

The Comic Relief logo is a white circle containing the text "COMIC RELIEF" in black, bold, sans-serif capital letters. The "O" in "COMIC" is replaced by a red circle with a white dot in the center.

**COMIC
RELIEF**

A photograph of two Black women walking on a dirt path in a rural setting. The woman on the left is wearing a brown top and a patterned skirt, with a yellow and black patterned headscarf. The woman on the right is wearing a yellow dress with a black and white patterned headscarf. Both are smiling and looking towards the right. The background shows a dirt path, green trees, and a small building in the distance. A red diagonal band runs across the bottom of the image.

Comic Relief

Annual Report & Accounts
2015/16

ACHIEVEMENTS

The highlights of 2015/16 included:

- 1 Sport Relief raised a record breaking **£72.5 million**
- 2 We made over **£100 million** worth of grants to transform the lives of people dealing with poverty and social injustice in the UK and around the world
- 3 We launched a new grants strategy
- 4 Eddie Izzard undertook a superhuman challenge, running 27 marathons in 27 days, in the searing heat of South Africa
- 5 The second Red Nose Day USA raised **\$36.3 million (£24.8 million)** for our independent sister organisation, Comic Relief Inc.

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CHAIR'S REVIEW



Tim Davie Chairman,
Comic Relief

The past year has been a momentous one, within Comic Relief as well as in the world around us. As an organisation we have continued to go through a transformation in our structures and the way in which we work, whilst still delivering campaigns of the highest quality, which have enabled us to fund incredible projects through our grant making. To have been able to do so is testament to the commitment and professionalism of the staff at Comic Relief, as well as the phenomenal generosity of the British public and the enduring support of our corporate and institutional partners.

The headlines for the year see another record breaking Sport Relief campaign in the UK. Thousands of people were inspired to get involved over the Sport Relief weekend in March, running, cycling and swimming themselves proud at events across the country and helping us to raise a brilliant £72.5 million to support people living incredibly difficult lives both in the UK and in some of the world's poorest communities. In addition, our international campaigns team helped our independent sister organisation across the Atlantic to deliver a second successful Red Nose Day USA that raised \$36.3 million (£24.8 million) – and helped to prove that our concept can inspire audiences even in the world's most competitive media and fundraising environment.

To ensure that we are using the money we raise as effectively as possible, we have carried out a full review of our approach to grant making. Our new grants strategy will ensure that Comic Relief continues to support the best possible projects and partners, helping to change both individual lives and addressing more fundamental issues in the societies in which people live. The strategy will see Comic Relief taking a more focused approach than ever before in order to support work that helps us to deliver our vision of a just world free from poverty, in which everyone is safe, healthy, educated and empowered. It will encourage our grantees to embrace innovation and the opportunities presented by the digital age. It will also see us take a more collaborative approach, working with grantees and beneficiaries in the design of grant making initiatives.

CHAIR'S REVIEW CONTINUED

This renewed focus has been underpinned by changes to our structure and ways of working. These will ensure that we are best placed to implement our grants strategy and deliver the most inspiring campaigns possible, whilst embracing changes in the world around us and ensuring we are best placed to operate in a digital world.

Following on from this financial year, possibly the biggest change in the way we work came with Kevin Cahill handing over the baton after an astonishing 26 years at Comic Relief, 19 as CEO. It's difficult to describe the impact that Kevin has had on Comic Relief. He leaves a remarkable legacy and enormous shoes to fill.

We're already moving rapidly into that future. The appointment of Liz Warner as Kevin's replacement is hugely exciting and there is no one better placed to help us to continue to deliver the most eye-catching and thought provoking campaigns and to continue our work of changing the lives of those most in need.

STRATEGIC REPORT

An overview of who we are and what we do, a review of our achievements and performance in 2015/16 and a summary of our objectives for the coming year.

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 to people in desperate need, by raising a laugh and raising money at the same time, through our fundraising event Red Nose Day. We launched Sport Relief in 2002, to encourage people to get active and raise money too. Red Nose Day and Sport Relief are held on alternate years, so 2016 was Sport Relief year, and Red Nose Day will be held in 2017.

Our vision:
A Just World
Free from
Poverty

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, particularly their guidance in relation to public benefit. Comic Relief seeks to spend its money effectively and professionally.

Our mission:
Positive change
through the
power of
entertainment

The money is typically allocated over a two-year period through a series of grant making rounds. Grants last for between one and five years. We make lots of different types of grants: big and strategic, with ambition to make really long term change; others which are small and perfectly formed. We have some which are open for organisations to apply; for others we approach projects that we know are doing great work. Comic Relief has rigorous checking systems to make sure it is funding projects that will make a significant difference in the UK and in some of the world's poorest communities.

While Comic Relief is working to allocate and pay out this money, the funds are held in carefully chosen investments, which reflect our core values. 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 are not paid out of money donated directly by the public.

FACTS & 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.

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 (The Comic Relief Commitment). This includes the cost of making sure that our grants are allocated to effective organisations and are properly monitored and evaluated.

While the economic environment remains challenging, we are fortunate to be in a position where all other Comic Relief costs relating to fundraising and organisational overheads are covered in cash or in kind by supporters such as 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 32.

An analysis of the grants by programme area is shown in note 6 of the Financial Statements.

FACTS & STATS

The official name of Comic Relief is Charity Projects... but nobody calls us that.



OUR OBJECTIVES & PRIORITIES

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

- 1 to deliver popular fundraising campaigns to raise money, which can also demonstrate broad public support for the fight against poverty and social injustice at home and across the world.
- 2 to use those funds 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.
- 3 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 FOR 2015/16

In last year's Trustees' Report, Trustees set the following priorities for 2015/16 to help us achieve our objectives.

- 1 **Sport Relief 2016** – to deliver a successful Sport Relief campaign which raises money, celebrates the efforts of Sport Relief supporters and is measured through creative excellence and strong participation.
- 2 **Red Nose Day 2017** – plan for Red Nose Day 2017 to address the challenges we face, with particular focus on evolving the brand, reviewing our approach to the Night of TV, addressing public fundraising among general and youth audiences, and exploring opportunities in digital income streams.
- 3 **Grant making** – refresh the grants strategy for 2016 to invest in social change in the UK and internationally in challenging times, build synergy through our funding partnerships and communicate the impact we make as a funder.
- 4 **The second Red Nose Day USA** – build on the success of the first Red Nose Day in America with a campaign which will be measured in terms of income, corporate engagement and brand awareness in the US.
- 5 **Inside Comic Relief** – bedding down structural change, new pivotal roles and ways of working to ensure we have a sustainable business model, while preserving the unique culture of Comic Relief.
- 6 **The New Fund** – continuing to grow and develop the structure of the New Fund, to enable it to make more grants to fulfil its stated aims.

We have detailed how we performed against each of these priorities in the following section.

1

Sport Relief 2016

To deliver a successful Sport Relief campaign which raises money, celebrates the efforts of Sport Relief supporters and is measured through creative excellence and strong participation.

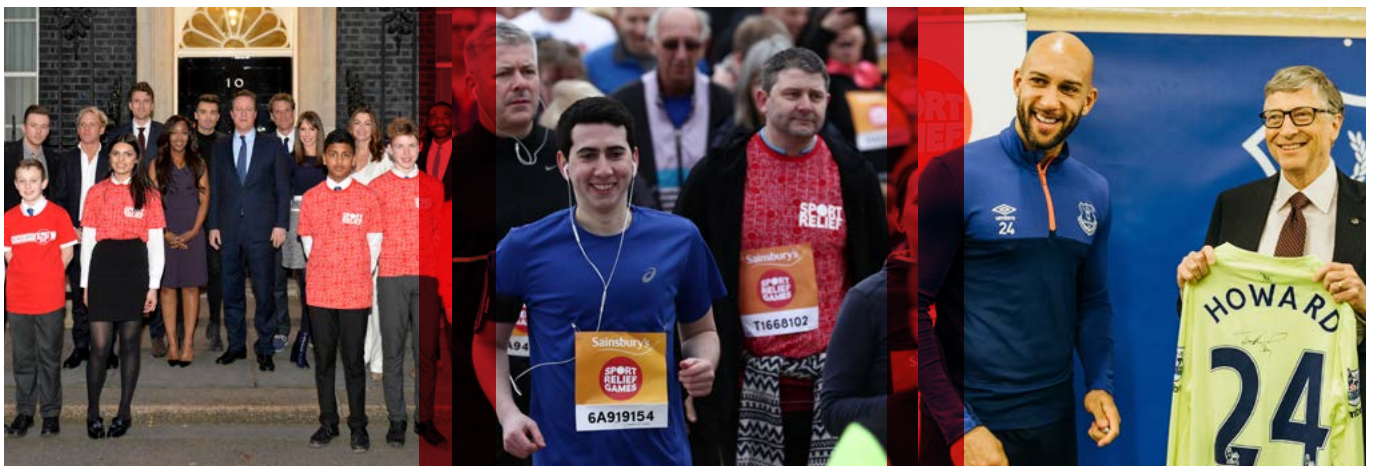
In 2016, the nation came together and ran, walked, cycled and swam themselves proud, to get active and raise money. Their efforts meant that it was the most successful Sport Relief ever, with a final total of £72.5 million.

Standout moments which really captured the public's attention included an amazing weekend of sport and entertainment in Queen Elizabeth Olympic Park, Jo Brand's Hell of a Walk from Hull to Liverpool, and Eddie Izzard's astounding 27 marathons in 27 days across South Africa, which had 1.8 million people watching him complete his challenge on Facebook.

This campaign saw us use digital platforms more than ever before, to enable us to engage with our supporters. A sketch made for digital channel BBC Three, found new comedy talent in the form of the investigative documentary maker Stacey Dooley. And our social media spotlight on maternal mental health (MMH), with survivors of MMH speaking out, meant that the hashtag #Mumtalk trended on Twitter.

Our supporters took centre stage throughout the campaign, with their stories featured in our fundraising kits, on our website and on our social channels. A group of fundraisers were also invited to a reception at 10 Downing Street and others were offered tickets to be in the audience for the Friday night TV show.

We saw an increase in funding from our corporate and institutional partners. Sainsbury's raised over £7 million and, as always, provided great support to the overall campaign. There was the strongest line up yet of sport-related partners, including FitBit, Sport England and The Premier League. Funding partners, including the Department for International Development (DFID), the Bill and Melinda Gates Foundation, HM Treasury, GSK and The Queen Elizabeth Diamond Jubilee Trust, also contributed to the overall total.



FACTS & STATS

A combination of customer donations on board flights, and amazing employee fundraising meant that our strategic partner BA raised over £2.5 million for Sport Relief.



FACTS & STATS

With our shared belief in the power of entertainment to motivate the nation to change lives here and overseas, the BBC partnership remains absolutely central and vital to all that we do during the Red Nose Day and Sport Relief campaigns.



Fewer secondary schools participated than previously, reflecting the increased demands on students' and teachers' time and the increased competition for charitable giving. This was offset by an increase in primary school participation, with the Sport Relief mile working well as a challenging but achievable target.

We are proud to be part of a wider movement that encourages people to get active by providing fun family activities that everyone can get involved in. Our post-campaign research indicated that 73% of first timers to the Sport Relief Games said that they now feel more confident about taking part in sport.



2

Red Nose Day 2017

Plan for Red Nose Day 2017 to address the challenges we face, with particular focus on evolving the brand, reviewing our approach to the Night of TV, addressing public fundraising among general and youth audiences, and exploring opportunities in digital income streams.

FACTS & STATS

Red Nose Day 2017's theme is 'Make your laugh matter'.

Planning is now well underway for Red Nose Day 2017, with a fresh approach to the Friday night TV show. In this digital age, TV consumption is changing beyond recognition and the market is increasingly competitive with TV channels struggling to maintain audience numbers. So it's vital that the show remains funny, relevant and a 'must watch' event.

Our ongoing commitment to putting digital at the heart of everything we do is being reflected in our campaign. We are exploring digital partnerships with a wide range of companies, making sure that we are using social media so that we can both speak to and listen to the public, using the platforms that they like to use. We are also evolving our presence on YouTube with original comedy commissions using A-list YouTube stars and fresh comedic talent.

To maximise public fundraising, we have a focus on involving more workplaces and increasing public engagement through digital channels. Our most responsive social media presence ever will help us respond to the ideas, activity and enquiries of potential fundraisers.

Our schools campaign is focussing on life post-Ebola in Sierra Leone. We are reinvigorating our efforts to engage secondary school children – a hard to reach group – with a greater focus on youth empowerment. We want to make sure that we continue to engage with and inspire young people and we are undertaking strategic work to make sure we're connected with 16-24 year olds.

Confirmed corporate partners include Sainsbury's, Maltesers, Specsavers, TK Maxx and Babybel, along with new Red Nose Day partnerships with Aquafresh and Sport Relief partner, FitBit.



**MAKE
YOUR
LAUGH
MATTER.**

24 March 2017

3

Grant making

Refresh the grants strategy for 2016 to invest in social change in the UK and internationally in challenging times, build synergy through our funding partnerships and communicate the impact we make as a funder.

In 2015-16, we made grants totalling an incredible £100.9 million. We assessed 1,250 grant applications and proposals for funding and approved 228 new UK and 110 new international grants. UK Community Foundations (UKCF) also assessed thousands of proposals from smaller local organisations, awarding 1,765 small grants on our behalf.

In addition to making new grants, we continued to manage, monitor, and evaluate over 1,000 existing grants.

FACTS & STATS

UKCF is the umbrella body for all UK Community Foundations. Through them, we are able to make smaller grants to community organisations across the UK.



GRANTS STRATEGY

In 2016 we launched our new grants strategy, focussed around four programme areas.



