investment Committee, also consider the balance on the Investment Reserve, as the investment portfolio is run to deliver a total return of 4.5% as opposed to an income target, and therefore the portfolio can contain both realised and unrealised gains and losses. The timing of when to realise gains or losses in the portfolio is managed so as to balance the need to retain an appropriate level of General Fund against our overall cash requirements.

Investment Policy

As outlined above, the Chair and Board of Trustees commissioned a review of Comic Relief's investment policy in December 2013, led by an independent Chair. Having adopted in full the recommendations of the review, a revised investment policy was approved by the Trustees in May 2014.

Comic Relief is a cash generative organisation. The business model in essence is that the funds raised from a Red Nose Day or Sport Relief campaign will mostly be received across March to July in the relevant year. The funds will then be awarded in grants over the two years before the next Red Nose Day or Sport Relief campaign with the great majority of the grants being multi-year, often for three years but sometimes for five years or more. These grants are scheduled for payment in instalments over the period of the grant to ensure the money is being spent as agreed.

Sufficient funds are held in cash or cash equivalents to meet all grant commitments for the next 12 months (this amounted to £72.3 million at 31 July 2014, £57.4 million in 2013). Beyond the sums to be held in cash there is, therefore, permanent core capital which can prudently be held in longer-term assets to achieve an enhanced level of return.

The journey of your donations

1. Throughout Red Nose Day/Sport Relief and on the night of TV, the public help us raise a huge amount of money to help communities across the UK and around the world.



2. After the show, money from public fundraising keeps coming in and is added to the total.



3. We use the money to give grants to thousands of charities working in the UK and across the world's poorest communities.



7. The return generated from investment helps pay our running costs, so that the money donated directly by the public goes towards helping the people who need it most.



Donations Journey

4. It takes two years to allocate all the money raised. This means projects have time to apply for a grant, and gives us time to check we only fund the best applications.



6. While the cash is waiting to be paid out, we invest it.



5. We phase the payments to projects who provide regular updates before we give them more money, so we know they are making great progress and spending it as agreed.



The overall objective of the Investment Policy is to maintain and grow the value of the portfolio while remaining true to Comic Relief's mission and values. In addition, Comic Relief aims to maximise the return from its portfolio, but only within an acceptable level of risk.

This investment policy covers the whole portfolio of the charity's assets and consists of a cash portfolio and an investment portfolio, whose aims are as follows:

Cash portfolio

- Sufficient funds will be held in cash or cash equivalents to meet all grant commitments for the next 12 months.
- In addition, Comic Relief will hold six months' worth of operating expenses in cash or cash equivalents at all times (approximately £10 million).
- Within the cash holdings, £15 million will always be available within one month and none of the cash holdings will be placed with a maturity of more than one year.
- All other incremental funds from fundraising (above the minimum value) will be held as part of the cash portfolio.

Investment portfolio

- Based on the low-point in investable assets over the fundraising cycle, the residual amount of funds available for longer-term investment began at £135 million for 2013/14.
- The investment portfolio will be managed on a 'total return' basis, with a target annual return of 4.5%, assessed over a five-year period.
- Investments will not be made in companies that manufacture armaments, or tobacco, or whose primary business is the manufacture of alcohol products. In addition, the charity will be a signatory to the UN Principles of Responsible Investment and a member of the Charities Responsible Investment Network.

Trustees delegate oversight and management to the Investment Committee for the investment portfolio and the Cash Management Advisory Group (which reports to the Finance and Risk Committee) for the cash portfolio.

The Committee and the Group are made up of financial and sector professionals who donate their time for free. Their expertise covers the range of relevant knowledge and skills to monitor the asset allocation of the portfolios and the performance of individual asset managers on an ongoing basis. They will recommend to Trustees such changes as they may consider appropriate.

Grants policy

The Trustees apply all the funds designated for grant making in pursuit of the vision of 'A Just World Free From Poverty' and allocate these funds against clear, published criteria which are reviewed regularly. As stated in note 1(h), grants made for charitable purposes are included as an expense once they have been approved by Trustees. The Trustees' intention is to allocate (either by way of grant, the development of our grant programmes, or for learning and evaluation of the impact of the grants programmes) the total raised from each fundraising event over an approximate two-year period.

Risk

Trustees have reviewed the major risks to which the group is exposed and they consider that reputational damage leading to loss of public trust and confidence in Comic Relief is the charity's principal risk. Other significant risks include the dependency on the support of our business partners, and the misappropriation or misuse of the money awarded in grants whether by Comic Relief or its beneficiaries.

Risk is considered at various levels within Comic Relief and is escalated through those levels as necessary for their resolution.

Significant risks are compiled on a corporate risk register which is reported to the executive directors at monthly intervals, and to the Finance and Risk Committee of the Board at their meetings five times a year. The Committee, in turn, reports on risk to the full Trustee Board.

Where significant risks need to be urgently dealt with, Comic Relief has a crisis management process in place. In addition there is a Reputation Risk Management Group, comprising Trustees and others with substantial and appropriate reputation management experience, which advises Trustees when necessary.

The Trustees consider they have established appropriate systems to anticipate the major risks to which the charity might be exposed and to manage those risks as they arise. The Trustees believe that implementation of agreed actions and procedures will reduce the probability and impact of these risks significantly.

Employment policies and involvement

Comic Relief is committed to employing the best people for the job, including those who are disabled or become disabled during their employment. This is based on merit, and through offering all of our staff and job applicants equality of opportunity and fair treatment. They will not be discriminated against, either directly or indirectly, on the grounds of nationality or ethnic or national origins; religion; gender; marital status; sexual orientation; disability; age; spent convictions; or membership/non-membership of a trade union. There are policies in place to prevent bullying and harassment, to ensure the safeguarding of children and vulnerable adults, to support staff members affected by issues including domestic violence, and to provide a positive and supportive working environment for people with mental health conditions.

Comic Relief ensures that salaries reflect the knowledge, skills, responsibilities and personal qualities required for the performance of each job. Salaries are set in the context of the jobs market and comparisons are made with similar jobs in other charities and relevant organisations. Salaries are monitored by the Remuneration and Nominations Committee. During this year, we have been also been working towards being accredited as being a Living Wage employer.

Staff engagement is very important to us. Comic Relief holds regular employee consultation through its Staff Representation Group, it conducts an annual staff survey to get anonymous feedback from across the organisation, and holds a monthly staff meeting. All employees are invited to the annual staff conference, and are kept up to date on news and events through a weekly email newsletter.

Structure and Governance

The charity does not have share capital and is a company limited by guarantee. It is constituted by its Articles of Association.

