

Company number: SC197327
Charity number: SC012302

SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Report of the Directors for the year ended 31 December 2018

The Directors present their annual Directors' report and the audited financial statements of the charity for the year ended 31 December 2018 which are prepared in accordance with the requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006, the Memorandum and Articles of Association, 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 (FRS102) (effective 1 January 2015) (Charities SORP (FRS102)).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Scottish Catholic International Aid Fund ("SCIAF") is a company limited by guarantee, incorporated in Scotland (registration number SC197327) on 18 June 1999 and is also a Scottish charity registered with the Office of the Scottish Charity Regulator (charity reference number SC012302). SCIAF is the official international aid and development agency of the Catholic Church in Scotland.

Organisational structure

The Directors are responsible for the overall control of the charity. Those who served during the year and up to the date of this report are detailed below. The Directors give their time free of charge and receive no remuneration or other financial benefits.

The Directors meet quarterly with the senior management team and are responsible for overseeing the alignment of SCIAF's vision, mission and values with its operational activities. They approve organisational strategy, structure, corporate plans and budgets to ensure SCIAF is accountable and effective.

The Directors appoint the executive director, to whom they delegate the day-to-day leadership and management of the organisation, and the implementation of plans. This includes the implementation, monitoring and evaluation of programmes, support for overseas partners, fundraising, education and advocacy.

Recruitment and appointment of Directors

The existing Directors are responsible for the nomination of new Directors. In selecting new Directors, we seek to identify qualified and committed people. All Directors are appointed by the Bishops' Conference of Scotland following selection and recommendation by the Board of Directors.

Induction and training of directors

Following appointment, new Directors are briefed by the Board and management. They are given a copy of the Memorandum and Articles of Association and introduced to SCIAF's vision, mission, values and its operational activities including annual work-plans and budgets.

Finance and Audit Committee

The members of the committee are detailed below. The key responsibilities of the committee are to ensure that SCIAF operates within appropriate financial guidelines as set out in its Memorandum and Articles, determined by current charity legislation and by the Board and that SCIAF can meet its financial obligations. This committee was set up in 2013, the Terms of Reference were revised in December 2015 and the Chair of the committee is on the Board of Directors.

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Report of the Directors for the year ended 31 December 2018 (continued)

Outreach and Fundraising Committee

The members of the Committee are detailed below. The key responsibilities of the committee are to support, monitor and advise SCIAF's work in Scotland, its fundraising, and its relationships with, and accountability to, supporters. This committee was set up in 2013, the Terms of Reference were revised in December 2015, and the Chair of the committee is on the Board of Directors.

Integral Human Development Committee

The members of the Committee are detailed below. The key responsibilities of the committee are to support, monitor and advise SCIAF's international work, including policy and advocacy, contributing to the quality and effectiveness of what SCIAF does and its accountability to its partners, donors and other stakeholders. This committee was set up in 2014, the Terms of Reference were revised in December 2015, and the Chair of the committee is on the Board of Directors.

Pay policy for senior staff

The Directors consider that the Board of Directors and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. All Directors give their time free of charge and no Director received remuneration in the year. Details of Directors' expenses and related party transactions are disclosed in notes 7 and 19 to the financial statements.

The pay of the senior management team and all members of staff was agreed following a job evaluation and reward process undertaken in 2013. This was undertaken by external consultants where roles and remuneration were benchmarked against roles of equivalent size in the wider Public and Not for Profit sectors. There are three points in the pay band structure for senior management with the top point being the midpoint between the minimum and median of the benchmark.

Related parties

SCIAF is an agency of the Bishops Conference of Scotland which has a controlling interest in SCIAF. The Bishops Conference has the power to appoint or remove the charity trustees of SCIAF.

Reference and administrative details

Company Name: Scottish Catholic International Aid Fund
Charity registration number: SC012302
Company registration number: SC197327 (Scotland)
Registered Office and operational address: 19 Park Circus, Glasgow, G3 6BE
Website: www.sciaf.org.uk

Our advisors:

Auditors: Wylie & Bisset LLP, 168 Bath Street, Glasgow G2 4TP
Solicitors: McSparran McCormick, Solicitors, Waterloo Chambers,
19 Waterloo Street, Glasgow, G2 6AH
Investment advisors: Standard Life Wealth Limited, 1 George Street, Edinburgh, EH2 2LL

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Report of the Directors for the year ended 31 December 2018 (continued)