1. Investing in children and young people to be ready for the future



2. Empowering women and girls to be free to lead the lives they choose



3. Improving the health and wellbeing of vulnerable and disadvantaged people



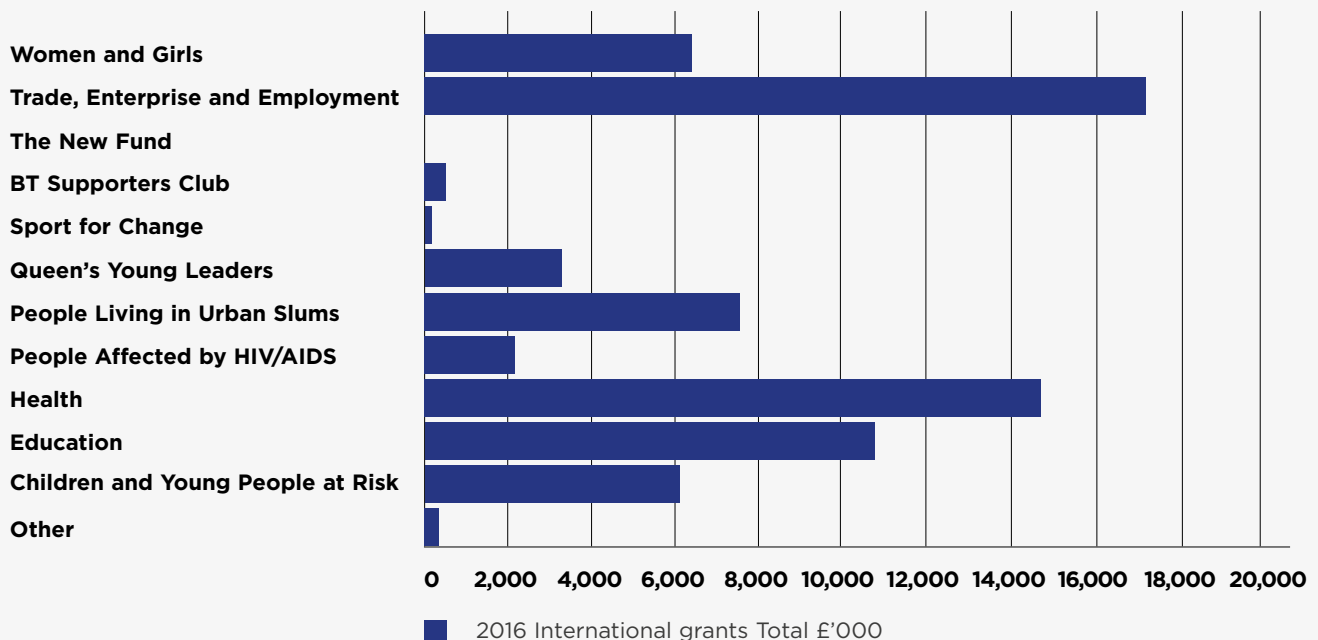
4. Building stronger communities in areas of disadvantage, deprivation and poverty

For the first time, our grants strategy runs across both UK and international grant making and works alongside the United Nations' Sustainable Development Goals. The grants strategy allows us to be more agile and proactive in our grant making, with a focus on developing innovative solutions that use new technology and put people at the heart of our grant making. We have also simplified the application processes.

SUSTAINABLE DEVELOPMENT GOALS

On September 25th 2015, 193 world leaders agreed to adopt a set of 17 sustainable development goals. If these goals are met, it will mean an end to extreme poverty, a reduction in inequality and urgent action on climate change by 2030. Each goal has specific targets to be achieved over the 15 years.

INTERNATIONAL GRANT MAKING



OUR IMPACT IN NUMBERS 2015-16

We have helped over 10.4 million people through our international grants. These include:

Over **2.2 million** people supported to access quality primary health services

Over **1.4 million** people getting vital health and hygiene information

Over **131,400** HIV+ pregnant women supported to access treatment to prevent mother to child transmission

More than **714,000** children vaccinated against life threatening and life changing diseases

Over **326,000** children supported to be in school and learning

Support given to more than **228,000** children and young people at risk of violence, abuse and exploitation, and support given to their families.

Over **205,000** people living in urban slums supported to improve their right to land or property

Over **97,000** women and girls supported to access sexual and reproductive health services

More than **60,000** people benefitting from increased incomes

More than **51,000** women supported to access financial services

We know that change doesn't happen in isolation. Our funding benefits families, communities, and organisations working to bring change for millions of people across the world. From small community groups helping people with learning difficulties talk to doctors in Wales, to a landmark legal case demanding better rights for survivors of rape in Ethiopia, Comic Relief is making sure that change happens not just for individuals, but whole communities.

INTERNATIONAL GRANT MAKING - HIGHLIGHTS

A landmark ruling in women's rights

In 2016, Comic Relief grantee Equality Now, achieved a landmark ruling that has changed Ethiopian law and sent an important message globally. At the age of just 13, Woineshet was abducted and raped in an attempt to force her into marriage (on the basis she was 'ruined'). She reported her attackers and took them to court but, after an appeal, her attackers' convictions were overturned – on the judge's opinion that although she was raped, no crime had been committed. With the aid of Equality Now, Woineshet and her family took the case to the African Commission on Human and Peoples' Rights.

Nine years later, the Commission ruled Ethiopia had violated the girl's rights to equality, dignity and a fair trial. In March 2016, the Commission ruled that the Ethiopian government had failed in its duty to protect her fundamental rights. It awarded her \$150,000 in reparations and required the government to implement legal reform to prevent future cases like hers.

This was the first time the Commission had considered a case of this kind, and the ruling is being held up as a landmark in demanding that governments are accountable when they fail to protect the rights of women and girls.

Responding to Ebola in Freetown

Y-Care International/YMCA work in slums in Freetown in Sierra Leone, communities that were deeply affected by the recent Ebola outbreak. Comic Relief funding supports several of their projects, including vocational training and enterprise development, life skills and literacy training, youth-led hygiene and health programmes, youth-led advocacy and community disaster management. In September 2015, we provided additional funding to support their work during the Ebola outbreak. An estimated 158,000 community members were reached with information on Ebola through peer educators, door-to-door visits and mass education using megaphones, leaflets, booklets and posters.

The YMCA's long-standing relationships in the Freetown slums meant that they could provide trusted information at a time where misunderstanding, misinformation and mistrust were at the heart of this prolonged crisis. Theirs is one of many Comic Relief stories where our support to continue long-term relationships is critical to mobilising crisis response.



Common Ground Initiative (CGI)

Following a successful Phase 1, Phase 2 of CGI is a £20 million initiative co-funded by Comic Relief and The Department for International Development (DFID). It comes from the understanding that the African diaspora in the UK are significant contributors to social change in Africa.

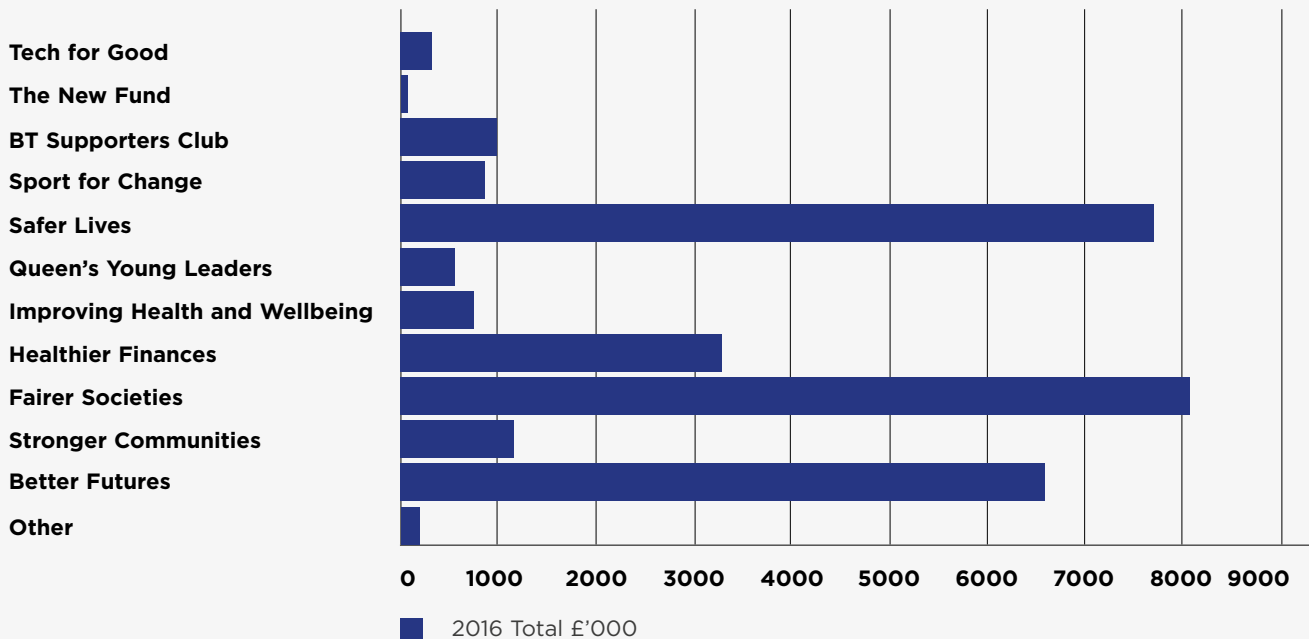
Over the past year CGI has allocated funds under two themes:

- Diaspora Finance and Investment (DFI) works to increase and diversify investment into small and medium enterprises in Africa.
- Women & Girls Rights aims to amplify the voice and profile of young African women, enhance women's leadership, strengthen inter-generational links and utilise digital technology.

Under the Women & Girls theme, £1.7 million has been allocated to three grantees, including two organisations that will help women and girls use technology to create their own digital solutions to improve their lives and those of other women and girls in their communities.

We have also funded Common Purpose to continue the work on a diaspora leadership programme, and launched our final round of funding under the Small and Diaspora UK NGO Fund.

UK GRANT MAKING



OUR IMPACT IN NUMBERS 2015-16

We have helped over 1.1 million people in the UK this year through our grants. These include:

Over **13,500** young people experiencing, or at risk of, sexual exploitation in the UK were helped to access the support and services they need to be safer.

Over **38,500** people in the UK were helped to improve their mental health by accessing support and building emotional resilience.

Over **45,000** people experiencing financial difficulty in the UK were helped to gain specialist advice and support.

More than **17,300** women experiencing domestic violence in the UK were helped to equip themselves with the tools they need to avoid or exit abusive relationships.

We also made over **1,760** small grants to help build stronger communities, through the UK Community Foundations. These grants go to small, local organisations who work at the heart of their communities, helping to tackle the challenges they face there. This funding has reached more than 900,000 people across every country and region in the UK.

UK GRANT MAKING - HIGHLIGHTS

Maternal Mental Health

Comic Relief supported the Maternal Mental Health Alliance to grow its membership and become an effective voice for change. This support has helped the Alliance to successfully influence the Department of Health and HM Treasury to commit greater resources to perinatal mental health. This has included convincing government to invest an additional £355 million to ensure women are able to access the care they need if they experience a perinatal mental health issue.

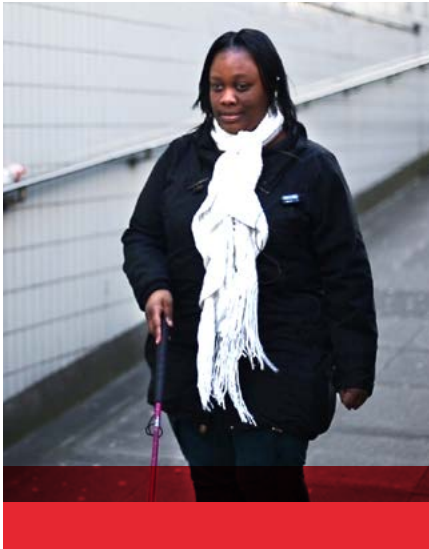
Time to Change

We continued to support the Time to Change England campaign in their work to reduce the stigma and discrimination experienced by people with mental health issues and to challenge negative media portrayals of mental health. Time to Change's evaluation data shows that people with mental health issues now feel more confident to talk about them and experience less discrimination at work and in everyday life. We are also supporting anti-stigma and discrimination campaigns in Wales, Northern Ireland and Scotland and these are all having an impact on the way people talk about and respond to mental health issues.



Two Little Girls

We constantly monitor and evaluate the work we are funding, to help us learn what works best and share that learning. Comic Relief helped to fund the Two Little Girls campaign. This involved the making and dissemination of a short animated film based on the real life experiences of four Albanian women who had been trafficked to the UK. Launched in 2009, it has been rolled out across 22 countries. This year the final evaluation of the campaign showed it had reached a total of 65,000 young people directly, 180,000 through wider dissemination and has helped train over 12,000 professionals. Wider impact has included the Albanian government developing a strategy on trafficked children and in Bulgaria, the border police providing medical services for repatriated trafficked women.



Tech for Good

We recognise the importance of digital technology and are excited by its potential to address some of our biggest social challenges.

Wayfindr, is a downloadable smartphone app, funded in the first round of our Tech for Good programme. It was created by the Royal London Society for Blind People to help visually impaired people navigate London Transport's indoor spaces, such as tube stations. It has now secured a \$1 million Google Impact Grant to further develop the ground breaking software. Wayfindr also won Tech4Good Awards for Accessibility and Community Safety.

After the success of this pilot, we will be funding more Tech for Good projects in 2016-17.

UK and international grant making - Sport for Change

Sport continues to play an important role in improving the lives of millions of people across the world. It brings people together to play, learn and benefit from shared experiences. At Comic Relief, we also believe that it is also a powerful tool for bringing about social change.

It's a Penalty - Child Protection

A stellar cast of sports celebs, including Usain Bolt, Gary Lineker and Denise Lewis, lent their names to the It's a Penalty campaign, which was part-funded by Comic Relief with a £50,000 grant. The campaign, organised by Happy Child International, launched in May 2016 with the aim of fighting child sexual exploitation in Brazil during the Rio Olympics and Paralympics. 'It's a Penalty' informed people about the commercial exploitation of children and educates them on the penalties for offenders. The campaign film was featured by international airlines flying into Rio for the Olympics, reaching 40 million passengers worldwide.



Premier League Enterprise programme

The Premier League Enterprise programme aims to prepare young people for business, employment and self-employment, and improve their confidence and school performance. It is funded by the Premier League and Comic Relief, who together contributed a total of £2.7 million for a three-year period. The work is delivered through the Football Clubs' Community Organisations, with each club delivering up to 20 courses a year. Over 6,000 young people engaged with the programme in year one, with just under a third of those involved completing an enterprise and business related accreditation. Over 60% have reported improved confidence and self-esteem and raised aspirations upon completion.

The BT Supporters Club

We saw the BT Supporters Club move from strength to strength in its third year, raising £1.6 million for sport for change work through 16 organisations across the UK, Brazil, India and sub-Saharan Africa. The BT Supporters Club funding has continued to have an impact across a diverse range of issues from supporting street connected youth in India (children who may not have a stable home and spend a lot of time on the streets, although they may not actually be living on the streets) to tackling HIV/AIDs in Tanzania and Zimbabwe, and reducing the number of excluded and marginalised youth in the United Kingdom that are not in education, employment or training. So far nearly 7,300 young people in seven countries have benefitted from this work.

Humanitarian and emergency response

Although not our core work, this year we made a number of grants to respond to humanitarian crises, most notably in response to the unprecedented movement of people across countries and continents.

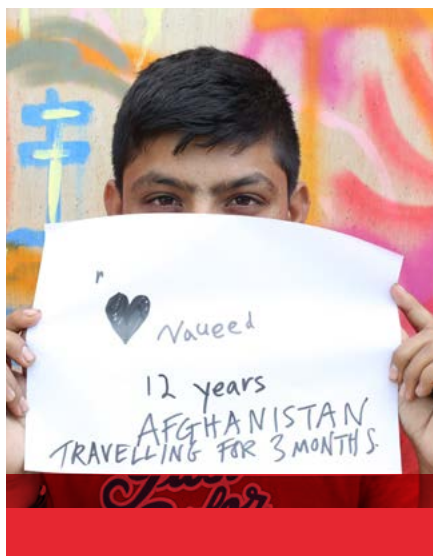


Syrian refugees in Jordan

Refugees have been fleeing the Syrian Civil War since 2011 and the impact of the mass migration is being felt throughout Europe and by Syria's neighbours in the Middle East. We made a grant of £300,000 to Save the Children to provide Early Childhood Care and Development (ECCD) activities through kindergartens for Syrian refugee children in the Azraq Refugee Camp in Jordan. We also made a further grant of £300,000 to Oxfam, to support Syrian refugees and vulnerable Jordanian citizens through a water, sanitation and hygiene project.