Charity Projects is the registered name of the charity but it is better known as Comic Relief, and therefore all references to the organisation in this report and the financial statements will be in the name of Comic Relief.

Ultimate control of Comic Relief is vested in the Trustees.
They are:



Tim Davie*
(Chair of Trustees, and Remuneration and Nominations Committee)



Richard Curtis CBE
(Vice Chair of Trustees)



Suzi Aplin



Diana Barran MBE
(UK Grants and Investment Committees[^])



Harry Cayton CBE
(UK Grants Committee)



Joe Cerrell



Tristia Clarke
(Commercial and Technology Board)



Danny Cohen*



Michael Harris (Treasurer, Finance and Risk, Investment Committees)



Lenny Henry CBE



Colin Howes (Commercial and Technology Board, Investment Committee[^])



Peter Salmon



Priscilla Snowball CBE
(Commercial and Technology Board)



Theo Sowa CBE
(International Grants Committee)



Imelda Walsh
(Remuneration and Nominations Committee)



Robert S Webb QC
(International and UK Grants Committees)

In addition the following Trustee also held office during the year:
Peter Bennett-Jones CBE (until 10 September 2013)

*from 18 September 2013.

[^]Diana Barran and Colin Howes joined the Investment Committee in July 2014 and December 2014 respectively.

Structure and Governance continued

Each Trustee is a member of the charity and, in the event of the charity being wound up, is liable to contribute a maximum of £1. New Trustees are selected and appointed by existing Trustees to maintain an appropriate balance of skills and experience. New Trustees are given a programme of induction and training is available when required and relevant. One-fifth of the Trustees are due for re-election each year, and the number of times each Trustee is available for re-election is not limited.

The Trustees are advised by a committee structure, including the UK and International Grants Committees, Finance and Risk, Investment, and Remuneration and Nominations Committees, all of which meet regularly and whose Trustee representation is indicated above. The committees benefit from the specialist expertise of co-opted members selected to complement the skills and experience of Trustees on the respective committees.

There is also a Commercial and Technology Board, a sub-set of which serves as the Board for the two trading subsidiaries and on which there is Trustee representation. In addition, a series of advisory groups meet to discuss specific issues or opportunities.

Executive Directors

Executive Directors

The Trustees delegate the day-to-day running of the charity to the Chief Executive (CEO) and the executive directors who are responsible for particular areas of the charity as listed below. The Chief Executive reports to the Chair of Trustees.

Kevin Cahill CBE	Chief Executive
Derek Gannon	COO (started 16 September 2013)
Amanda Horton-Mastin	Innovation Director
Judith McNeill	Grants Director
Michele Settle	Marketing Director
Malcolm Duffy	Creative Director (until 31 July 2014)
Colin Simon	Business Director (until 3 October 2014)

Going concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the Trustees.

Auditor

A resolution to re-appoint KPMG LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

Statement of responsibilities of the Trustees of Charity Projects in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees, who are also the directors of the company, submit their report and the consolidated financial statements of Charity Projects and its subsidiaries for the year ended 31 July 2014. This report also takes into account the requirements under the Companies Act 2006 to prepare a Directors' Report and a Strategic Report. The reference and administrative information shown on the previous and following pages form part of this report.

In approving the Trustees' Annual Report, the Trustees are also approving the Directors' Report and Strategic Report in their capacity as company directors.



Colin Howes

Secretary 18 March 2015

Registered office

14 Hanover Square, London, W1S 1HP

Administrative information

Company Secretary

Colin Howes

Chief Executive

Kevin Cahill CBE

Registered office

14 Hanover Square
London W1S 1HP

Principal address

1st Floor, 89 Albert Embankment
London SE1 7TP

Statutory auditor

KPMG LLP
1 Forest Gate, Brighton Road
Crawley, West Sussex RH11 9PT

Bankers

National Westminster Bank plc,
Bloomsbury, Parr's Branch,
P.O. Box 158, 214 High Holborn,
London WC1V 7BX

Adam & Company plc
22 Charlotte Square
Edinburgh EH2 4DF

Investment administrators

Bridges Communities
Ventures Ltd
1 Craven Hill, London W2 3EN

C Hoare & Co
37 Fleet Street
London EC4P 4DQ

Standard Life Investments
(Ignis Asset Management)
1 George Street
Edinburgh EH2 2LL

Ingenious Asset Management
15 Golden Square
London W1F 9LG

Solicitors

Harbottle and Lewis LLP
14 Hanover Square
London W1S 1HP

Company number

1806414

Charity numbers

326568 (England and Wales)
SC039730 (Scotland)

Independent auditor's report to the trustees and members of Charity Projects

We have audited the financial statements of Charity Projects for the year ended 31 July 2014 set out on pages 41 to 66. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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, and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its Trustees as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 36, 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.

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 July 2014 and of the group's and the charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the charitable company has not kept adequate and proper accounting records.
- the charitable 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.



Marianne Fallon (Senior Statutory Auditor)

**for and on behalf of KPMG, LLP, Statutory Auditor
Chartered Accountants**

1 Forest Gate, Brighton Road, Crawley, RH11 9PT

Date 18 March 2015

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Financial Statements

Consolidated statement of financial activities (incorporating an Income and Expenditure Account and the Statement of Total Recognised Gains and Losses) for the year ended 31 July 2014

	Unrestricted funds		Restricted	2014 £000	2013 £000
	Grants £000	Other £000	Funds £000		
Incoming resources (1e)					
Incoming resources from generated funds					
Voluntary income	55,267	6,407	11,359	73,033	96,389
Activities for generating funds	3,289	4,196	-	7,485	11,693
Investment income (5)	-	3,900	6	3,906	6,085
Total incoming resources (3)	58,556	14,503	11,365	84,424	114,167
Resources expended (1g)					
Costs of generating funds					
Costs of generating voluntary income	-	15,677	78	15,755	11,362
Fundraising trading and other costs	-	1,544	-	1,544	1,594
Investment management costs	-	92	-	92	72
	-	17,313	78	17,391	13,028
Charitable activities					
Tackling poverty and social injustice:					
UK grantmaking	24,083	-	3,492	27,575	33,066
International grantmaking	50,347	-	6,682	57,029	74,950
Global awareness, education and social change	-	4,936	155	5,091	5,292
	74,430	4,936	10,329	89,695	113,308
Governance costs	-	176	-	176	97
Total resources expended (6)	74,430	22,425	10,407	107,262	126,433
Net (outgoing) resources for the year	(15,874)	(7,922)	958	(22,838)	(12,266)
Realised (losses)/gains on investment assets	-	(3,861)	-	(3,861)	1,114
Net (outgoing)/incoming resources for the year before transfers	(15,874)	(11,783)	958	(26,699)	(11,152)
Net transfers between funds (20/21)	513	(500)	(13)	-	-
Net (expenditure)/income for the year	(15,361)	(12,283)	945	(26,699)	(11,152)
Unrealised gains on investment assets (14b)	-	1,982	-	1,982	14,827
Net movement in funds	(15,361)	(10,301)	945	(24,717)	3,675
Total funds brought forward at 1 August 2013	86,191	51,166	775	138,132	134,457
Total funds carried forward at 31 July 2013 (20/21)	70,830	40,865	1,720	113,415	138,132

All amounts relate to the continuing activities of the group. The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented. The reference to the notes, which form part of these financial statements, is shown on each line, as appropriate. The notes are shown on pages 46 to 66.