Reference and administrative details (continued)

Bankers: Royal Bank of Scotland, Glasgow Charing Cross Branch,
9 Clifton Place, Glasgow, G3 7JU
Santander, 9 Nelson Street, Bradford, West Yorkshire, BD1 5AN
Clydesdale Bank, 1 Woodside Crescent, Glasgow, G3 7UL
Barclays Bank, 120 Bothwell Street, Glasgow, G2 7JT

Key management personnel: Board of Directors

Right Rev J. A. Toal (President)	Right Rev W. Nolan
Right Rev B McGee	Most Rev L. Cushley
Right Rev J Keenan	Prof M. Mannion
Prof J Gallagher	Prof D. MacLaren

Secretary

McSparran McCormick, Solicitors

Key management personnel: Senior Management Team

Alistair Dutton	Executive Director
Lorraine Currie	Director of Integral Human Development
Robert Swinfen	Director of Central Services

Finance & Audit Committee

Prof Jim Gallagher (Chair)
Iain Marley
Paula Speirs
Joseph Hughes

Outreach & Fundraising Committee

Prof Mike Mannion (Chair)
Liz Mallinson
Jeremy Prall

Integral Human Development Committee

Prof Duncan MacLaren (Chair)
Jane Salmonson
Alison O'Connell
Fr. Leonard Chitty

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Report of the Directors for the year ended 31 December 2018 (continued)

OBJECTIVES AND ACTIVITIES

Our mission

We want a world without poverty, where the poorest can survive and thrive. Our mission is to help the poorest free themselves from poverty by equipping them with the tools they need.

Our objectives

SCIAF is the official aid agency of the Catholic Church in Scotland. Inspired by the Gospel, and guided by Catholic Social Teaching, we reach out with love to our global neighbours in need, regardless of gender, class, race or religion. We have development projects in 14 priority countries in Africa, Asia and Latin America, the Middle East, and respond to emergencies all over the world.

We help families in poor countries to live in peace, free themselves from hunger, poverty and injustice, learn new skills, and fully recover when disaster strikes. We stand with communities to build peace and promote justice, so they have power over their own lives. We help families to grow more food, earn a living, and protect their natural environments, giving them hope for the future. We help people develop the skills and knowledge they need to live life to the full. When disasters strike, we respond as part the Caritas family, feeding the hungry and sheltering the homeless.

We believe in giving people in need a hand up, not a hand out, focusing on the needs of the whole person - their emotional and spiritual wellbeing, political voice, cultural and community life, as well as the way they support themselves.

Partnership is at the heart of what we do. We work with local organisations and the Church overseas so power is in the hands of local people and expertise stays in the communities where it's needed most.

At home, we inspire the Scottish public, parishes and schools to come together so we can build a better future for all, and put pressure on governments and big business to create a fairer, more peaceful world.

We are proud to be part of Caritas Internationalis, the Catholic Church's international network of 165 development charities around the world, working tirelessly in more than 200 countries.

Strategies

We are driven by our values. We believe that every human being has dignity. We always seek to empower people by giving them a hand up, not a hand out. We stand in solidarity with our poorest sisters and brothers through thick and thin, and provide hope to those we work with that a better world is possible - one in which they can survive and thrive.

We have professional project management systems. We monitor and evaluate our programmes to help us learn and improve. The senior team monitors progress and reports to the Board of Directors.

Grants Policy

Development grants are made to approved Partners in our priority countries, for projects developed with input from SCIAF which fall within the three strategic aims in the Strategic Plan 2016 – 2020: Peaceful and Just Communities, Sustainable Livelihoods and Environments; and Access to Education for Marginalised Groups. Additional grants are made in response to emergencies which are brought to our attention by the Caritas network or one of our other partners.

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Report of the Directors for the year ended 31 December 2018 (continued)

Use of volunteers

Volunteers are vital in SCIAF's work, at headquarters, in communities around Scotland, and overseas. Volunteers are involved in most of our activities and we are lucky to have over 160 people who gave over four thousand hours of energy and expertise to SCIAF in Scotland alone in 2018.