Refugees in Europe

We were able to respond quickly to support key organisations immersed in the relief effort in Europe and help streamline the unprecedented response from the British public to volunteer and donate. We awarded a grant of £50,000 to the British Refugee Council and in November 2016, awarded a grant of £100,000 to The British Red Cross. We were also instrumental in establishing the New Beginnings Fund, set up in partnership with The Paul Hamlyn Foundation, Barrow Cadbury Trust, Pears Foundation, Lloyds Foundation and others, to provide small grants to local groups to help them to respond to the refugee crisis. Our initial pledge of £150,000 was a catalyst for a further £800,000 raised.



Unaccompanied minors – The Jungle, Calais

In response to the announcement that the northern part of the Jungle would be cleared, in July we made an emergency grant of £50,000 to Safe Passage. The aim of the grant was to increase capacity to co-ordinate support and legal casework to help more unaccompanied minors join family members in the UK, where they have a legal right to be. Preventing children and young people going missing when the camp is cleared (as happened when the southern part of the camp was cleared) was a priority. The grant also provided emergency provisions for young people.

In October 2016, nine volunteers from Comic Relief acted as responsible adults to welcome children arriving in the UK from Calais. They spent a day with the children ensuring they had a friendly face alongside them while they were being processed by the Home Office, ensuring they had medical checks and importantly helping them to feel they were finally safe and welcome.

UK flood victims

Following the storms and flooding in the UK in the winter of 2015, we made a grant of £250,000 towards the 2015 Flood Appeal launched by the Community Foundation Network to support vulnerable people across the north of England and Scotland who were affected by storm damage. People needed help with everything from temporary accommodation to pumping and drying, and the availability of funding met individuals' immediate material needs and showed that they were not alone in this situation. Longer term support included funding additional staff costs for groups providing assistance to flood affected households. All funding was allocated by local Foundations who were close to the ground and brought good local knowledge to decision making.

FUNDING PARTNERSHIPS

We couldn't do nearly as much to help the most marginalised and disadvantaged people, if it wasn't for the support of our funding partners.

DFID

Since 2009, Comic Relief has worked with the government's Department For International Development (DFID) by jointly funding projects that support health, education, urban slums, enterprise and women and girls in Africa.

DFID also co-funds Comic Relief's Common Ground Initiative which invests in small and African Diaspora organisations based in the UK. This work helps some of the poorest and most disadvantaged communities across Africa create real and sustainable change.



CASE STUDY

Moitshepi Matsheng, Botswana – One of the inspirational Queen's Young Leaders Award Winners

Moitshepi lost her mother to AIDS at the age of six. She decided to use her story to make a difference in her country and co-founded Young Love which aims to educate students about HIV/AIDS and 'sugar daddies'. The group has more than 60 young people who lead classes on these issues which are often difficult to talk about. Young Love has worked with over 32,000 students and has received a mandate from the Ministry of Education to reach every girl in Botswana.

As a result of the life-changing work she is carrying out, Moitshepi was named as one of The Queen's Young Leaders of 2016. She received a unique package of training, mentoring and networking, including a one-week residential programme in the UK during which she collected her Award from Her Majesty The Queen.

HM Treasury

In 2016, HM Treasury committed £3 million through a fund known as the 'Tampon Tax', for a fund for women and girls in the UK. We will initiate an innovative approach to women's empowerment and development through our Sport for Change and Women and Girls programmes, encouraging other organisations to work together to create change.

Bill and Melinda Gates Foundation

The Bill and Melinda Gates Foundation continues to be a valuable long term partner. Through matched funding from the Bill and Melinda Gates Foundation we give grants to GAVI to increase access to immunisation in poorer countries, and to The Global Fund in order to accelerate the end of AIDS, TB and malaria as epidemics.

GSK

The Comic Relief and GSK partnership was launched in December 2015. This £22 million initiative aims to improve health and fight malaria for people living in five malaria endemic countries – Ghana, Mozambique, Sierra Leone, Tanzania and the greater Mekong region. Over five years, Comic Relief will make grants which complement national malaria control programmes and improve people's health. Focussing on strengthening health systems to tackle malaria will save lives and give children a chance to grow up healthy, enable health workers to focus their energies on current and emerging challenges, and allow communities to realise their full potential.

Queen's Young Leaders

The Queen's Young Leaders programme is a partnership between Comic Relief, The Queen Elizabeth Diamond Jubilee Trust and The Royal Commonwealth Society, which aims to discover, celebrate and support exceptional young people from across the Commonwealth through grants and awards.

4

The second Red Nose Day USA

build on the success of the first Red Nose Day USA with a campaign which will be measured in terms of income, corporate engagement and brand awareness in the US.

FACTS & STATS

13 million red noses were sold by partner Walgreens, who returned for the second Red Nose Day USA.

The second Red Nose Day USA was held in May 2016, raising \$36.3 million (£24.8 million) and featuring a host of stars from the world of entertainment and comedy.

Hosted by Craig Ferguson, the two hour TV special was broadcast on NBC, and was supported by stars such as Sarah Silverman, Julia Roberts, Ashton Kutcher, Ellen DeGeneres, Zac Efron, Jack Black and Minnie Driver. They all got involved appearing in sketches and appeal films and answering questions from the public live on stage in a celebrity phone and web bank.

There was vast social media engagement including 350,000 tweets about Red Nose Day USA over two days. Each post triggered a donation from The Bill and Melinda Gates Foundation, up to a total of \$1.25 million.

Red Nose Day USA is produced by Comic Relief Inc. under license from Charity Projects (Comic Relief's legal name). Comic Relief Inc. and Comic Relief are separate sister organisations with a shared vision of a just world free from poverty, and a shared mission of driving positive change through the power of entertainment. Responsibility for producing Red Nose Day USA has now been transitioned to a US team, although Comic Relief still provides advice and support.

FACTS & STATS

In addition to Red Nose Day USA, Comic Relief-licensed events are established in several other countries, with more on the way. Inspired by the Red Nose Day model, local partners organise their own events with support from Comic Relief, raising money and awareness to help achieve our vision of 'a just world, free from poverty'. In 2015-16, events took place under licence in Finland, Belgium and Germany taking the total international money raised to over £31 million.

5

Inside Comic Relief

bedding down structural change, new pivotal roles and ways of working to ensure we have a sustainable business model, while preserving the unique culture of Comic Relief.

FACTS & STATS

Comic Relief's values are:
**Bold, Engaging, Creative,
Fun and Trustworthy**



We continued to evolve our structure and have reconfigured our Grants Department. The new team structure has been developed to enable a more efficient delivery of our new integrated UK and international grants strategy.

We also continue our work to put digital at the heart of everything we do, making us fit for the future by ensuring that we have the skill set we need to succeed in the modern world. The changes mean we are more efficient and can react quickly both to challenges and opportunities. As a result of changes to the structure there were sadly some positions made redundant, which is always difficult both for those leaving and for those that remain. We are proud of the way that our staff have embraced the changes, even when those changes have been painful.

We have also introduced pivotal new roles, including the appointment of a Head of Content who, together with a Senior Multiplatform Development Producer, will help us engage younger audiences online.

While working through the change process, our 'culture club' met frequently to ensure the unique culture of working at Comic Relief was preserved. In consultation with staff at all levels and from across the organisation, they implemented some lasting changes with great success. Our annual staff conference was one of the most successful ever, connecting our staff more closely with the work that we do. Since the conference we have seen the numbers of staff members wishing to volunteer for our projects or other charities increase. We are keen to support them in the work that they do outside of Comic Relief, as well as for us.

Our values have been integrated into our recruitment and induction processes, and we were delighted to see 90% of people agreeing with the statement 'I understand the values of this organisation' in the recent staff engagement survey. The staff engagement survey also helps us to identify areas where we can improve, so that we can make sure that Comic Relief continues to be an exciting and rewarding place to work.

6

The New Fund

continuing to grow and develop the structure of the New Fund, to enable it to make more grants to fulfil its stated aims.

The New Fund was created from money we have accrued over the years from our operating income. It allows us to fund creative and innovative ways of enabling lasting and significant change, for example supporting new technologies or new organisations which aim to shake up or disrupt established approaches. These new technologies, initiatives and organisations can be piloted and tested to see where they will make the most difference.

Looking forward

Since the completion of the financial year, Trustees have agreed to take a different tack with the New Fund. Rather than create a parallel programme for innovation, this new approach will nurture and celebrate innovation across all our work. As such the New Fund has been reimagined as Redshed, an incubator for social change at the heart of the organisation. It is charged with exploring, nurturing and funding audacious new approaches while challenging comfort zones across Comic Relief and the charity world. Projects emerging from Redshed will no longer be reported separately but will influence and appear across all our charitable ambitions.



CASE STUDY

HullCoin is a great example of utilising disruptive technology. We made a New Fund grant of £70,000 to Kaini Industries to refine and take to market their social digital currency, HullCoin. HullCoin is described as a 'Community Loyalty Point' – a blockchain enabled non-convertible currency which rewards volunteers with digital 'coins' which can be exchanged for discounts with local businesses. It encourages people to volunteer in their community, helps local businesses as the 'coins' are spent locally, and volunteering gives young unemployed people experience which can help them towards getting a job. We are excited to see how HullCoin will embrace the opportunities provided by the increased attention and visitor numbers Hull will receive as the City of Culture in 2017.

PRINCIPAL RISKS AND UNCERTAINTY

In order to achieve its purpose, Comic Relief needs to take some risks and we work hard to pre-empt, mitigate and manage them. These, for example, could be around funding projects in vulnerable and hostile parts of the world; funding projects tackling complicated issues in the UK; our financial health; or the duty of care to the public who take part in our fundraising events. We have robust procedures in place to identify the main risks that Comic Relief faces, evaluate the likelihood and potential impact, and to monitor how we are managing those risks to limit detrimental impact and pursue opportunity. We consider all types of risk, including internal risks (for example, financial, operational, reputational, governance, compliance) and external risks, many of which are outside our direct control so we seek to mitigate the potential impact of risks arising (such as political, environmental, social, technical, legal, economic).

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 to appropriate levels.

Approach to risk management

We are guided by the following principles.

- Risk management is a practical tool, not a bureaucratic process.
- We cannot ever be risk free.
- Risk management will enable innovation and creativity, not stifle it.
- We all have a responsibility to manage risk.

Significant risks are compiled on a risk register which is regularly reviewed by the Senior Management Team, escalated to the executive directors at monthly intervals, and to the Finance & Risk Committee of the Board at each of their meetings. The Trustee Board consider risk formally twice a year with emergent and significant risks discussed on a rolling basis.

Our internal auditors carried out an audit in 2016 and found reasonable assurance around Comic Relief's risk management arrangements. This reflected recent developments in the framework to record, mitigate and report on the risks faced by the organisation. In the year ahead we will continue to refine our risk appetite articulation and tolerance levels, further embed risk management within the culture of the organisation, and ensure clear accountability of those responsible for mitigating risk.

As a charity responsible for handling public money, Comic Relief's tolerance of risk is generally low. In respect of fraud, corruption, mismanagement or misconduct in relation to Comic Relief grants whether by staff, suppliers or grant holders, we operate a zero tolerance policy. However, in certain circumstances we may have to tolerate a higher level of risk, for example in order to take advantage of new opportunities.

Major risks

In 2015-16, Trustees reviewed the major risks to which Comic Relief is exposed.

DESCRIPTION OF THE RISK	WHAT WE ARE DOING ABOUT IT
The shifting trends in how the public consume entertainment means a decline in linear TV viewing – the main platform we have historically used to communicate on – and an increase in online activity such as on demand, non-scheduled TV, social media and YouTube. This brings with it shifts in public engagement and public income channels – both opportunities and threats.	<p>The Trustees and staff of Comic Relief are constantly reviewing our communication and engagement strategy to ensure that we respond to changes in the media environment.</p> <p>By putting digital at the heart of everything we do and by always innovating, our creative teams work to reimagine our fundraising campaigns to make sure the brand stays relevant and exciting to our supporters, and we achieve cut-through in an increasingly competitive marketplace.</p> <p>Comic Relief seeks ongoing feedback from supporters, fundraisers and members of the public to ensure that key campaign activity and materials are as relevant, engaging and accessible as possible.</p> <p>Comic Relief works closely in partnership with the BBC to evolve different approaches to the TV shows and other content, including digital content.</p> <p>We are constantly reviewing payment technologies and working with our partners to experiment with new technologies as they become available.</p>
The charity sector has witnessed a decline of public trust and confidence in charities. Comic Relief is not complacent about its reputation and the trust levels it enjoys and wants to ensure it continues to deliver for the public and other stakeholders.	<p>Transparency and accountability are central to all our external interactions and we pay close attention to sector guidance and regulatory developments. We welcome questions, challenge and scrutiny.</p> <p>We are investing in telling the story of the progress being made as a result of Comic Relief funding to demonstrate positive impact and the need to keep on giving.</p> <p>A crisis management protocol is in place if needed.</p> <p>There is rigorous oversight of our UK and international grant-making and monitoring of any potentially critical issues related to the projects we fund so we can be confident in our own activity and its impact.</p> <p>A proactive approach to reputation management is in place.</p>

DESCRIPTION OF THE RISK	WHAT WE ARE DOING ABOUT IT
<p>Comic Relief has a duty of care to the people we work with – including staff, supporters, and beneficiaries of our grant making activity.</p>	<p>Safeguarding policies are in place and communicated to all staff and third parties we work with. A refreshed organisation-wide training and compliance programme is in development and an internal audit is scheduled for 2017.</p> <p>Risk assessments are completed for all overseas trips and consents are obtained from all individuals featured in our films or other materials.</p> <p>We work with the landlord and building manager to ensure health and safety standards are met throughout our offices and that the premises are secure.</p>
<p>Ensuring the Comic Relief business model supports financial stability for the long term.</p>	<p>We continue to review how Comic Relief is run, and constantly evolve to maximise efficiency and effectiveness across the organisation.</p> <p>Our investment portfolio is continually monitored and kept under review.</p> <p>We continue to monitor the external economic landscape and look for ways to protect and optimise our different income streams.</p>
<p>Ensuring the skills and talent are within the organisation to lead and deliver strategic and operational objectives.</p>	<p>Pay and benefits are regularly reviewed to provide a competitive package balanced with being prudent to restrain expenditure.</p> <p>We invest in succession planning by training and coaching management team members.</p> <p>We carry out an employee engagement survey to help understand the views of our workforce and identify ways to retain talent.</p>
<p>Managing acceptable levels of dependency on the support of key business and institutional partners, whether for pro bono support, reduced cost support, gifts in kind, fundraising or funding partnerships.</p>	<p>We continually review our relationships with partners and have mechanisms in place for any issues to be escalated and resolved.</p> <p>Account management structures are in place to ensure strong governance and clear roles and responsibilities.</p>
<p>Protecting Comic Relief as much as possible from misappropriation or misuse of the money donated to Comic Relief, directly or by partners who receive grants.</p>	<p>An internal control framework is in place and tested regularly by internal and external audit with recommendations for improvement implemented in a timely manner.</p> <p>Grantees are required to provide regular reports on the progress of project delivery and the project's finances.</p> <p>There is on-going grant monitoring and review, with a dedicated risk and compliance manager working alongside our partners to manage fraud investigations and mitigate loss.</p> <p>Our donations platform is designed and built to handle the failure of multiple components without inhibiting our ability to collect donations.</p> <p>Regular penetration and performance testing enables high levels of confidence in our ability to transact donations in a secure and seamless fashion.</p>
<p>Ensuring the data and information we hold is as well protected as possible.</p>	<p>We have strong data protection processes in place and a Data Stewards network has been established to reinforce cross-departmental communication on data protection issues.</p> <p>An information and governance security audit has been undertaken and an action plan is in place for 2016/17.</p> <p>Penetration testing of all enterprise platforms, websites and systems is undertaken regularly.</p> <p>We do not sell our data to third parties.</p> <p>All staff undertake data protection training.</p> <p>A Disaster Recovery Plan is in place and regularly reviewed, to ensure Comic Relief can continue to function if a range of unexpected events impacts on us; both during regular working arrangements and on the key event dates throughout the year.</p>

Fraud risk

We recognise that we fund work in some of the world's most challenging environments, where fraud and corruption are significant risks. We are committed to investigating fully any concerns raised by staff, grant holders and the general public, as well as any concerns raised by our internal reviewing and monitoring process. We have a dedicated Risk and Compliance manager and draw upon external audit support to manage fraud investigations and mitigate loss. We work closely with other funders to share best practice and strengthen our approaches.