Charity statement of financial activities (incorporating an Income and Expenditure Account and the Statement of Total Recognised Gains and Losses) For the year ended 31 July 2014

	Unrestricted funds		Restricted	2014 £000	2013 £000
	Grants £000	Other £000	Funds £000		
Incoming resources (1e)					
Incoming resources from generated funds					
Voluntary income (3)	55,267	6,407	11,359	73,033	96,389
Gift Aid from Comic Relief Limited (4)	3,289	2,723	-	6,012	10,184
Investment income	-	3,829	6	3,835	6,008
Total incoming resources	58,556	12,959	11,365	82,880	112,581
Resources expended					
Costs of generating funds					
Costs of generating voluntary income (6a)	-	15,677	78	15,755	11,362
Investment management costs (6a)	-	92	-	92	72
	-	15,769	78	15,847	11,434
Charitable activities (6a)					
Tackling poverty and social injustice:					
UK grantmaking	24,083	-	3,492	27,575	33,066
International grantmaking	50,347	-	6,682	57,029	74,950
Global awareness, education and social change	-	4,936	155	5,091	5,292
	74,430	4,936	10,329	89,695	113,308
Governance costs (6a)	-	176	-	176	97
Total resources expended	74,430	20,881	10,407	105,718	124,839
Net (outgoing)/ incoming resources for the year	(15,874)	(7,922)	958	(22,838)	(12,258)
Realised (losses)/gains on investment assets	-	(3,861)	-	(3,861)	1,106
Net (outgoing)/incoming resources for the period before transfers	(15,874)	(11,783)	958	(26,699)	(11,152)
Net transfers between funds (20/21)	513	(500)	(13)	-	-
Net (expenditure)/income for the year	(15,361)	(12,283)	945	(26,699)	(11,152)
Unrealised gains on investment assets (14b)	-	1,982	-	1,982	14,827
Net movement in funds	(15,361)	(10,301)	945	(24,717)	3,675
Total funds brought forward at 1 August 2013	86,191	51,016	775	137,982	134,307
Total funds carried forward at 31 July 2014 (20/21)	70,830	40,715	1,720	113,265	137,982

All amounts relate to the continuing activities of the charity. The charity has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented. The reference to the notes, which form part of these financial statements, is shown on each line, as appropriate. The notes are shown on pages 46 to 66.

Consolidated cash flow statement For the year ended 31 July 2014

(a) Reconciliation of net incoming/(outgoing) resources to net cash inflow/(outflow) from operating activities

	Notes	2014 £000	2013 £000
Net (outgoing) resources		(22,838)	(12,266)
Depreciation and amortisation		1,749	1,621
Investment income		(3,906)	(6,085)
Decrease/(increase) in debtors		886	(2,221)
(Decrease)/increase in creditors		(7,641)	12,696
Net cash (outflow) from operating activities		(31,750)	(6,255)
(b) Cashflow Statement			
Net cash (outflow) from operating activities		(31,750)	(6,255)
Returns on investments and servicing of finance:			
Investment income		3,906	6,085
Capital expenditure and financial investment			
Receipts from sale of fixed asset investments		117,842	41,508
Payments to acquire fixed asset investments		(46,844)	(9,203)
Payments to acquire investment portfolio cash	(14b)	(70,191)	-
Payments to acquire tangible and intangible fixed assets		(1,172)	(2,488)
		(365)	29,817
Management of liquid resources	23	30,829	(28,435)
Increase in cash in the year	24	2,620	1,212
(c) Reconciliation of net cash flow			
Increase in cash in the year		2,620	1,212
Cash used in management of liquid resources		(30,829)	28,435
Change in net funds resulting from cash flows		(28,209)	29,647
Net funds at 1 August 2013		122,483	92,836
Net funds at 31 July 2014	24	94,274	122,483

The notes on pages 46 to 66 form part of these Financial Statements.

Notes to the Financial Statements For the year ended 31 July 2014

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Companies Act 2006, applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" revised in July 2008 by the Charities Commission in England and Wales (SORP 2005). The accounting policies below have been adopted for material items. No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the Trustees. These accounts are filed with the registrar of companies.

The Investment Equalisation Fund has been renamed the Investment Reserve and now reflects the difference between historic cost and current market value of the investment portfolio at the balance sheet date. For comparison purposes the prior year figures have been presented on the same basis and are shown in note 20, and on the face of the Balance Sheet. The total opening unrestricted fund balance remains unchanged.

(b) Consolidation

These financial statements consolidate the results of Charity Projects and its subsidiaries up to 31 July 2014, on a line by line basis.

Charity Projects has taken advantage of the exemption given by Financial Reporting Standard 8 from disclosing transactions with members of the same accounting group, this applies where 100% of the voting rights are held within the group. All members of the Charity Projects Group are listed on page 33.

Trustee emoluments and transactions are disclosed in Note 10. There are no other related party transactions.

(c) Fixed assets

Intangible fixed assets (Trademarks)

Intangible fixed assets are stated at historical cost. Amortisation is provided on all intangible fixed assets at 10% on a straight-line basis. This is calculated to write down each trademark over the length of the period for which it is valid. Assets are assessed at least annually for impairment. Any impairment value is recognised immediately in the statement of financial activities

Tangible fixed assets

Tangible fixed assets are stated at historical cost, less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Fixtures and fittings	25% straight-line basis
Technology	20% - 33⅓% straight-line basis
Office premises (refurbishment)	20% straight-line basis

Individually purchased software is written off in the year of acquisition.

Residual values and useful economic lives are reviewed annually. Any impairment in value is charged to the statement of financial activities.

Notes to the Financial Statements For the year ended 31 July 2014

1. Accounting policies (continued)

(d) Investments

Investments are included at market value at the balance sheet date which gives rise to unrealised gains and losses at the end of the financial period which are included in the statement of financial activities. Realised gains and losses arising on disposal of investments are separately identified in the statement of financial activities. The realised gains are calculated as the difference between valuation, including accrued interest, at the beginning of the financial year, or the cost of purchase during the year, and the subsequent sale proceeds.