In 2015/16 we investigated and closed 13 cases of possible fraud. We found that fraud had occurred in only two cases, for which we recovered all funds in question (£13,064). In the other 11 cases, we didn't find any financial loss, but we found weaknesses in management and took mitigating actions, for example, working with management to improve grant management processes or closing grants early in three cases. As at 31 July 2016, three further cases of potential fraud remain open with investigation ongoing in relation to £1.1 million of spend. The five cases of proven or potential fraud represent 0.35% of total grants under management by value and 0.60% of total grants under management by number.

Brexit

The vote to leave the EU has so far had limited direct implications for Comic Relief. It's still early days and there is limited clarity, but in terms of risks we know there could be an impact on income – investment (due to volatility), donations (due to possible changes in tax and inflation as well as potential economic impact on individuals) and corporate partnerships due to business pressures. Investments we hold have performed well so far and we have limited exposure to currency fluctuations in our own day to day operations. We do not receive any European funding.

Indirectly, there are some real and potential implications for the work we fund. The projects we fund face real issues in the face of currency fluctuations where we make our grants in GBP and they spend in USD or local currency. On a macro societal level, Brexit, coupled with the US elections and mood across Europe and beyond suggests there is a growing sense of division in society. Such divisions are likely to be at their most pronounced in areas of high unemployment, low social mobility and poverty.

LOOKING AHEAD

The global landscape feels more uncertain and unequal than before which means our focus on working towards a just world free from poverty is more important than ever.

Our six-year strategy runs from 2014 to 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 2016-17:

1. RED NOSE DAY 2017

To have a successful Red Nose Day 2017 with comedy at its core, and create our most digital campaign to date.

2. SPORT RELIEF 2018

Begin planning for Sport Relief 2018, using the hook of fitness and self-improvement as a motivator for people to get involved and help others.

3. GRANT MAKING

Use our grants strategy to enable us to make impactful grants which make measurable change in the communities we aim to help, both in the UK and around the world.

4. INTERNATIONAL / GLOBAL FOCUS

Continue to explore opportunities for Red Nose Day internationally, harnessing the power of global communications to achieve maximum impact.

5. MODERNISING THE ORGANISATION

Continue to evolve the organisation to ensure that it is modern and forward looking and has digital at its heart.

FINANCIAL REVIEW

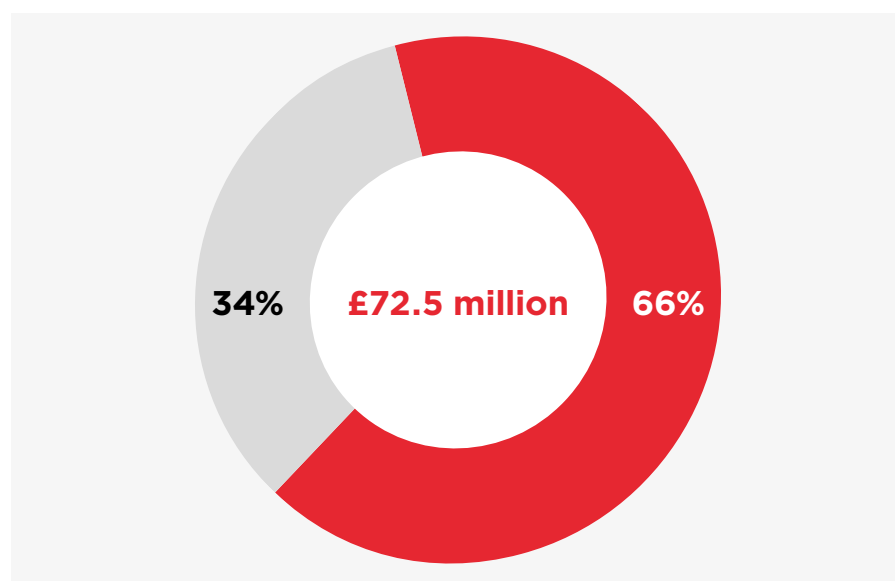
The results for the year for the group are set out in the consolidated statement of financial activities on page 51. The position of the group at the end of the year is shown in the consolidated balance sheet on page 52. Charity Projects has adopted FRS 102 for the first time when preparing these accounts. This gave rise to some changes in timing of income recognition and in working through the transition requirements two other prior year adjustments were identified. All comparatives quoted in this document are restated and detail of the adjustments can be found in note 25. Net current assets of the group at 31 July 2016 were £0.8 million (compared to £29.3 million in 2015) with £24.5m of cash instantly available within the investment portfolio. To rebalance net current assets, £25 million of cash was released from the fixed asset investment portfolio in November 2016, see investment section below for detail.

There still remains a substantial difference between a Red Nose Day year and a Sport Relief year in terms of 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.

Income and Expenditure

Sport Relief 2016 raised a record breaking **£72.5 million**, our best ever total and an increase of **£0.7 million** on the previous Sport Relief campaign in 2014. Where our income came from:

- Donations and active fundraising – donations received from the public and corporate partners (including promotions and merchandise) and public fundraising activities such as bake sales and sponsorship
- Inward grant income – income from our funding partnerships



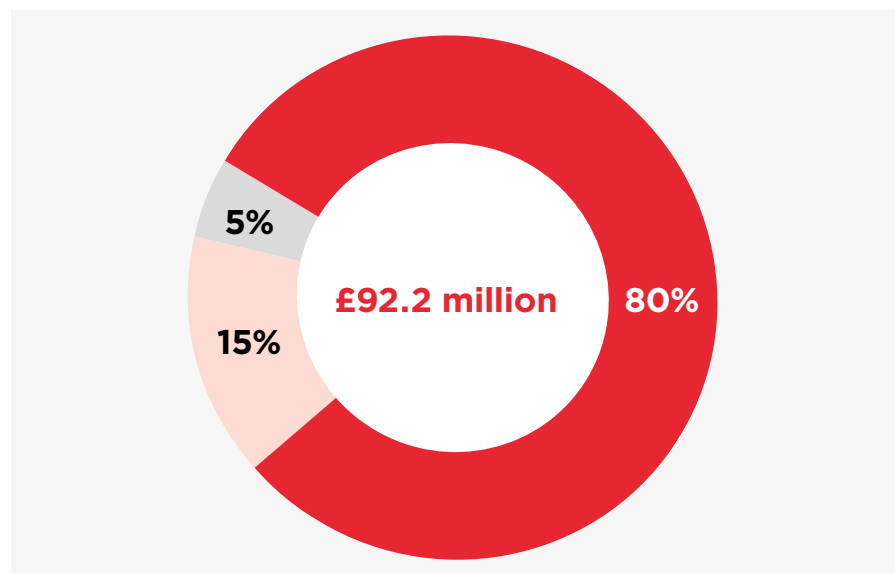
In line with the **Comic Relief Commitment** all of this money goes towards helping transform the lives of people dealing with poverty and social injustice in the UK and abroad.

As well as our main fundraising campaign Comic Relief also receives income from a number of different sources and the total income we recognised in the 2015/2016 financial year was £92.2 million, see following breakdown;

Campaign income – primarily relates to Sport Relief 2016 but, as a result of timing differences on income recognition due to multi-year commitments, this also contains some income from previous campaigns. In addition some of the Sport Relief 2016 total will be recognised as income in future accounting years

Operating income – Investment income, Gift Aid and contributions to operating expenditure. Used to fund the cost of raising funds and the charitable activity of raising awareness, education and social change

Other income – income raised outside of campaigns (Sport Relief and Red Nose Day).



In addition to this £92.2 million of income we also generated £17.8 million in investment gains which, together with our operating income, allow us to continue to deliver the Comic Relief Commitment.

How the money is spent

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 (The Comic Relief Commitment). This includes the cost of making sure that our grants are allocated to effective organisations and are properly monitored and evaluated.

While the economic environment remains challenging, we are fortunate to be in a position where all other Comic Relief costs relating to fundraising and organisational overheads are covered in cash or in kind by supporters such as corporate sponsors and donors, suppliers, generous individuals and government (including Gift Aid) as well as from investment income and interest.

Total expenditure in 2015/2016 was £127.8 million, and breaks down as follows;

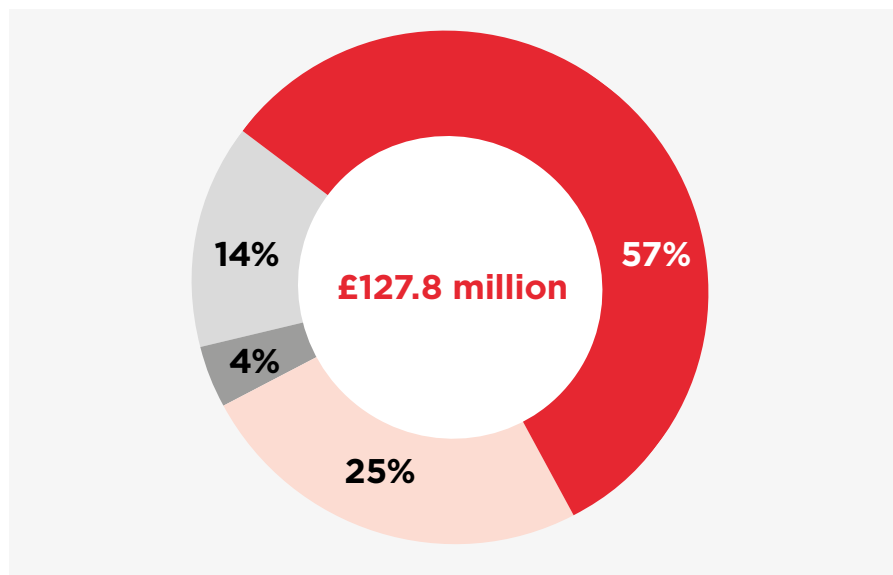
Costs of raising funds – includes staff costs, direct costs and support costs

Charitable activity

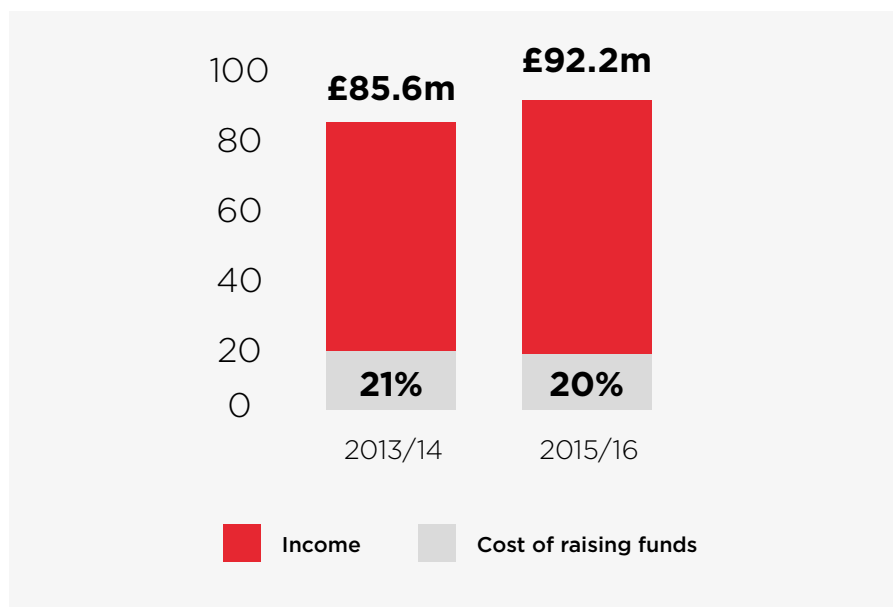
Tackling poverty and social injustice internationally – spent on areas such as 'Trade, Enterprise & Employment', 'Health' and 'Education', in line with our Grants Strategy (see page 13 for more detail)

Tackling poverty and social injustice in the UK – spent on areas such as 'Fairer Society', 'Safer Lives' and 'Better Futures', in line with our Grants Strategy (see page 16 for more detail).

Global awareness, education and social change – spent on educating the public about the issues faced by people around the world, the work we do and the impact it is having. This includes some of our work in schools.



Comparison to 2013/2014



Comic Relief operates two main campaigns, Sport Relief and Red Nose Day, in alternate years. Therefore the most useful comparison to 2015/2016, which held a Sport Relief campaign, is the last Sport Relief year, 2013/2014.

Since 2013/2014 total income has grown by £6.6 million and the cost of raising funds has reduced as a percentage of income by 1%.

RESERVES

The group held reserves amounting to £93.5 million as at 31 July 2016 (2015: £111.3 million), broken down into restricted, designated and other unrestricted funds as follows:

Restricted funds (-£14.0m)

Restricted funds can only be used for purposes as specified by the donor. These funds are in deficit in aggregate because grant costs are recognised in full when the grant is awarded whereas the related incoming resources are recognised only when Comic Relief is entitled to receive the funds from funding partners, which will typically be in stage payments over a number of years. These negative balances will be eliminated over a number of years as funds are received. Further details are given in note 19.

Unrestricted designated funds (£67.2m)

- Grant funds (£59.4m)

This fund represents amounts designated by Trustees for grant making which have not yet been allocated to grantees. Funds are allocated over a two-year period following each fundraising campaign.

- Common Ground Initiative (-£4.6m)

The negative balance reflects the fact that incoming resources are only recognised on entitlement to income from DFID, but the corresponding grants made are recognised in full at the time they are awarded. These negative balances will be eliminated over a number of years as funds are received.

- New Fund (£9.5m)

As noted above, this fund represents a designation of surplus operating income from previous years which is being used to support new and innovative ways to support our mission and vision.