(e) Incoming resources

Voluntary income represents monies received by the charity from charitable donations, fundraising events and grants. This is recognised in the statement of financial activities in the period that it is received unless there is an unequivocal obligation to donate, in which case it is recognised in the period in which it falls due. Where a donation is made with a valid Gift Aid declaration, the Gift Aid is recognised in the period in which the original donation was made.

Legacies are accounted for as incoming resources once the receipt of the legacy becomes virtually certain and quantifiable. For pecuniary legacies this will generally be at the point probate is granted. For residuary legacies this will generally be on the earlier of cash receipt or once confirmation has been received from the representatives of the estates that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

The income from 'activities for generating funds' is derived from the activities of the charity's subsidiary Comic Relief Limited (and historically Brand Relief Limited) and are included in the consolidated statement of financial activities when receivable.

Investment income and its related tax credit is stated on a receivable basis.

(f) Donated goods and services

Where the charity receives donations of goods and services in kind and where there is a measurable value to the charity, which can be ascertained with reliability, they are included as both income and expenditure.

(g) Resources expended

Resources expended are accounted for on an accruals basis. Where expenditure does not fall clearly into one category, it is allocated to appropriate headings on the basis of time spent by staff on each cost area.

Costs of generating voluntary income comprise fundraising and event costs.

Fundraising, trading and other costs comprise the operating costs of the charity's trading subsidiaries.

Charitable activities represents the grants awarded, and staff and other direct costs associated with grantmaking and awareness raising activities including international poverty, fair trade campaigns and education projects.

Support costs represent staff and overhead costs which have been apportioned to each expenditure heading on the basis of staff time as detailed in note 6b.

Governance comprises costs in relation to statutory and regulatory compliance and a proportion of support costs, as shown in note 6c.

Notes to the Financial Statements For the year ended 31 July 2014

1. Accounting policies (continued)

(h) Grants payable

Grants are recognised in the statement of financial activities when they have been approved by the trustees, and are apportioned between amounts due within one year and after more than one year as appropriate. The charity monitors the usage to which a grant is put and reports are required from beneficiaries before the next annual instalment is paid. However, the beneficiary would have a valid expectation that they would receive the grant as offered and accepted. Cancelled grants are credited to the statement of financial activities when the cancellation has been approved. Circumstances in which a grant may be cancelled include serious performance issues, a breach of the conditions of the grant, the grantee is no longer able to accept the grant, or an underspend on the project which would lead to a partial cancellation.

(i) Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

(j) General fund

The general fund is available to cover the costs of the organisation, other than the grants payable and cost of grant-making and management which are covered from the designated and restricted funds. Income that is credited to this fund includes sponsorship and corporate support, Gift Aid, investment income, interest and donations given specifically to cover running costs, as shown in note 3.

(k) Designated funds

These unrestricted funds have been designated by the trustees for specific purposes and are listed in note 20.

(l) Restricted funds

These funds can only be used for purposes as specified by the donor and are listed in note 21.

(m) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the surplus/deficit for the year.

(n) Irrecoverable VAT

Irrecoverable VAT is allocated to the principal areas in which it has been incurred.

2. Charity statement of financial activities

A separate statement of financial activities has been prepared for the charity alone as required by regulations of the Office of the Scottish Charity Regulator (OSCR).

Notes to the Financial Statements For the year ended 31 July 2014

3. Total incoming resources – Group

	Notes	Unrestricted funds		Restricted	Total	Total
		Grants	Other	funds	2014	2013
		£000	£000	£000	£000	£000
Voluntary income						
Fundraising events		47,435	-	1,105	48,540	69,165
Grant income	(3a)	7,792	500	7,768	16,060	19,862
Voluntary donations		40	578	2,334	2,952	1,253
Gift Aid		-	4,822	-	4,822	5,654
Contributions to operating costs		-	507	152	659	455
		55,267	6,407	11,359	73,033	96,389
Activities for generating funds						
Trading income from:						
Comic Relief Limited	4	3,289	4,196	-	7,485	11,680
Brand Relief Limited	4	-	-	-	-	13
		3,289	4,196	-	7,485	11,693
Investment income	5	-	3,900	6	3,906	6,085
		58,556	14,503	11,365	84,424	114,167

Fundraising events include income raised through our Sport Relief and Red Nose Day campaigns. 2014 was a Sport Relief year whereas the comparative 2013 period was a Red Nose Day year. Due to the substantial difference between these two campaigns in annual income, comparisons will not always prove useful.

Activities for generating funds comprise the turnover of Comic Relief Limited and Brand Relief Limited, trading subsidiaries of Charity Projects. Comic Relief Limited's turnover consists of income from fundraising events organised by the company of £3.3 million, (2013: £8.8 million), and income of £4.2 million from licensing activities and sponsorship received to help to cover costs (2013: £2.8 million). Brand Relief Limited had no turnover in the year (2013 £13,000 royalty income generated from the sale of cooking sauces).

Donated goods and services are included within contributions to operating costs.

Notes to the Financial Statements For the year ended 31 July 2014

(a) Grant Income

In 2014, grant income of £16 million was comprised of:

Name of Funder	Unrestricted		Restricted	Total
	Grants £000	Other £000	funds £000	2014 £000
Department for International Development	7,792	-	-	7,792
The Bill & Melinda Gates Foundation match funding	-	-	5,000	5,000
The Queen Elizabeth Diamond Jubilee Trust	-	-	1,738	1,738
The Scottish Executive	-	-	750	750
Vodafone Foundation	-	250	-	250
International Inspiration	-	250	-	250
The Sainsbury's Fair Trade Development Fund	-	-	125	125
The Ballinger Charitable Trust (for the North East and Cumbria Dementia Fund)	-	-	100	100
The Baring Foundation	-	-	50	50
The Nominet Trust	-	-	5	5
Total Grant Income	7,792	500	7,768	16,060

4. Comic Relief Limited and Brand Relief Limited

The results for Comic Relief Limited and Brand Relief Limited, the wholly owned trading subsidiaries of Charity Projects, are as follows:

	Comic Relief Ltd 2014 £000	Brand Relief Ltd 2014 £000
Turnover	7,485	-
Overhead expenditure	(1,544)	-
Operating profit	5,941	-
Interest receivable	71	-
Profit/(loss) on ordinary activities before and after taxation	6,012	-
Payment under Gift Aid	(6,012)	-
Payment after reduction in capital	-	(752)
Retained profit/(loss) for the year	-	(752)
Assets and liabilities	2014 £000	2014 £000
Fixed assets	143	-
Current assets	7,025	1
Current liabilities	(7,018)	-
Net current assets	7	1
Long term liabilities	-	-
Net assets	150	1

In March 2014 the preference shares in Brand Relief Limited were converted to ordinary shares, there was a subsequent reduction in capital and the remaining investment of £752,000 was repaid by Brand Relief Ltd to Charity Projects. There is no net impact shown in the Charity statement of financial activities. There are no plans for further trading activities in this company in the immediate future.