- Bill and Melinda Gates Foundation (£1.1m)

In discussion with the Foundation, Trustees have designated this general operating grant towards supporting the expansion of Comic Relief's international activities, developing creative ways of demonstrating success stories from Africa, engaging millennials and supporting global advocacy.

- Fixed assets (£1.8m)

This fund represents the net book value of fixed assets, recognising that such assets cannot be readily liquidated on demand.

RESERVES POLICY

Other unrestricted funds (£40.3m)

- General Fund (£40.3m)

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 return, 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. Following adoption of FRS 102, the difference between the historic cost and current market value of the investment portfolio is no longer held in a separate Investment Reserve.

In order to set the appropriate level of the General Fund, Trustees have considered the potential scenario that a single year's fundraising campaign has to be cancelled or that the charity experienced a significant loss on investments, recognising that under the Comic Relief Commitment the charity relies on investment returns to help cover the running costs of the organisation.

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 a temporary 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.

The target balance on the General Fund is therefore an amount equal to the sum of:

- Six months' operating costs (to be held in cash); and
- 15% of the value of the investment portfolio in order to afford a degree of protection to the General Fund (and organisational operating budget) against market fluctuations.

At 31 July 2016 this gives rise to a target General Fund balance of £35 million against actual balance of £40.1 million which Trustees are satisfied is consistent with the long-term policy, given the budgets and planning assumptions for coming years.

INVESTMENTS

Comic Relief is a cash-generative organisation. The business model is that the funds raised from a Red Nose Day or Sport Relief campaign will mostly be received during March to July in the relevant year. The funds will then be awarded in grants over the subsequent 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 and delivering the intended impact.

Sufficient funds are held in cash or cash equivalents to cover six months of operating costs and to meet all grant commitments for the next twelve months (reducing to three and six months respectively in the three months before Red Nose Day or Sport Relief). £15 million will always be available within one month and none of the cash holdings will be placed with maturity of more than one year. 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.

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.

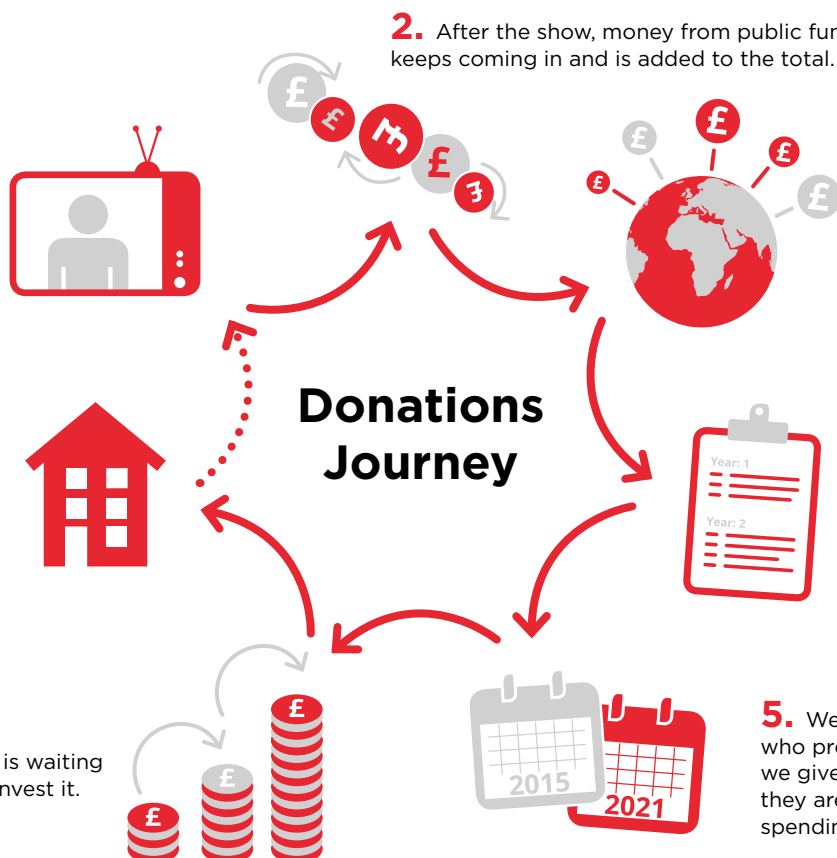
3. We use the money to give grants to thousands of charities working in the UK and across the world's poorest communities.

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.

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.

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.

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



Investment approach

The overall objective of the Investment Policy is to maintain and grow the value of the portfolio while remaining true to our mission and vision. In addition we aim to maximise the return from the portfolio but only within an acceptable level of risk.

Despite our reliance on returns from the investment portfolio to help pay for our overheads, we are mindful that the portfolio represents donations received from the public and as such we have a responsibility to invest in relatively safe areas that minimise the risk of suffering capital losses.

We recognise the importance of investing responsibly and sustainably. To ensure that our investments do not conflict with our grant making, our Investment Policy prohibits investing in companies which manufacture armaments or tobacco products or whose primary business is adult entertainment or the manufacture of alcohol products. The list of sectors to be excluded from the portfolio is reviewed by Trustees twice a year.

In 2014 we signed up to the UN Principles for Responsible Investment (UNPRI), an international network of over 1,300 investors working towards putting environmental, social and governance issues at the centre of their investing approach. We completed our first self-assessment as signatories to the Principles of Responsible Investment in March 2016 and scored B or C on all completed modules (on a scale of A+ to E, and versus peer medians of B for all modules). First time reporters typically lag medians, so we were pleased with this result. We have worked with our newly appointed investment advisors, Cambridge Associates, to enhance our understanding, and monitoring, of our portfolio's environmental, social and governance attributes during the year with a view to improving our scoring in 2017.

We are also members of the Charities Responsible Investing Network, supported by ShareAction. Through this network of 19 UK-based charities and foundations, we aim to secure public benefit through the judicious use of shareholder engagement with investee companies, develop and share best practice in responsible investment across the foundation and charity sectors, build skills for responsible investment amongst foundation and charity investors and achieve positive change cost effectively by working collaboratively.

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

INVESTMENT PERFORMANCE

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.

During the year, the market value of the portfolio increased from £144.4 million to £160.1 million, an increase of 10.9%. After taking into account dividend income and the costs of managing the portfolio, the total return for the year to 31 July 2016, net of costs, was £20.7 million or 14.3% (2015: £11.3 million, or 8.3%).

The Trustees have adopted a nominal total return target of 4.5% after costs, annualised over a rolling five year period. Based on figures independently calculated by our advisors, total returns over the last five years have been as follows:

ANNUALISED PERFORMANCE OVER	ACTUAL TOTAL RETURN %	TARGET TOTAL RETURN %	OVER PERFORMANCE %
1 year to 30 Sept 2016	18.4	4.5	13.9
5 years to 30 Sept 2016	9.8	4.5	5.3

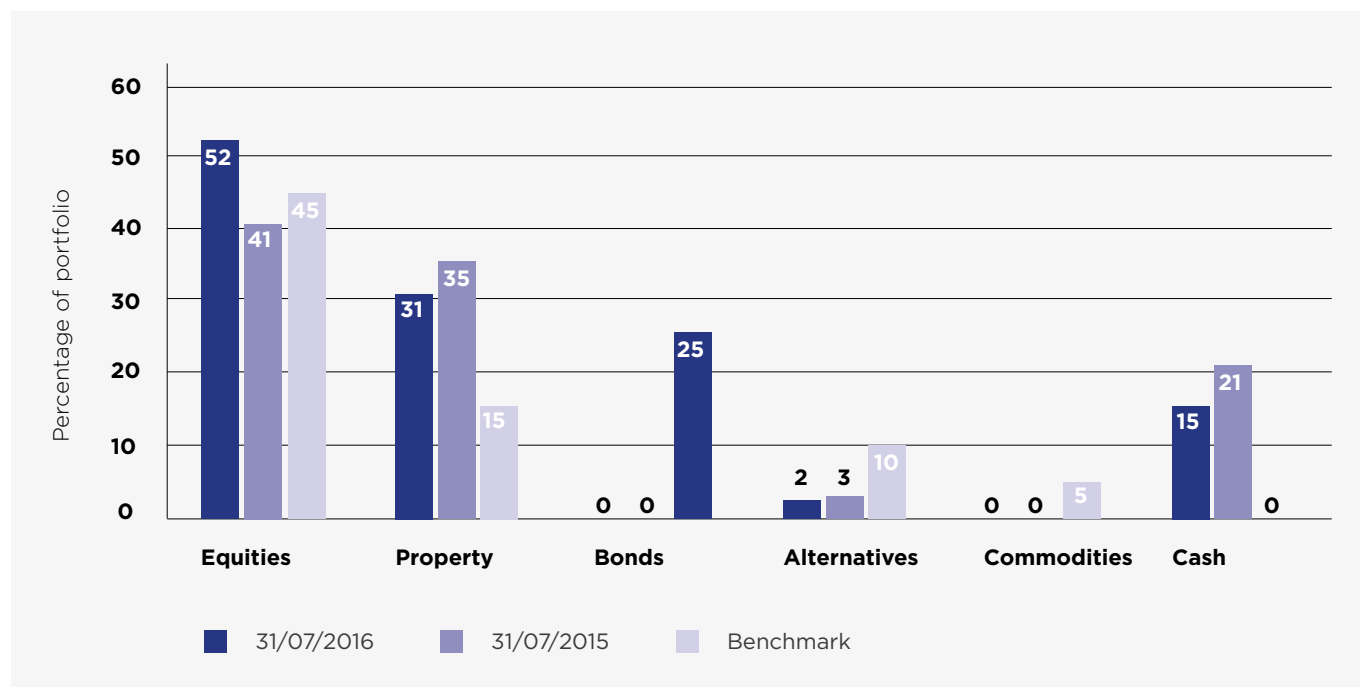
In 2013/14, we commissioned an independent review of our investment policy. The purpose of the review was to recommend principles and frameworks for a new investment policy for Comic Relief with our levels of transparency, which would reinforce and ensure continued public trust in the charity, be consistent with our charitable aims and be in line with charity regulation and law.

More information on the investment review and the new investment policy can be found at www.comicrelief.com/about-us/how-we-operate/our-finances

The portfolio started the year with 21% invested in cash (£30.5 million) and during October/November 2015 £6 million was invested in the Stewart Investors Worldwide Sustainability Fund. There were no other changes in managers or holdings during the year.

In response to the current economic climate, a balance of £24.5million (15% of portfolio) was held in cash throughout the year and Trustees have approved a deviation from the benchmark asset allocation in order to have the best chance of delivering the target return within an appropriate level of risk. The result of this is that the portfolio was overweight in equity and property and underweight in bonds and commodities throughout the year. The actual asset allocation of the portfolio and the benchmark allocation at 31 July 2016 are presented on the next page.

INVESTMENT PORTFOLIO BY ASSET CLASS



Following year end, as a result of updated cash flow forecasting and in recognition of the level of capital appreciation in the investment portfolio (which started at £135 million in 2014), the decision was taken by Trustees to move £25 million out of the investment portfolio back into current assets in November 2016. Following a review of the desired asset allocation position, this was achieved through the sale of £20 million of our Fundsmith holding and a £5 million reduction in cash holding, taking the investment cash to £19.5 million. Market value of the investment portfolio at the end of November 2016 was £136 million

GOING CONCERN

The Trustees have reviewed the level of reserves and available liquid resources in the context of operating and spending plans over the next 12 months, the six-year business plan and the organisational risk assessment. The Trustees believe that Comic Relief has sufficient financial resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its operating risks successfully.

The Trustees have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

EMPLOYMENT POLICIES & INVOLVEMENT

All of our staff and job applicants are offered equality of opportunity and fair treatment. All line managers attend development sessions about discrimination and equality and make every effort to not discriminate, either directly or indirectly, on the grounds of nationality or ethnic or national origins; religion; gender; marital status; sexual orientation; disability; age; spent convictions; membership or non-membership of a trade union. There are policies and processes 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.

We have a strong commitment to developing the diversity of our staff through equal opportunity policies, training and practical action. This includes encouraging applications from disabled people, taking every reasonable measure to adapt our premises and working conditions to enable disabled people to work or volunteer with us, and making sure all staff are able to access training and skills development opportunities.

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.

Remuneration at Comic Relief

Responsibility for overseeing our pay policy, setting CEO and Director pay and agreeing on the annual staff pay increase lies with the Remuneration & Nominations Committee, a subgroup of the Board of Trustees, attended by the Chair. They take external benchmarking advice to inform their decisions, to ensure we recruit and retain the best people for the job. Meetings are held at least twice a year and the CEO, COO and Head of People and Organisational Development also attend in an advisory capacity.

It is the intention of Comic Relief to balance the expectations of our supporters and beneficiaries, who trust us to use their money effectively, with the requirement to recruit and retain the best people for our roles. We know our staff are attracted to working for us because of the opportunity to have a positive impact on the lives of others. We also believe that a key driver for attracting and retaining talent is our commitment to family-

friendly policies and flexible working practices in order to help staff gain a good work / life balance, as well as our investment in training, development and wellbeing.

For all staff, including the CEO and Directors, pay is reviewed on an annual basis and our salaries reflect the knowledge, skills, responsibilities and attributes required for the performance of each position. Our salaries are benchmarked against similar roles in other charities and relevant organisations. A set percentage increase, directed by the Retail Price Index, Consumer Price Index and the actions of other organisations in the sector and agreed on by the Remuneration & Nominations Committee, is given annually to all permanent staff with six months' service, though exceptional performers may receive a higher increase. We have also moved away from the annual appraisal system to a more frequent one to ensure that productivity is high and staff are supported.

Our ratio of top to median pay is **3.8:1** and our ratio of top to lowest pay is **7.3:1**.

Comic Relief also benefits from the incredible efforts of a huge family of volunteers who help us to achieve our goals. In Sport Relief 2016, almost 355 of the UK's best known sports people, artists and entertainers gave up their time and talent – for free – to help our work. And this was supported by an even larger network of people up and down the country who not only volunteered their time, but went to extraordinary lengths to help raise money for Sport Relief – organising events, taking part in our challenges and promoting our work.



This support allows Comic Relief to minimise core running costs, and enables our highly professional staff to focus their work on delivering ground-breaking campaigns, coordinating fundraising efforts and ensuring that the money raised is distributed as fairly, efficiently and usefully as possible through the grants we make in the UK and around the world.

Comic Relief also accepts pro-bono work and gifts in-kind from commercial partners wherever appropriate, in order to operate in as efficient and cost-effective a way as possible.

FACTS & STATS

We are proud to be a Living Wage employer and all of our London based staff are paid at least £9.75 per hour, in line with guidance from the Campaign for a Living Wage.

STRUCTURE, GOVERNANCE & MANAGEMENT

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 annual report and accounts will be in the name of Comic Relief.

Charity Projects has two wholly owned subsidiaries, Comic Relief Ltd and Brand Relief Ltd (dormant). This Trustees' Report and the financial statements represent the activities and position of the consolidated group for the year to 31 July 2016.