Notes to the Financial Statements For the year ended 31 July 2014

5. Investment income - Group

	2014 £000	2013 £000
Dividends	2,321	4,401
Other interest receivable	1,585	1,684
	3,906	6,085

6. (a) Analysis of total resources expended - Group

	Grant costs (note 7) £000	Staff costs (note 8) £000	Support costs (note 6b) £000	Other direct costs £000	2014 Total £000	2013 Total £000
Costs of generating funds						
Costs of generating voluntary income	-	7,102	1,804	6,849	15,755	11,362
Fundraising trading and other costs	-	883	248	413	1,544	1,594
Investment management costs	-	-	92	-	92	72
	-	7,985	2,144	7,262	17,391	13,028
Charitable activities						
Tackling poverty and social injustice:						
UK grantmaking	25,184	1,603	478	310	27,575	33,066
International grantmaking	53,456	1,847	538	1,188	57,029	74,950
Global awareness, education and social change	-	3,398	956	737	5,091	5,292
	78,640	6,848	1,972	2,235	89,695	113,308
Governance costs (note 6c)	-	13	16	147	176	97
Total resources expended	78,640	14,846	4,132	9,644	107,262	126,433

Resources expended include:

	2014 £000	2013 £000
Auditor's remuneration:		
Audit of these financial statements-charity	30	29
Amounts receivable by auditor and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	21	26
Other services relating to taxation	6	9
Operating lease rentals - land and buildings, and other	440	443
Depreciation and amortisation	1,749	1,621

Notes to the Financial Statements For the year ended 31 July 2014

(b) Analysis of support costs - Group

	Premises £000	Depreciation £000	IT & office £000	HR, finance & management £000	2014 Total £000	2013 Total £000
Costs of generating funds						
Costs of generating voluntary income	371	781	392	260	1,804	1,768
Fundraising, trading and other costs	40	104	41	63	248	197
Investment management costs	-	-	-	92	92	72
Charitable activities						
Tackling poverty and social injustice:						
UK grant making	99	207	104	68	478	433
International grant making	111	233	117	77	538	433
Global awareness, education and social change	197	415	208	136	956	884
Governance costs	2	9	3	2	16	18
Total support costs	820	1,749	865	698	4,132	3,805

All support costs are allocated on the basis of staff time.

(c) Analysis of governance costs - Group and Charity

	2014 Total £000	2013 Total £000
Internal audit	16	21
External audit (charity only)	30	29
Trustee indemnity insurance	5	5
Legal and professional fees	87	1
Trustees' and committees' costs	9	9
Apportionment of staff and support costs	29	32
Total governance costs	176	97

Legal and professional fees include £86,000 for consultancy and advice relating to the Investment Review.

Notes to the Financial Statements For the year ended 31 July 2014

7. Charitable activities - grants awarded - Group & Charity

	2014 £000	2013 £000
Tackling Poverty and Social Injustice - UK		
Unrestricted		
Better Futures*	6,765	2,587
Fairer Society*	1,123	-
Give It Up	490	-
Healthier Finances*	2,385	-
Mental Health	-	3,309
Older People	285	2,761
Safer Lives*	5,582	5,120
Sexually Exploited and Trafficked Young People	903	2,036
Special Applications	-	1,443
Sport for Change	1,250	2,129
Stronger Communities*	3,783	8,462
Young People with Mental Health Problems	-	2,522
Other grants	200	107
Total unrestricted grants allocated	22,766	30,476
Cancelled grants	(503)	(881)
Learning and Evaluation direct costs	253	188
Total UK grants - Unrestricted	22,516	29,783
Restricted		
Give It Sum	8	111
The Supporters Club	1,182	-
Other restricted:		
Better Futures	1,350	87
Mental Health	-	120
Older People	-	135
Safer Lives	-	246
Sexually Exploited and Trafficked Young People	-	44
Special Applications	-	50
Sport for Change	-	147
Young People with Mental Health Problems	-	178
Other	157	65
Total restricted grants allocated	2,697	1,183
Give It Sum cancelled grants	(21)	(24)
Steve Redgrave Fund cancelled grants	(8)	(7)
Total cancelled grants	(29)	(31)
Total UK grants - Restricted	2,668	1,152
Total UK grants (note 6a)	25,184	30,935

*UK grants are now made under these five key themes. Where appropriate the 2012/13 approvals have been shown against these new themes.

Notes to the Financial Statements For the year ended 31 July 2014

7. Charitable activities - grants awarded - Group & Charity (continued)

	2014 Total £000	2013 Total £000
Tackling Poverty and Social Injustice - International		
Unrestricted		
Children and Young People at Risk Education**	8,427	7,748
Health**	7,070	10,584
People Living in Urban Slums**	11,921	13,938
People Affected by HIV/AIDS	3,824	14,552
Trade, Enterprise and Employment**	3,466	1,665
Women & Girls**	6,500	3,519
Other***	7,335	10,440
	616	6,864
Total unrestricted grants allocated	49,159	69,310
Cancelled grants	(3,530)	(3,655)
Learning and Evaluation direct costs	575	357
Total International Grants - Unrestricted	46,204	66,012
Restricted		
Children and Young People at Risk	647	33
Education	-	179
Health	5,000	5,000
People Living in Urban Slums	-	496
People Affected by HIV/AIDS	-	150
Trade, Enterprise and Employment	891	-
Other	18	393
The Supporters Club	696	-
Total restricted grants allocated	7,252	6,251
Cancelled grants	-	(144)
Total International Grants - Restricted	7,252	6,107
Total International Grants (note 6a)	53,456	72,119
Total Grants expenditure - Unrestricted	68,720	95,795
Total Grants expenditure - Restricted	9,920	7,259
Total Grants expenditure (note 6a)	78,640	103,054

** These International programmes include some grants which are match funded by UKAid Match Funding, and in 2012/13 some funded from the Common Ground Initiative.

***Grants made under the old strategies in 2012/13 have been classified as Other

A breakdown of our grants is available from Comic Relief, 89 Albert Embankment, London SE1 7TP, or on our website www.comicrelief.com.

Notes to the Financial Statements For the year ended 31 July 2014

8. Staff - Group

	2014 Average no. of staff	2013 Average no. of staff
The average weekly number of persons employed by the group during the year was:		
Fundraising	64	64
Operations	58	56
Education/communications	53	54
Grant giving	59	56
Red Nose Day staff team	2	28
Sport Relief staff team	43	9
Innovation team	9	10
	288	277

	2014 £000	2013 £000
Staff costs for the above persons comprised:		
Wages and salaries	10,690	10,048
Social security costs	1,043	958
Pension costs	1,061	1,042
	12,794	12,048
Agency staff	2,052	1,268
	14,846	13,316

The number of employees earning over £60,000 per annum, including taxable benefits, was:

	2014 Number	2013 Number
£60,001 - £70,000	10	8
£90,001 - £100,000	5	5
£101,001 - £110,000	1	1
£130,001 - £140,000	1	1

Pension contributions made on behalf of the above totalled £206,828 (2013: £187,841).

The remuneration for the year, excluding pensions, for Kevin Cahill, Chief Executive, was £132,194 (2013: £131,846).

9. Pension contributions

Charity Projects implemented auto enrolment in May 2014 and operates a group personal pension scheme in to which all eligible employees are entitled to enrol. Contributions payable to the pension scheme are charged to the statement of financial activities as they become due. The charity makes a contribution, dependent on length of service, which is supplemented by an employee contribution. The number of staff taking part in the scheme was 244 (2013: 254) and the pension charge for the year was £1,060,691 (2013: £1,041,576).

Notes to the Financial Statements For the year ended 31 July 2014

10. Trustees

Expenses of £7,621 were incurred in the year for two trustees (2013: £5,834 for two trustees). Harbottle and Lewis LLP, a firm of solicitors in which Colin Howes is a partner, provided legal and professional services of £73,469 (2013: £9,205) to the group. Trustees received £nil remuneration in the year (2013: £nil).

11. Taxation

Comic Relief is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The charity's trading subsidiaries donate to Charity Projects an amount equal to any taxable profits under Gift Aid. Consequently there is no taxation charge for the year (2013: £nil).

12. Intangible fixed assets – Group

Total
£000

Trademarks

Cost

At 1 August 2013

208

Creation of trademarks in the year

51

At 31 July 2014

259

Amortisation

At 1 August 2013

95

Charged in the year

21

At 31 July 2014

116

Net book value at 31 July 2014

143

At 1 August 2013

113

As a result of annual impairment reviews, no impairment of intangible assets as at 31 July 2014 has been identified (2013: £nil).

Notes to the Financial Statements For the year ended 31 July 2014

13. Tangible fixed assets – Group and Charity

	Premises and fixtures £000	Technology £000	Total £000
Cost			
At 1 August 2013	2,292	6,711	9,003
Additions	26	1,095	1,121
Disposals in year	-	(31)	(31)
At 31 July 2014	2,318	7,775	10,093
Depreciation			
At 1 August 2013	1,748	3,456	5,204
Charged in the year	298	1,430	1,728
Disposals in year	-	(31)	(31)
At 31 July 2014	2,046	4,855	6,901
Net book value at 31 July 2014	272	2,920	3,192
At 1 August 2013	544	3,255	3,799

14. Fixed asset investments

Group and Charity

(a) The investment portfolio is held in a range of managed pooled funds.
The asset allocation is summarised below;

	2014 £000	2013 £000
UK equities		
Invesco Perpetual High Income Fund	-	16,623
Global equities		
iShares Dow Jones Sustainability Screened ETF	20,693	-
Findlay Park Partners LLP American Fund	-	9,318
First State Asia Pacific Leaders Fund	-	8,831
Fundsmith LLP Equity Income Fund	-	11,010
M&G Global Dividend Fund	-	16,133
Veritas Global Equity Income Fund	-	14,201
Private equity		
Bridges Community Development Ventures Fund II LP	1,342	1,113
Schroders Private Equity Fund of Funds III	3,595	4,789
Bonds		
Invesco Perpetual Corporate Bond Income Fund	-	6,134
M&G Corporate Bond Income Fund	-	7,175
Property		
F&C Commercial Property Trust	12,425	11,446
Absolute Return		
Ignis Global Absolute Return Government Bond Fund	27,058	-
Capita Financial Trojan Fund	-	21,599
Artemis Fund Managers Strategic Asset Fund	-	9,618
Cash	70,191	-
Total Group	135,304	137,990
Investment in Brand Relief Limited	-	752
Total Charity	135,304	138,742

Notes to the Financial Statements For the year ended 31 July 2014

14. Fixed asset investments (continued)

(b) Reconciliation of opening and closing market value

	2014 £000	2013 £000
Market value at 1 August	137,990	154,354
Additions at cost	46,844	9,203
Disposals at opening market value	(121,703)	(40,394)
Net unrealised investment gains	1,982	14,827
Market value of listed investments at 31 July	65,113	137,990
Portfolio cash held for investment	70,191	-
Market value of portfolio at 31 July	135,304	137,990
Cost of listed investments at 31 July	59,908	116,516

(c) Reconciliation of movements in unrealised gains on investment assets

	2014 £000	2013 £000
Group and charity		
Unrealised gains at 1 August	21,475	8,853
Adjust: in respect of disposals in the year	(18,252)	(2,205)
	3,223	6,648
Net gains arising on revaluations in the year (note 14b)	1,982	14,827
Unrealised gains at 31 July (note 20)	5,205	21,475

(d) The charity also holds unlisted investments costing £102 (2013: £2,000,102) in the following subsidiary undertakings:

	Country of incorporation	Principal activity	Class of shares	Share capital held
Comic Relief Limited (note 4)	England	Trading	Ordinary £1	100%
Brand Relief Limited (note 4)	England	Non trading	Ordinary £1	100%

Notes to the Financial Statements For the year ended 31 July 2014

15. Current asset investments

	2014 £000	2013 £000
Call account	25,298	49,301
Fixed term deposits	55,583	48,270
Global liquidity funds - Charity Projects	297	10,887
Market value at 31 July 2014 - Charity	81,178	108,458
Call account - Comic Relief Limited	-	8,549
Global liquidity funds - Comic Relief Limited	5,041	41
Market value at 31 July 2014 - Group	86,219	117,048

16. Debtors

	2014		2013	
	Group £000	Charity £000	Group £000	Charity £000
Amounts due from subsidiary undertakings	-	6,937	-	10,737
Other debtors	1,499	1,165	2,192	715
Loans (due in less than one year)	592	592	592	592
Loans (due in more than one year)	3,076	3,076	4,002	4,002
Prepayments and accrued income	6,616	6,616	5,883	5,882
	11,783	18,386	12,669	21,928

The loans include £2,696,384 (US \$4 million) (2013: £3,572,000, US \$5 million) - part of a US \$5 million loan made during 2008/09 to Kuapa Kokoo Farmers Union Ltd for a period of ten years with repayments starting in the 6th year. US \$1 million was repaid during the year. There is security for the loan and interest is payable.