Ultimate control of Comic Relief is vested in the Trustees, who give their time, experience and expertise for free. They are:



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



Richard Curtis CBE
(Vice Chair of Trustees)



Suzi Aplin
(UK Grants Committee since
3 November 2015)



Diana Barran MBE
(UK Grants (until 3 November 2015),
Investment & Finance & Risk*
Committees)



Harry Cayton CBE
(UK Grants Committee)



Tristia Clarke
(Commercial & Technology Board)



Michael Harris (Treasurer, Finance
& Risk, Investment & Remuneration
& Nominations Committees)



Sir Lenny Henry



Colin Howes (Commercial &
Technology Board, Investment
Committee)



Saul Klein



Theo Sowa CBE
(International Grants Committee)



Danny Sriskandarajah
(appointed 30 November 2016)
(International Grants Committee)



Robert S Webb QC
(International and UK
Grants Committees)



Alexander Woollcombe
(appointed 25 November 2015,
resigned 1 March 2017)

In addition the following Trustees also held office during the year;

Danny Cohen (until 25 November 2015)

Peter Salmon (until 28 April 2016)

Priscilla Snowball CBE (also Commercial & Technology Board) (until 16 May 2016)

* Diana Barran joined the Finance & Risk Committee in January 2016.

STRUCTURE, GOVERNANCE & MANAGEMENT (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 the Trustee Board 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. In September 2016 a nine year tenure limit was introduced for Trustees (two terms of three years with a third possible following appropriate review and agreement), and transitional arrangements agreed for all existing Trustees.

The Trustees are advised by a committee structure including the UK and International Grants Committees, Finance & 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, sub-sets of which serve 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. Decisions of the Trustees are implemented by the Chief Executive and the executive team who are appointed by the Trustees.

The Trustees continue to be very grateful to all committee and advisory group members for their advice, work and time committed during the year.

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 (until 2 October 2016)
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Liz Warner	Chief Executive (from 3 October 2016)
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Derek Gannon	Chief Operating Officer
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Charlotte Ashton	Creative Director
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Amanda Horton-Mastin	International Campaigns Development Director
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Judith McNeill	Grants Director (until 19 September 2016)
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Michele Settle	Director, UK Campaigns and Brands
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Helen Wright	Finance Director
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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 TRUSTEES' RESPONSIBILITIES 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 and charity 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 expenditure over income 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 and proper 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, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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.

Conclusion

The Trustees, who are also the directors of the company, submit this annual report and accounts of Charity Projects and its subsidiaries for the year ended 31 July 2016. In approving the Trustees' Annual Report, the Trustees are also approving the Directors' Report and Strategic Report in their capacity as company directors. The Administrative Information on page 48 forms part of this report.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.



Tim Davie
Chair
30 March 2017

REFERENCE & ADMINISTRATIVE DETAILS

Company Secretary

Helen Wright (appointed 7 November 2016. David Lewis 7 December 2015 to 4 November 2016. Derek Gannon until 6 December 2015)

Chief Executive

Liz Warner (Kevin Cahill CBE until 2 October 2016)

Registered Office

14 Hanover Square
London W1S 1HP

Principal Address

1st Floor
89 Albert Embankment
London SE1 7TP

Statutory Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Honorary Accountants

EY LLP
1 More London Place
London SE1 2AF

Bankers

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

Adam & Company plc
25 St Andrew Square
Edinburgh
EH2 1AF

Investment Advisors

Tilney Asset Management Ltd
(previously Ingenious Asset
Management)
6 New Street Square
New Fetter Lane
London
EC4A 3BF

Cambridge Associates Ltd
80 Victoria Street, Cardinal
Place
London SW1E 5JL

Custodian

Pershing Limited
One Canada Square
Canary Wharf
London E14 5AL

Solicitors

Harbottle and Lewis LLP
14 Hanover Square
London W1S 1HP

Bates Wells Braithwaite LLP
10 Queen Street Place
London EC4R 1BE

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 2016 set out on pages 51 to 74. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 46 and 47, 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 2016 and of the group'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).

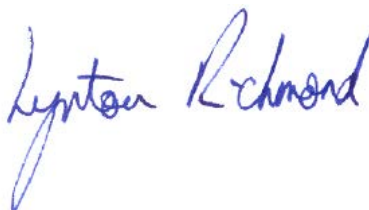
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given 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 or returns adequate for our audit have not been received from branches not visited by us; or
- 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.



Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants, 15 Canada Square, London, E14 5GL
United Kingdom
4 April 2017

Consolidated statement of financial activities (incorporating an Income and Expenditure Account) for the year ended 31 July 2016

	Notes	2016			2015		
		Unrestricted Funds £000	Restricted Funds £000	Total Funds £'000	Unrestricted Funds £000	Restricted Funds £000	Total Funds £'000
Income from:							
Donations and legacies	(2)	52,642	26,929	79,571	75,987	23,997	99,984
Trading activities		8,165	-	8,165	12,908	-	12,908
Investments	(2/4)	4,485	-	4,485	2,370	14	2,384
Total incoming	(2)	65,292	26,929	92,221	91,265	24,011	115,276
Expenditure on:							
Raising funds	(5)	17,996	-	17,996	15,650	109	15,759
Charitable activities							
Tackling poverty and social injustice:							
UK	(5)	29,464	3,079	32,543	37,190	9,184	46,374
International	(5)	47,402	24,870	72,272	45,296	15,639	60,935
Global awareness, education and social change		4,993	-	4,993	5,234	474	5,708
		81,859	27,949	109,808	87,720	25,297	113,017
Total Expenditure	(5)	99,855	27,949	127,804	103,370	25,406	128,776
Operating Deficit		(34,563)	(1,020)	(35,583)	(12,105)	(1,395)	(13,500)
Gains on investments	(4/12)	17,807	-	17,807	10,278	-	10,278
Net expenditure		(16,756)	(1,020)	(17,776)	(1,827)	(1,395)	(3,222)
Transfers between funds		(187)	187	-	(229)	229	-
Net movement in funds		(16,943)	(833)	(17,776)	(2,056)	(1,166)	(3,222)
Funds brought forward at 1 August		124,522	(13,204)	111,318	126,578	(12,038)	114,540
Total funds carried forward at 31 July 2016	(18/19)	107,579	(14,037)	93,542	124,522	(13,024)	111,318

All amounts relate to the continuing activities of the group. 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 54 to 74. The group has taken advantage of the exemption under s408 of the Companies Act 2006 and has not prepared a separate Statement of Financial Activities for the charity. The net expenditure for Charity Projects in the year was £ 17.8million (2015:£3.2million)

Balance sheets as at 31 July

	Notes	2016		2015	
		Group £000	Charity £000	Group £000	Charity £000
Fixed assets					
Intangible assets	(10)	1,581	1,276	2,260	1,937
Tangible assets	(11)	260	260	290	290
Investments	(12(a))	160,147	160,147	144,428	144,428
		161,988	161,683	146,978	146,655
Current assets					
Investments	(13)	43,754	43,698	66,544	63,495
Debtors (including £7.3m due after one year)	(14)	38,635	38,793	29,249	38,434
Cash at bank and in hand		5,608	5,489	18,654	12,422
		87,997	87,980	114,447	114,351
Creditors					
Amounts falling due within one year	(15(a))	(87,175)	(87,001)	(85,184)	(84,915)
		822	979	29,263	29,436
Net current assets					
		162,810	162,662	176,241	176,091
Total assets less current liabilities					
Creditors					
Amounts falling due after more than one year	(15(b))	(69,268)	(69,268)	(64,923)	(64,923)
		93,542	93,394	111,318	111,168
Net assets					
Funds					
Unrestricted funds					
Designated funds	(18)	67,251	67,251	94,325	94,325
General funds	(18)	40,328	40,178	30,197	30,047
Total unrestricted		107,579	107,429	124,522	124,372
Restricted funds	(19)	(14,037)	(14,037)	(13,204)	(13,204)
		93,542	93,392	111,318	111,168

Approved by the Trustees on 30th March 2017
and signed and authorised for issue on their behalf by:



TIM DAVIE
Chairman



MICHAEL HARRIS
Trustee and Chair of Finance and Risk Committee

The notes on pages 54 to 74 form part of these financial statements.

Consolidated statement of cash flows For the year ended 31 July

	Notes	2016 £000	2015 £000
Cash flows from operating activities:			
Net cash used in operating activities	A	(41,785)	(11,817)
Cash flows from investing activities			
Dividends and interest	(4)	4,485	2,384
Purchase of tangible fixed assets	(11)	(209)	(574)
Purchase of intangible fixed assets	(10)	(415)	(223)
Net proceeds from sale / purchase of fixed asset investments	(12b)	2,088	1,154
Net movement on current investments > 3 months	(13)	(15,977)	14,342
Net cash provided by (used in) investing activities		(10,028)	17,083
Change in cash and cash equivalents in the reporting period	B	(51,813)	5,266
Cash and cash equivalents at 1 August		70,654	65,388
Cash and cash equivalents at 31 July		18,841	70,654
A. Reconciliation of net expenditure to net cash flow used in operating activities			
Net expenditure for the reporting period		(17,776)	(3,222)
Adjustments for:			
Depreciation and amortisation charges	(5a)	1,333	1,580
Gains on investments	(12)	(17,807)	(10,278)
Dividends and interest	(4)	(4,485)	(2,384)
Loss on the sale of fixed assets	(12)	-	2
Increase in debtors	(14)	(9,386)	(16,341)
Increase in creditors	(15)	6,336	18,826
Net cash provided used in operating activities		(41,785)	(11,817)
B. Analysis of cash and cash equivalents			
	At 1 August 2015	Movement	At 31 July 2016
Cash at bank and in hand	18,654	(13,046)	5,608
Current investments (less than three months)	52,000	(38,767)	13,233
Total cash and cash equivalents	70,654	(51,813)	18,841

The notes on pages 54 to 74 form part of these financial statements.

Notes to the financial statements For the year ended 31 July 2016

1. ACCOUNTING POLICIES

Charity Projects is a public benefit entity constituted as a charitable company limited by guarantee (company number 1806414) and a charity registered in England and Wales (charity number 326568) and registered as a charity in Scotland (charity number SC039730). The address of the registered office is 14 Hanover Square, London, W1S 1HP and the charity operates from its principal address 1st Floor, 89 Albert Embankment, London SE1 7TP.

a) Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, Financial Reporting Standard 102 (FRS 102), the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS 102 and UK Generally Accepted Practice as it applies from 1 January 2015. The full details of the adjustments on transition to FRS 102 are shown in note 25.

The accounting policies below have been adopted for material items. No material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern have been identified by the Trustees.

b) Consolidation

These financial statements represent the consolidated results and net assets of Charity Projects and its subsidiaries up to 31 July 2016. All members of the Charity Projects Group are listed on page 43.

The charity has taken advantage of the exemption in S408 of the Companies Act 2006 not to publish a charity only Income and Expenditure Account. The net expenditure of the charity for the financial year was £17.8million (2015: £3.2million).

c) Critical accounting judgements and key sources of estimation and uncertainty

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

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

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

d) Financial instruments

Charity Projects has financial assets and financial liabilities of a kind that qualify as basic financial instruments. With the exception of the fixed asset investments, basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of the future cash flows unless the effect of discounting would be immaterial. Financial assets comprise cash at bank and in hand, together with current asset investments, other debtors, accrued income and social investment loans. Financial liabilities comprise grants payable, other creditors and accrued expenditure.

Fixed asset investments, including bonds and cash held as part of the investment portfolio, are reported at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure.

Investments in subsidiary undertakings are held at cost less impairment.

e) Fixed assets

Intangible fixed assets

Intangible fixed assets are stated at historical cost and amortisation is provided on all intangible fixed assets on a straight-line basis. Trademarks are written down over the length of period for which they are valid. Technology assets are capitalised software development costs and these are written off over their useful economic life. Amortisation rates are as follows:

Trademarks	10% straight-line basis
Software	20%-33 1/3 % straight-line basis

Assets are assessed at least annually for impairment. Any impairment value is recognised immediately in the statement of financial activities. Individually purchased software is written off in the year of acquisition.

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:-

Notes to the financial statements For the year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)

Fixtures and fittings	25% straight-line basis
Computer Equipment	33 1/3% straight-line basis
Office premises (refurbishment)	20% straight-line basis

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

f) Cash

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

g) Income

Incoming resources are accrued and included in the statement of financial activities when the Group is entitled to the income, it can be quantified with reasonable certainty and it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity. Income is deferred when it relates to future accounting periods.

Donations represents monies received by the charity from charitable donations, fundraising events and grants. Donation income 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.

Grant income is recognised in the Statement of Financial Activities in the year in which this becomes receivable and when any conditions for receipt have been met.

Legacies are accounted for as income once the receipt of the legacy becomes more probable than not 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 once all conditions attached to the legacy have been fulfilled.

Trading income is derived from the activities of the charity's subsidiary Comic Relief Limited (and historically Brand Relief Limited).

h) 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 in the Statement of Financial Activities.

i) Expenditure

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 staff costs as a proxy for headcount in each cost area.

Expenditure on Raising Funds comprises the costs of generating voluntary income (primarily fundraising and event costs) and trading and other costs associated with the expenditure of the charity's trading subsidiaries.

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

Support costs represent overhead costs which have been apportioned to each expenditure heading on the basis of staff costs as a proxy for headcount as detailed in note 5b.

Governance comprises costs in relation to statutory and regulatory compliance as shown in note 5c.

j) Grants payable

Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustees and notified to the beneficiaries, and are apportioned between amounts due within one year and after more than one year based on the expected payment profile. 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 adverse performance issues, a breach of the conditions of the grant, the grantee no longer being able to accept the grant, or there being an underspend on the project which would lead to a partial cancellation.

Grant liabilities are initially recognised at the amounts awarded and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to the financial statements For the year ended 31 July 2016

1. ACCOUNTING POLICIES (CONTINUED)

k) Operating leases

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

l) 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 and gains / losses, interest and donations given specifically to cover running costs.

m) Designated funds

These unrestricted funds have been designated by the Trustees for specific purposes and are listed in note 18.

n) Restricted funds

These funds can only be used for purposes as specified by the donor and are listed in note 19.

o) 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.

p) Irrecoverable VAT

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

Notes to the financial statements For the year ended 31 July 2016

2. Total Income – Group

	Notes	Grants £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Donations and legacies					
Fundraising events		44,984	-	44,984	65,777
Grant income	(2a)	2,333	25,364	27,697	25,739
Other donations		265	1,565	1,830	1,842
Gift Aid		4,426	-	4,426	5,315
Contributions to operating costs		634	-	634	1,311
		52,642	26,929	79,571	99,984
Trading activities					
Trading income from Comic Relief Ltd	3	8,165	-	8,165	12,908
Investment income					
	4	4,485	-	4,485	2,384
		65,292	26,929	92,221	115,276

Fundraising events include income raised through our Red Nose Day and Sport Relief campaigns. 2016 was a Sport Relief year whereas the comparative 2015 period was a Red Nose year. Due to the substantial difference in annual income between these two campaigns, comparisons may not always prove useful.

Trading activities comprise the turnover of Comic Relief Limited, a trading subsidiary of Charity Projects. Comic Relief Limited's turnover consists of income from merchandising and royalties of £4.8m (2015: £9.8m), and income of £3.8m from licensing activities (including £423,280 of inter-company charges netted off on consolidation) and sponsorship received to help cover costs (2015: £3.1m).