17. Creditors

	2014		2013	
	Group £000	Charity £000	Group £000	Charity £000
(a) Amounts falling due within one year:				
Grants approved not yet paid	72,345	72,345	57,395	57,395
Other creditors	826	773	612	573
Taxation and social security	432	432	454	454
Amounts payable to subsidiary undertakings	-	-	-	752
Accruals and deferred income	619	597	828	747
	74,222	74,147	59,289	59,921
(b) Amounts falling due after more than one year				
Grants approved not yet paid	57,059	57,059	79,633	79,633

Notes to the Financial Statements For the year ended 31 July 2014

18. Members' liability

The charity does not have a share capital and is limited by guarantee. In the event of the charity being wound up, the maximum amount which each member is liable to contribute is £1. There were 16 members at 31 July 2014 (2013: 16).

19. Analysis of group net assets between funds

	Unrestricted funds		Restricted funds £000	2014 £000	Total funds 2013 £000
	Grants £000	Other £000			
Fixed assets	135,304	3,335	-	138,639	141,902
Current assets	61,214	39,407	5,436	106,057	135,152
Current liabilities	(69,341)	(1,877)	(3,004)	(74,222)	(59,289)
Liabilities due after one year	(56,347)	-	(712)	(57,059)	(79,633)
Group net assets	70,830	40,865	1,720	113,415	138,132

Notes to the Financial Statements For the year ended 31 July 2014

20. Unrestricted funds

	Balance 1 August 2013 £000	Incoming resources £000	Resources expended £000	Investment movements £000	Transfers £000	Balance 31 July 2014 £000
Charity and Group Designated funds - Grants						
Grants						
Other	92,823	50,710	(58,929)	-	765	85,369
Common Ground Initiative	(1,182)	2,825	(1,355)	-	(210)	78
UKAid Match Funding	(608)	775	(152)	-	(28)	(13)
UKAid Match Slums	(2,689)	231	(2,051)	-	(7)	(4,516)
UKAid Match Funding Maanda	(2,665)	3,961	(10,518)	-	(7)	(9,229)
UKAid Match Funding Trade & Enterprise	-	-	(935)	-	-	(935)
Give It Up Fund	512	54	(490)	-	-	76
Total Designated Grant funds	86,191	58,556	(74,430)	-	513	70,830
Other						
Designated funds						
Fixed Asset Reserve	-	-	-	-	3,335	3,335
The Comic Relief Foundation (The New Fund)	20,000	-	(242)	-	(9,758)	10,000
Bill & Melinda Gates Foundation	1,290	18	(293)	-	-	1,015
Brand Relief	752	-	-	-	(752)	-
Vodafone Foundation	-	250	-	-	-	250
	22,042	268	(535)	-	(7,175)	14,600
Group - General Fund*	7,649	14,235	(21,890)	14,391	6,675	21,060
Investment Reserve*	21,475	-	-	(16,270)	-	5,205
(note 14c)	29,124	14,235	(21,890)	(1,879)	6,675	26,265
Total Group - Other unrestricted funds	51,166	14,503	(22,425)	(1,879)	(500)	40,865
Total Charity - Other unrestricted funds	51,016	12,959	(20,881)	(1,879)	(500)	40,715

*Opening balances have been represented on a comparable basis to the closing position, for further details see note 1(a). Prior year closing balances were General Fund £14,124k, Investment Equalisation Fund £15,000k

Notes to the Financial Statements For the year ended 31 July 2014

20. Unrestricted funds (continued)

Transfers - the overall transfer of £13,000 (£513,000 grant fund less £500,000 other unrestricted) from restricted to unrestricted funds represents restricted grants that were cancelled during the year from the Give It Sum fund. In 2011/12 a top up was made in to this fund from the General Grants Fund which on closure had not been fully spent. The balance has therefore been transferred back to the grants fund (see note 21).

Other grants represent all unrestricted income received from events and certain income from other activities, and are used to support work tackling poverty and social injustice.

The Common Ground Initiative is managed by Comic Relief and co-funded by UK aid from the Department for International Development (DFID).

UKAid Match Funding is a co-funding arrangement created as part of Red Nose Day 2011 whereby DFID committed to match fund £16 million of Red Nose Day funds raised by the public which Comic Relief has allocated for health and education projects in Africa.

UKAid Match Slums Initiative is a co-funding arrangement created as part of Sport Relief 2012 whereby DFID committed to match fund £10 million of Sport Relief funds raised by the public which will be allocated towards slums projects in four cities in Africa.

UKAid Match Funding Maanda Initiative is a co-funding arrangement created as part of Red Nose Day 2013 whereby DFID committed to match fund £16 million of Red Nose Day funds raised by the public which Comic Relief will allocate towards improving the lives of women and girls in sub-Saharan Africa

UKAid Match Funding Trade & Enterprise UKAid Match Funding Trade, Enterprise & Employment Initiative is a co-funding arrangement created as part of Sport Relief 2014 whereby DFID committed to match fund £10 million of Sport Relief funds raised by the public which Comic Relief will allocate towards supporting income generation and enterprise growth across sub-Saharan Africa.

The Give It Up Fund aims to increase access to abstinence based treatment for people with addictions and to help sustain recovery long term.

Notes to the Financial Statements For the year ended 31 July 2014

20. Unrestricted funds (continued)

Fixed Asset Reserve - the Trustees approved the designation of funds equal to the net book value of the tangible and intangible fixed assets as at 31 July 2014

The Comic Relief Foundation (The New Fund) - was set up to provide funding for innovative and new ways to tackle the relief of poverty and social injustice. Having completed a review of the Fund's aims and proposed activities over the next six years, Trustees agreed to release £9.8 million back to the General Fund with £10 million retained for the New Fund.

The Bill & Melinda Gates Foundation - this general grant has been designated by the Trustees of Comic Relief to help launch Red Nose Day in the USA, and to develop creative ways of demonstrating success stories from Africa.

Brand Relief - In March 2014 the preference shares in Brand Relief Limited were converted to ordinary shares, there was a subsequent reduction in capital and a payment of £752,000 was made by Brand Relief Ltd to Charity Projects (as designated grants funds).

Vodafone Foundation - these funds were received as unrestricted and have been designated by the Trustees of Comic Relief to support the development of Comic Relief's international fundraising efforts through innovative mobile giving initiatives, including researching the potential for charitable fundraising in five countries of mutual interest

Investment Reserve - this reflects the difference between historic cost and current market value of the investment portfolio at the balance sheet date.

Notes to the Financial Statements For the year ended 31 July 2014

21. Restricted funds

Group and charity

	Balance 1 August 2013 £000	Incoming resources £000	Resources expended £000	Transfers £000	Balance 31 July 2014 £000
The Baring Foundation	24	50	(61)	-	13
Bill & Melinda Gates Foundation	-	5,000	(5,000)	-	-
Football Association	-	17	(17)	-	-
Give It Sum Fund	-	1	12	(13)	-
Laurie Family Fund	60	362	(162)	-	260
Manchester City F.C.	2	-	-	-	2
Nominet Trust	10	5	(15)	-	-
North East and Cumbria Dementia Fund	-	100	-	-	100
Other Restricted Funds	5	122	(284)	-	(157)
Premier League	-	1,000	(1,350)	-	(350)
Premiership Rugby	(88)	88	-	-	-
Queen Elizabeth Diamond Jubilee Trust	-	1,738	(223)	-	1,515
Sainsbury's Fair Development Fund	220	125	(891)	-	(546)
The Scottish Sport Relief Home & Away Programme	20	750	(368)	-	402
SING Fund	9	4	-	-	13
SSE	-	37	-	-	37
Steve Redgrave Fund	13	1	8	-	22
Supporters Club	500	1,965	(2,056)	-	409
Restricted funds	775	11,365	(10,407)	(13)	1,720

These restricted balances will be used to support future projects in accordance with Comic Relief's grant making principles and the wishes of the respective donors. Negative balances on these funds will be covered by future income to the fund. The transfer of £13,000 represents grants that were cancelled during the year from the Give It Sum fund, which on closure of the fund have been transferred back to the General Grants Fund, from where a top up was made of £100,000 in 2011/12.

The Football Association, Manchester City F.C, Premier League, Premiership Rugby and SSE balances have/will be used to fund specified International and UK grants. The negative balance on the Premier League will be covered by income due for Sport Relief 2016.

The Baring Foundation are funding the advocacy and influencing programme within the Common Ground Initiative over a five year period.

Notes to the Financial Statements For the year ended 31 July 2014

21. Restricted funds (continued)

The Bill & Melinda Gates Foundation is providing £5 million of match funding towards a £6 million grant to the GAVI Alliance for its vaccine programs in sub-Saharan Africa, and a £4 million grant to the Global Fund to fight Aids, Tuberculosis and Malaria.

Robbie Williams Give It Sum Fund is managed by Comic Relief in partnership with Robbie Williams and his team. This fund is now closed and the remaining balance has been transferred back to the General Grants Fund from where a top up was made in 2011/12.

The Laurie Family Fund is funded through donations from the Laurie family and supports projects in the UK and internationally.

Nominet Trust. This fund is for the Innovation Labs initiative, a multi-funder project engaging young people in co-designing and co-delivering new digital solutions to mental health and wellbeing problems in the UK. The Nominet Trust also funded a Give It Sum scoping project in the year for £5,000.

The North East and Cumbria Dementia Fund will receive £322,990 from both The Northern Rock Foundation and The Ballinger Charitable Trust. This will be matched by Comic Relief. The fund provides grants in the North East and Cumbria for projects using new ways to support people with dementia to live at home for longer and projects that provide support for their Carers.

Other Restricted Funds includes income from anonymous donors who have chosen to support specific areas of our grantmaking. One donor is contributing £250,000 over a three year period to fund three grants that have been approved in 2013/14. This has led to this fund showing a deficit which will remain until the end of the three years.

The Queen Elizabeth Diamond Jubilee Trust is a match funding grant of £5 million, which launched The Queen's Young Leaders Programme, which is there to support young people from across the Commonwealth with a particular focus on youth unemployment and enterprise.

J. Sainsbury plc and Comic Relief support the Fair Development Fund through a £2 million match-funding grant over four years. The Fair Development Fund targets workers and smallholder farmers in Sainsbury's international supply chains promoting fairer worker conditions and increased incomes to enable long-term sustainable livelihoods. Sainsbury's will contribute £250,000 per year for four years, whereas the grants awarded are recognised as an expense in

Notes to the Financial Statements For the year ended 31 July 2014

21. Restricted funds (continued)

full on approval. This will lead to the fund being in deficit until the end of the four year programme. Sainsbury's also provide a £1 million in-kind contribution directly to the grant recipients.

The Scottish Sport Relief Home & Away Programme funds grants in Scotland and the poorest countries in the Commonwealth.

The SING Fund was set up with Annie Lennox to support projects tackling HIV/AIDS in Africa.

Steve Redgrave Fund. The Sir Steve Redgrave Charitable Trust transferred its assets to Comic Relief and Comic Relief has established this fund to continue the work of the Trust to fund projects which support disadvantaged children and young people in the UK.

The Supporters Club is a Comic Relief initiative in partnership with BT. Subscribers to BT Sport are given the opportunity to add a monthly donation to their BT bill, with money raised used to support projects both here in the UK, and in some of the world's poorest countries. BT also make a contribution to cover the operating and management of the fund.

22. Commitments under operating leases

2014	2013
£000	£000

At 31 July 2014, the group had annualised operating commitments under non-cancellable operating leases expiring as follows:

Land and buildings: two to five years
Other: two to five years

431	431
8	11

Total

439	442
------------	------------

23. Management of liquid resources Group

2014	2013
£000	£000

Net disposal/(purchase) of current asset investments

30,829	(28,435)
---------------	----------

30,829	(28,435)
---------------	----------

24. Analysis of the changes in net funds Group

Cash at bank and in hand
Current asset investments

Total

At 1 August 2013 £000	Cash flows £000	At 31 July 2014 £000
5,435	2,620	8,055
117,048	(30,829)	86,219
122,483	(28,209)	94,274

Photo credits: Christian Thompson, Alex Rhind, Anna Kari, Trevor Christensen, Stewart Williams, Ray Burmiston, Alex Walker, Trevor Leighton, Kit Oates, Nick David, Lucille Flood, Nick David.

Thank you to: Brunswick; MerchantCantos; Martin Beaver; Lang Communications Limited.

Comic Relief, 89 Albert Embankment, London SE1 7TP.

Phone 020 7820 2000 **Fax** 020 7820 2222 **Minicom** 020 7820 2005 **Email** info@comicrelief.com
www.comicrelief.com

M15/195 Comic Relief is the operating name of Charity Projects, a registered charity 326568 (England/Wales); SC039730 (Scotland).