Brand Relief Limited is dormant and had no turnover in the year (2015: nil turnover).

Donated goods and services are included within contributions to operating costs. Both Red Nose Day and Sport Relief rely on the generosity of the BBC in providing support to the preparation and broadcast of the annual television show. In addition, content, promotional support and coverage of activities is provided by local and national BBC television and radio, both on the day and in the lead up to the appeal night. The value of each of these elements is very difficult to quantify as they are not discrete activities but embedded, partly as newsworthy and entertainment content, within the operations and business of the BBC. Sport Relief and Red Nose Day provide valuable content which attracts a large audience, and without this the BBC would have to produce alternative content. As such, the support provided by the BBC has not been included in the charity's Statement of Financial Activities as it is not possible to meaningfully quantify it.

Comic Relief is also grateful to other organisations who provide valuable support across a wide of activities including, but not limited to, advertising space, creative content, technology partners and consultancy work.

Notes to the financial statements

For the year ended 31 July 2016

2. Total Income – Group (continued)

(a) Grant Income

Grant income was comprised of:

Name of Funder	Grants £000	Restricted funds £000	Total 2016 £'000	Total 2015 £000
Department for International Development (DfID)	1,249	9,166	10,415	8,473
The Bill and Melinda Gates Foundation	1,084	6,000	7,084	5,959
The Ballinger Charitable Trust	-	123	123	100
The Queen Elizabeth Diamond Jubilee Trust	-	3,294	3,294	5,413
The Sainsbury's Fair Trade Development Fund	-	250	250	250
The Big Lottery	-	3,131	3,131	2,513
GlaxoSmithKline	-	3,400	3,400	-
Esmeé Fairbairn Foundation	-	-	-	1,325
Spirit of 2012	-	-	-	825
Northern Rock Foundation	-	-	-	323
Vodafone	-	-	-	200
The Joseph Rowntree Foundation	-	-	-	358
Total Grant Income	2,333	25,364	27,697	25,739

3. Comic Relief Limited and Brand Relief Limited

The results for Comic Relief Limited, a wholly owned trading subsidiary of Charity Projects, were as follows:

	Comic Relief Ltd 2016 £000
Turnover	8,592
Overhead expenditure	(1,286)
Operating profit	7,306
Interest receivable	22
Profit on ordinary activities before and after taxation	7,328
Taxation	(1,466)
Retained profit for the year	5,862
Commitment under Gift Aid	(7,328)
Current year tax credit	1,466
Change in shareholders' funds	-
Assets and liabilities	2016 £000
Intangible fixed assets	306
Current assets	2,673
Current liabilities	(2,829)
Net current assets	(156)
Long term liabilities	-
Net assets	150

Brand Relief Limited, a wholly owned subsidiary of Charity Projects, was dormant throughout the year and there are no plans for further trading activities in this company in the foreseeable future.

Notes to the financial statements For the year ended 31 July 2016

4. Investment income – Group

Dividends
Other interest receivable

Gross investment income

2016 Total £000	2015 Total £000
3,675	1,520
810	864
4,485	2,384

Investment income is split between returns from the investment portfolio and from cash holdings as follows:

a) Investment portfolio

Dividends
Gains on investments

Gross investment return

Less portfolio management costs

Net investment return (total return)

3,675	1,520
17,807	10,278
21,482	11,798
(814)	(492)
20,668	11,306

b) Income from cash holdings

Interest receivable
Less cash management charges

Net return from cash holdings

810	864
(52)	(31)
758	833

Notes to the financial statements For the year ended 31 July 2016

5. (a) Analysis of expenditure – Group

	Grant costs (note 6) £000	Staff costs (note 7) £000	Support costs (note 5b) £000	Other direct costs £000	2016 Total £000	2015 Total £000
Expenditure on raising funds						
Costs of generating donations and legacies	–	8,466	2,216	5,250	15,932	13,398
Fundraising trading and other costs	–	776	231	191	1,198	1,838
Investment management costs	–	–	866	–	866	523
	–	9,242	3,313	5,441	17,996	15,759
Charitable activities						
Tackling poverty and social injustice:						
UK	30,141	1,649	444	309	32,543	46,374
International	68,485	2,355	438	994	72,272	60,935
Global awareness, education and social change	861	2,305	749	1,078	4,993	5,708
	99,487	6,309	1,631	2,381	109,808	113,017
Total expenditure	99,487	15,551	4,944	7,822	127,804	128,776
Total expenditure includes:					2016 £000	2015 £000
Auditor's remuneration:						
Audit of these financial statements – charity					33	31
Amounts receivable by auditor and their associates in respect of:						
Audit of financial statements of subsidiaries pursuant to legislation					15	20
Other services relating to taxation					2	4
Operating lease rentals – land and buildings, and other					596	484
Depreciation and amortisation					1,333	1,580

Notes to the financial statements For the year ended 31 July 2016

5. (b) Analysis of support costs – Group

	Premises £000	Depreciation £000	IT & office £000	HR, finance & management £000	2016 Total £000	2015 Total £000
Costs of raising funds						
Costs of generating donations and legacies	488	708	691	329	2,216	2,143
Fundraising, trading and other costs	41	103	58	29	231	344
Investment management costs	–	–	–	866	866	523
Charitable activities						
Tackling poverty and social injustice:						
UK grant making	98	142	138	66	444	508
International grant making	96	140	137	65	438	669
Global awareness, education and social change	165	240	234	110	749	991
Total support costs	888	1,333	1,258	1,465	4,944	5,178

All support costs are allocated on the basis of headcount as a proxy for staff time.

5. (c) Analysis of governance costs – Group and Charity

	2016 Total £000	2015 Total £000
Internal audit	16	16
External audit (charity only)	33	31
Trustee indemnity insurance	6	6
Legal & professional fees	6	17
Trustees' and committees' costs	9	10
Apportionment of staff & support costs	40	37
Total governance costs	110	117

Notes to the financial statements For the year ended 31 July 2016

6. Charitable activities – grants awarded – Group & Charity

	2016 Unrestricted £'000	2016 Restricted £'000	2016 Total £'000	2015 Total £'000
Tackling Poverty and Social Injustice – UK				
Better futures	6,586	10	6,596	11,153
Building stronger communities	1,186	-	1,186	11,810
Fairer society	8,081	-	8,081	4,674
Healthier finances	3,224	60	3,284	3,999
Improving health and wellbeing	750	-	750	1,155
Queen's Young Leaders	164	390	554	2,349
Safer lives	7,709	-	7,709	6,534
Special initiatives	120	-	120	885
Sport for change	-	873	873	437
The BT Supporters Club	-	1,000	1,000	1,268
The New Fund	70	-	70	-
Tech for good	335	-	335	304
Other grants *	66	-	66	15
Total grants allocated	28,291	2,333	30,624	44,583
Cancelled grants	(591)	(55)	(646)	(756)
Learning & Evaluation direct costs	134	29	163	231
Total UK grant costs (note 5a)	27,834	2,307	30,141	44,058
Tackling Poverty and Social Injustice – International				
Children and young people at risk	5,754	348	6,102	5,904
Education	6,977	3,780	10,757	4,712
Health	8,752	6,000	14,752	17,577
People affected by HIV/AIDS	2,166	-	2,166	5,216
People living in urban slums	3,973	3,593	7,566	6,564
Queen's Young Leaders	985	2,339	3,324	6,830
Special initiatives	300	-	300	-
Sport for change	161	-	161	-
The BT Supporters Club	-	553	553	410
The New Fund	-	-	-	355
Trade, enterprise and employment	10,653	6,589	17,242	4,642
Women and girls	6,431	-	6,431	5,598
Other grants *	74	-	74	380
Total grants allocated	46,226	23,202	69,428	58,188
Cancelled Grants	(1,599)	(106)	(1,705)	(2,165)
Learning & Evaluation direct costs	203	59	262	220
Debt relief on Kuapa Kokoo social investment loan (see note 14)	-	-	-	1,677
Provision for doubtful debt on Shared Interest social investment portfolio	500	-	500	-
Total International Grant Costs	45,330	23,155	68,485	57,920
Global awareness, education and social change				
Other grants allocated	861	-	861	469
Total Grant costs (note 5a)	74,025	25,462	99,487	102,447

Total grants awarded in the year £100.9million (2015: £103.2million)

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

All grants are made to institutions. A breakdown of our grants is available from Comic Relief, 89 Albert Embankment, London SE1 7TP, or on our website www.comicrelief.com/what-we-do

Notes to the financial statements For the year ended 31 July 2016

7. Staff – Group

The average weekly number of persons employed by the group during the year was:

	2016 No.	2015 No.
Fundraising events	97	123
Operations	66	46
Education/communications	66	52
Grant making and management	66	64
International campaigns	9	10
	304	295

Staff costs for the above persons comprised:

Wages and salaries	12,139	11,106
Social security costs	1,276	1,177
Pension costs	1,090	1,078
	14,505	13,361
Agency staff	1,046	1,537
	15,551	14,898

Total redundancy and termination costs during the year were £343,748 (2015: £431,555). These costs were incurred as a result of an internal restructure and all liabilities were recognised at the point at which the employee was notified of the decision.

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

	2016 Number	2015 Number
£60,001 – £70,000	12	11
£70,001 – £80,000	3	2
£80,001 – £90,000	1	1
£90,001 – £100,000	3	3
£100,001 – £110,000	1	–
£110,001 – £120,000	1	2
£120,001 – £130,000	1	–
£140,001 – £150,000	–	–
£150,001 – £160,000	1	–

Key management personnel constitute the Trustees, Chief Executive, executive directors, the General Counsel and Company Secretary.

Total remuneration received by the key management personnel was £965,901 (2015: £744,084). The increase for 2016 reflects a full year of employment for some directors who were only employed part way through 2015.

The total remuneration for the year, excluding pensions, for the Chief Executive was £155,690 (2015: £112,290). This reflects a move from part time to full time working during the year.

Notes to the financial statements For the year ended 31 July 2016

8. Trustees

Trustees received £nil remuneration in the year (2015: £nil). Costs of £6,402 were incurred in relation to meeting expenses and for two Trustees for travel, accommodation and subsistence in relation to trustee duties (2015: £9,726). A further £2,700 was spent on trustee training. Indemnity insurance costing £6,360 (2015: £6,360) was purchased on behalf of Trustees.

9. 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 (2015: £nil).

10. Intangible fixed assets – Group

Trademarks

Cost

At 1 August 2015	482	6,462	6,944
Additions	26	389	415
At 31 July 2016	508	6,851	7,359

Amortisation

At 1 August 2015	159	4,525	4,684
Charged in the year	44	1,050	1,094
At 31 July 2016	203	5,575	5,778

Net book value At 31 July 2016

At 31 July 2015	323	1,937	2,260
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As a result of annual impairment reviews, no impairment of intangible assets as at 31 July 2016 has been identified (2015: £nil).

Notes to the financial statements

For the year ended 31 July 2016

11. Tangible fixed assets – Group and charity

	Premises and fixtures £000	Computer Equipment £'000	Total £000
Cost			
At 1 August 2015	2,365	1,833	4,198
Additions	29	180	209
Disposals in year	–	–	–
At 31 July 2016	2,394	2,013	4,407
Depreciation			
At 1 August 2015	2,280	1,628	3,908
Charged in the year	36	203	239
Disposals in year	–	–	–
At 31 July 2016	2,316	1,831	4,147
Net book value			
At 31 July 2016	78	182	260
At 31 July 2015	85	205	290

12. Fixed asset investments – Group and charity

a) The investment portfolio is held in a range of segregated and pooled, managed funds:

	2016 £000	2015 £000
Segregated global equities		
Fundsmith LLP	75,649	58,432
Stewart Investors Worldwide Sustainability Fund	7,658	–
Private equity		
Bridges Community Development Ventures Fund II LP	830	1,746
Schroders Private Equity Fund of Funds III	2,795	2,625
Property		
F&C Commercial Property Trust	15,405	18,310
Charity Property Fund	33,267	32,772
Cash	24,543	30,543
Total Group and Charity	160,147	144,428

The segregated equities managed by Fundsmith LLP consisted of 21 investments as at 31 July 2016 (2015: 22 segregated equities). The holding in Idexx Laboratories was valued at £5.12m at 31 July 2016. All others were valued at less than £5m (2015: None of the holdings individually exceeded £5m in value).

The market value of each of the individual shareholdings represents less than 5% of the total portfolio value in both 2016 and 2015.

At 31 July 2016 the investment portfolio of £160.1m included £24.5m of cash, a tactical response to the economic conditions. Following year end, as a result of updated cash flow forecasting and in recognition of the level of capital appreciation in the investment portfolio (which started at £135m in 2014), the decision was taken by Trustees to move £25m out of the investment portfolio back into current assets in November 2016. Following a review of the desired asset allocation position, this was achieved through the sale of £20m of our Fundsmith holding and a £5m reduction in cash holding, taking the investment cash to £19.5m. Market value of the investment portfolio at the end of November 2016 was £136m.

Notes to the financial statements For the year ended 31 July 2015

12. Fixed asset investments (continued)

(b) Reconciliation of opening and closing market value

	2016 £000	2015 £000
Market value at 1 August	144,428	135,304
Net (disposals)/purchases	(2,088)	(1,154)
Net investment gains	17,807	10,278
Market value of portfolio at 31 July	160,147	144,428
Historic cost of investments at 31 July	129,570	131,029

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

	2016 £000	2015 £000
Group and charity		
Unrealised gains at 1 August	13,399	5,205
Adjust: in respect of disposals in the year	(967)	(1,531)
	12,432	3,674
Net gains arising on revaluations in the year	18,145	9,725
Gains at 31 July	30,577	13,399

d) The charity holds unlisted investments costing £3 (2015: £3) in the following subsidiary undertakings:

	Cost £	Country of incorporation	Principal activity	Class of shares	Share capital held
Subsidiary undertakings					
Comic Relief Limited (note 3)	£2	England	Trading	Ordinary £1	100%
Brand Relief Limited (note 3)	£1	England	Non trading	Ordinary £1	100%

Notes to the financial statements For the year ended 31 July 2016

13. Current asset investments

	2016 £000	2015 £000
Call accounts	2,440	37,721
Fixed term deposits < 3 months to maturity	10,539	11,033
Fixed term deposits > 3 months to maturity	30,521	14,544
Global liquidity funds – Charity Projects	198	197
Market value at 31 July – Charity	43,698	63,495
Global liquidity funds – Comic Relief Limited	56	3,049
Market value at 31 July – Group	43,754	66,544
The current investments held in global liquidity funds are all available as instant access.		
Total funds < 3 months to maturity	13,233	52,000
Total funds > 3 months to maturity	30,521	14,544
Total group current asset investments	43,754	66,544

14. Debtors

	2016		2015	
	Group £000	Charity £000	Group £000	Charity £000
Amounts due from subsidiary undertakings	–	2,655	–	14,382
Other debtors	8,494	6,463	2,661	1,174
Social investment loans (due in less than 1 year)	412	412	321	321
Social investment loans (due in more than 1 year)	977	977	1,386	1,386
Provision for doubtful debts	(500)	(500)	–	–
Prepayments and accrued income	29,252	28,786	24,881	21,171
	38,635	38,793	29,249	38,434

In 2016 the portfolio of social investment loans managed by Shared Interest was reviewed. A provision of £500,000 has been made as it is not anticipated that all loans will be recovered in full. Shared Interest continue to seek recovery of the funds and work with the loan recipients to restructure where possible.

The social investment loans include £663,759 remaining on the \$5 million loan made during 2008/9 to Kuapa Kokoo Farmers Union Ltd (KKFU). Due to significant devaluation of the Ghanaian Cedi (GHS) against the US Dollar (USD) between 2009 and 2014, Trustees agreed in 2015 to re-denominate the outstanding loan balance due from Kuapa Kokoo Farmers Union Ltd from USD to GHS – the currency in which Kuapa derives income. This debt relief mitigated the adverse foreign exchange movement and reduced the amount due at 1st August 2014 from £2,368,967 (USD4 million) to £692,713 (GHS4 million). Repayments were suspended while discussions were ongoing and, having concluded the negotiations, we have extended the loan end date from March 2018 to December 2019. There is security for the remaining loan balance and interest remains payable on the Cedi balance. This is offset by £0.9 million in interest that Comic Relief will receive over the life of the loan, reducing the overall cost to £0.8 million. The debt relief and provision have been accounted for within grant expenditure because the primary purpose of the loans was social impact.

Notes to the financial statements For the year ended 31 July 2016

15. Creditors

	2016		2015	
	Group £000	Charity £000	Group £000	Charity £000
(a) Amounts falling due within one year:				
Grants approved not yet paid	84,757	84,757	82,432	82,432
Other creditors	686	686	506	308
Taxation and social security	474	474	466	466
Accrued expenditure	1,258	1,084	1,750	1,679
Deferred income	-	-	30	30
	87,175	87,001	85,184	84,915
(b) Amounts falling due after more than one year				
Grants approved not yet paid	69,268	69,268	64,923	64,923

16. 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 13 members at 31 July 2016 (2015: 15).

17. Analysis of group net assets between funds

	Unrestricted funds £000	Restricted funds £000	2016 £000	Total funds 2015 £000
Fixed assets	161,988	-	161,988	146,978
Current assets	54,361	33,636	87,997	114,447
Current liabilities	(62,993)	(24,182)	(87,175)	(85,184)
Liabilities due after one year	(45,777)	(23,491)	(69,268)	(64,923)
Group net assets	107,579	(14,037)	93,542	111,318

Notes to the financial statements For the year ended 31 July 2016

18. Unrestricted funds

	Balance 1 August 2015 £000	Incoming resources £000	Resources expended £000	Investment movements £000	Transfers £000	Balance 31 July 2016 £000
Charity and Group Designated funds						
Grant fund	81,561	49,124	(71,032)	-	(187)	59,466
Common Ground Initiative I	78	-	200	-	-	278
Common Ground Initiative II	(256)	1,249	(5,906)	-	-	(4,912)
The Bill & Melinda Gates Foundation	815	1,084	(935)	-	137	1,100
The New Fund	9,561	-	(104)	-	-	9,457
Give It Up Fund	16	-	5	-	-	21
Fixed Asset Reserve	2,550	-	-	-	(709)	1,841
Total Designated funds	94,325	51,457	(77,772)	-	(759)	67,251
Group – General Reserve	30,197	13,835	(22,083)	17,807	572	40,328
Total Group	124,522	65,292	(99,855)	17,807	(187)	107,579
Total Charity	124,372	64,006	(98,569)	17,807	(187)	107,429

The negative balances on the Common Ground Initiative Phase II (relating to Department for International Development (UKAid) Match Funding) arose because incoming resources are only recognised on entitlement to income from DfID, but the corresponding grants made are recognised in full at the time they are awarded. These negative balances will be eliminated over a number of years as funds are received from DfID.

Grant Fund represents all unrestricted income received from events and certain income from other activities, and is used to support work tackling poverty and social injustice.

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

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

Fixed Asset Reserve represents a designation of funds equal to the net book value of the fixed assets.

The New Fund is a designation of funds to create, catalyse and pilot innovative and new ways to tackle the relief of poverty and social injustice in the UK and internationally by individuals and new enterprises.

The Bill & Melinda Gates Foundation – this general grant has been designated by the Trustees of Comic Relief to support the expansion of Comic Relief's international activities, to develop creative ways of demonstrating success stories from Africa, to engage millennials and to support global advocacy.

Notes to the financial statements For the year ended 31 July 2016

19. Restricted funds

Group and Charity

	Balance 1 August 2015 £000	Incoming resources £000	Resources expended £000	Transfers £000	Balance 31 July 2016 £000
The Baring Foundation	13	-	-	(13)	-
The Bill & Melinda Gates Foundation	-	6,000	(6,000)		-
Laurie Family Fund	174	-	(15)		159
North East and Cumbria Dementia Fund	(123)	123	-		-
Queen's Young Leaders	-	3,294	(3,294)		-
Sainsbury's Fair Development Fund	275	250	(68)		457
The Scottish Sport Relief Home & Away Programme	4	-	(4)		-
The Sing Fund	15	-	-		15
Urban Slums and Maternal, Newborn & Child Health		3,131	(3,131)		-
Steve Redgrave Fund	23	1	-		24
The Vodafone Foundation	413	-	-		413
BT Supporters Club	404	1,558	(2,578)		(616)
UKAid Match Funding	(14)	-	57		43
UKAid Match Funding Slums	(4,204)	1,932	(1,183)		(3,455)
UKAid Match Funding Maanda	(7,560)	3,592	(1,070)		(5,038)
UKAid Match Funding Trade & Enterprise	(2,366)	2,815	(6,585)		(6,136)
UKAid Match Funding All in All Learning	(150)	827	(3,880)		(3,203)
GSK	-	3,400	(193)		3,207
Other Restricted Funds	(108)	6	(5)	200	93
Total Restricted Funds	(13,204)	26,929	(27,949)	187	(14,037)

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. Grant costs are recognised in full when the grant is awarded whereas the related incoming resources are recognised only when the cash is received or when it becomes receivable and when any conditions for receipt have been met. This can result in negative balances on some funds which will be covered by future income received against those funds.

The negative balances relating to UKAid (Department for International Development Match Funding) arise because incoming resources are only recognised on entitlement to income from DfID, but the corresponding grants paid are recognised in full at the time they are awarded. These negative balances will be eliminated over a number of years as funds are received from DfID.

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

The Bill & Melinda Gates Foundation is providing match funding towards grants to the GAVI Alliance for its vaccine programmes in sub-Saharan Africa and the Global Fund to fight AIDS, tuberculosis and malaria.

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

The North East and Cumbria Dementia Fund.

The funding from Northern Rock Foundation and The Ballinger Charitable Trust (and matched by Comic Relief) provided grants in the North East and Cumbria for projects using new ways to support people with Dementia to live at home for longer and for projects that provide support for their carers.

The Queen Elizabeth Diamond Jubilee Trust (QEDJT)

is a match funding grant which launched The Queen's Young Leaders Programme 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 £2m match-funding grant over four years. The Fair Development Fund targets workers and smallholder farmers in Sainsbury's supply chains across Africa, promoting fairer working 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 full

Notes to the financial statements For the year ended 31 July 2016

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 funded 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.

Urban Slums and Maternal, Newborn and Child Health (MNCH). This is a partnership agreement with the Big Lottery Fund that funds projects in the areas of urban slums and MNCH, to learn what can be achieved through collaboration with another funder, to generate shared learning about ways of working and international funding experience, to widen connections with the international funding sector and to inform and communicate with the UK development sector on what the collaboration aims to achieve.

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

The Vodafone Foundation. These funds are intended to support the international development of Comic Relief, including scoping the landscape and potential for fundraising in five territories where Vodafone has an operating company, and exploring the potential for collaboration on grant-making in Africa around health and education projects.

The BT Supporters Club is a Comic Relief initiative in partnership with BT Sport. 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 costs and management of the fund.

UKAid Match Funding is a co-funding arrangement created as part of Red Nose Day 2011 whereby DfID committed to match fund up to £16million 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 up to £10million 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 up to £16million 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 Initiative is a co-funding arrangement created as part of Sport Relief 2014 whereby DfID committed to match fund up to £10million of Sport Relief funds raised by the public which Comic Relief will allocate towards supporting income generation and enterprise growth across sub-Saharan Africa.

UKAid Match Funding All in, All learning! is a co-funding arrangement created as part of Red Nose Day 2015 whereby DfID committed to match fund up to £10 million of Red Nose Day funds raised by the public which Comic Relief will allocate towards education in sub-Saharan Africa.

GSK Malaria Fund is a collaboration between GlaxoSmithKline and Comic Relief to improve health in malaria endemic countries in sub-Saharan Africa.

Other Restricted Funds include donations given by a number of individuals who have chosen to support specific areas of our grant making.

There are live grants remaining with Do it for Real (Spirit of 2012) and the Early Action Neighbourhood (a partnership between Comic Relief, the Big Lottery Fund and the Esmeé Fairbairn Foundation). As all income has been recognised and all grants awarded in prior years, the balance on these restricted funds was £nil at 31 July 2016 (2015: £nil).

Notes to the financial statements For the year ended 31 July 2016

20. Contingent Assets

As at 31 July 2016, the Charity has entered into funding agreements where the Trustees have concluded that not all conditions for recognition of the grant income have been met. The Trustees expect that the conditions in these agreements will be fulfilled over the course of the next five years. The unrecognised value of these agreements is up to £52.4million (2015: £63million).

21. Commitments under operating leases

At 31 July 2016, the group had a total value of minimum future lease payments as follows:

	2016 £000	2015 £000
Payments due		
Land and buildings: within one year	482	325
Land and buildings: between 1 and 5 years	1,918	2244
Plant and equipment: within one year	7	7
Plant and equipment: between 1 and 5 years	12	19
Total	2,419	2,595

22. Management of liquid resources Group

Net disposal of current asset investments

2016 £000	2015 £000
22,790	19,675

23. Analysis of the changes in net funds

	At 1 August 2015 £000	Cash flows £000	At 31 July 2016 £000
Cash at bank and in hand	18,654	(13,046)	5,608
Current asset investments	66,544	(22,790)	43,754
Total	85,198	(35,836)	49,362

Notes to the financial statements For the year ended 31 July 2016

24. Related parties

Comic Relief Inc

Comic Relief Incorporated (CR Inc, previously known as America Gives Back Inc.) is a 501(c)(3) charitable organisation registered in the United States in 2007.

Kevin Cahill was Chief Executive of Charity Projects and President of CR Inc for the reporting period. Richard Curtis is a Trustee of Charity Projects and Vice President of CR Inc. The remaining six Trustees of CR Inc. are independent of Charity Projects.

Charity Projects exerts influence over CR Inc's operating and financial policies through the license agreement and board composition. However Charity Projects has no beneficial interest in CR Inc, receives none of the funds raised from Red Nose Day USA, has no rights to the residual assets of the organisation and does not have the power to remove CR Inc's board members. Therefore CR Inc. is neither a subsidiary nor an associate of Charity Projects.

In May 2016, the second Red Nose Day USA was produced by CR Inc. in partnership with NBC Universal under license from Charity Projects. The license was initially issued for nil cost to support the launch of what is hoped will become an annual event.

The terms of the license provide for the provision of know-how and advice by Charity Projects to CR Inc. to ensure the successful delivery of Red Nose Day USA. As part of fulfilling these license commitments, Richard Curtis (as founder of Comic Relief, Executive Producer of Red Nose Day UK and Trustee of Charity Projects) agreed to perform an Executive Producer role for the TV show on NBC as well as supporting the set-up of the Red Nose Day campaign. Richard gave all of his time for free and CR Inc paid any expenses (2015: Charity Projects paid travel and accommodation costs to the value of £27,525).

In addition, following discussion with the Bill & Melinda Gates Foundation, £861,472 (\$1,205,000) of a core grant from the Foundation to Charity Projects, was sub-granted from Charity Projects to CR Inc to support the year two production of Red Nose Day USA.

At 31 July 2016, CR Inc. owed £261,832 (2015: £15,098) to Charity Projects for costs incurred in delivering Red Nose Day USA.

CR Inc's year end is 31 December. The unaudited income raised from Red Nose Day USA 2016 was £24.8m (\$36.3m) (2015: £14.9m equivalent to \$23.9m).

Other related parties

During the year, Comic Relief Limited charged £423,280 to Charity Projects as a licence fee for the use of the Comic Relief brand in an onward licence to CR Inc.

Charity Projects charges Comic Relief Ltd a management fee for shared staff, premises, depreciation and other support costs. The charge is based on the ratio of income for each entity. For 2016 the fee was £948,131 (2015: £1,058,000).

Comic Relief Limited transfers its total net taxable profit to Charity Projects at the end of each year under gift aid. For the year ended 31 July 2016 this was £7.3million (2015: £11.1million).

At 31 July 2016 Comic Relief Ltd owed £7.8million (2015: £12.5million) to Charity Projects.

During the year Trustees and key management personnel made personal donations totalling £5,150.

Notes to the financial statements For the year ended 31 July 2016

25. Reconciliation with previous Generally Accepted Accounting Practice and Prior Year Adjustments

Charity Projects has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 August 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 July 2015. The table below reconciles how the transition to FRS 102 has affected the reported financial position and financial performance.

	At 1 August 2014	At 31 July 2015
Reconciliation of Funds		
Funds as previously stated	113,415	101,075
Change in income recognition criteria	1,125	11,248
2013/14 adjustment for income recognition carried forward	–	1,125
Prior Year Adjustment – income incorrectly recognised in Comic Relief Limited	–	(2,130)
Funds as restated	114,540	111,318

	2015 £'000
Reconciliation of 2015 deficit for the year	
2015 deficit as previously stated	(12,340)
Change in income recognition	11,248
Prior Year Adjustment – income incorrectly recognised in Comic Relief Limited	(2,130)
2015 deficit as restated	(3,222)

While undertaking the review of the transition arrangements, the directors of Comic Relief Limited identified the need for an adjustment to previously reported results under the UK GAAP due to a prior year accounting error. In the prior year turnover was overstated by £2.1million with a corresponding overstatement of accrued income. As a result of the overstatement of income, the accrued payment under gift aid distribution to the Charity Projects was also overstated by £2.1million and the corresponding intercompany creditor. These accounts include the correction for these amounts as part of the transition to FRS 102. As a result net assets as at 1 August 2014,

31 July 2015 and 31 July 2016 were unchanged, however, profit before tax for the year ended 31 July 2015 is £2.1million lower (year ended 31 July 2016 unchanged).

In prior years, the funding received under five UKAID grants was disclosed under designated funds. As part of the review of contracts for SORP transition, the Trustees consider that treating these funds as restricted more accurately reflects the substance of the underlying agreements. As a result the balances at 31 July 2015 (totalling a deficit of £14.3million) have been transferred from designated to restricted funds.

The Comic Relief logo, featuring the words "COMIC" and "RELIEF" in a bold, black, sans-serif font. The letter "O" in "COMIC" is replaced by a red circle with a white dot in the center, resembling a stylized eye or a drop of blood. The logo is set against a white circular background.

**COMIC
RELIEF**

Photo credits:

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