Volunteers undertake a lot of work in schools and parishes. Our office-based volunteers work in a number of departments, while others translate documents. Some volunteers work with us as consultants to achieve specific pieces of work. All volunteers working with children or other vulnerable groups are checked with Disclosure Scotland as part of our safeguarding policy.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors 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 charitable company and of the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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Report of the Directors for the year ended 31 December 2018 (continued)

The Directors confirm that:

- so far as each of the Directors is aware there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Approved by the Directors and signed on their behalf by:



Rt. Rev. J.A. Toal
President
21st March 2019

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Strategic Report for the year ended 31 December 2018

The Directors present their annual strategic report in accordance with the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013.

ACTIVITIES AND ACHIEVEMENTS

1 REDUCING POVERTY & INJUSTICE OVERSEAS

- 1.1 Working in partnership
- 1.2 Responding to emergencies
- 1.3 Safeguarding communities

2 ADVOCATING FOR CHANGE

- 2.1 Securing climate justice
- 2.2 Supporting partners

3 BUILDING SUPPORT IN SCOTLAND

- 3.1 Supporter development and community engagement
- 3.2 Educating for change
- 3.3 Supporter consent

1. REDUCING POVERTY AND INJUSTICE OVERSEAS

As a Catholic development agency, SCIAF draws inspiration from the rich heritage of religious tradition, including the Bible and Catholic Social Teaching. Our work is guided by the Caritas Partnership Principles and we are committed to a partnership-based model of working. Our development and emergency work is executed through local partners, combining our skills, resources and capacity, with their local knowledge and expertise, to achieve the best possible results for communities affected by hunger, poverty, conflict, disease, injustice and natural disasters. Our partners are primarily the national or local Caritas, or other Church bodies. If these are found not to have the capacity or expertise to undertake our programmes, we establish other suitable local partnerships.

In 2018 we continued to focus on four key themes:

- **Peaceful and Just Communities** provides help to women affected by gender-based violence, supports conflict resolution and mitigation, and empowers communities to exercise their rights and responsibilities, especially in relation to natural resources and community development
- **Sustainable Livelihoods and Environments** supports sustainable agriculture and small business development
- **Access to Education** aims to increase access to school, vocational training and educational courses for marginalised groups
- **Emergency Response** provides life-giving support to help people survive and recover when disaster strikes.

During 2018 SCIAF disbursed grants totalling £6,006,894 through 145 projects, implemented by 75 partner organisations. The projects were implemented in 26 countries, across Africa, Asia, Latin America and the Middle East, directly assisting over 261,400 individuals.

Aims	Total (Female)	Total (Male)	Total (Male & Female)
Peaceful and Just Communities	29,029	21,579	50,607
Sustainable Livelihoods and Environments	53,179	44,352	97,531
Access to Education	2,037	2,622	4,659
Emergency Response	55,968	52,669	108,637
Grand Total	140,212	121,221	261,434

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Strategic Report for the year ended 31 December 2018 (continued)

1.1 Working in partnership

A total of 152,797 individuals, including 84,245 women, directly benefitted from our long-term development projects in 2018, in 14 countries across Africa, Asia and Latin America.

These countries were selected by looking at the following criteria: level of poverty, inequality, human rights abuses, social exclusion, vulnerability to disaster, SCIAF's potential for impact, the presence of Caritas and CIDSE sister agencies, and the strength of local partners. On completion of our project in Myanmar, SCIAF stopped working in the country in 2018.

During the year we carried out a survey of partners and asked their views on their experience of working with SCIAF. The results were overwhelmingly positive, with 97% rating their relationship with SCIAF as very good or good. The results encouraged us to think how we can strengthen our capacity building and accompaniment support.

Throughout the year we brought to life the inspiring voices of those we work with overseas, through a wide range of printed and online resources. Three Promising Practices publications focusing on programmes in Asia, Africa and Latin America, including a new illustrated resource on sustainable farming, enabled us to showcase our expertise, address challenges, identify lessons learned and make recommendations to assist others in the sector.

Further, following a successful bid in 2017, we continued to administer the Scottish Government's three-year, £3.2million Climate Challenge Programme Malawi (CCPM), which is helping vulnerable Malawians identify and implement innovative solutions to the climate change challenges they face. In 2018 we created and delivered a high-quality website, short film, and new communications channels and materials for the CCPM, to demonstrate how support from Scotland help communities adapt to climate change.

1.2 Responding to emergencies

When disasters strike, we act immediately as part the Caritas family. In 2018 we responded to, or continued to respond to, 36 emergencies across the world. Over 108,637 individuals, including 55,968 women, directly benefitted from our support.

In line with our partnership approach, and as an active member of the global Caritas family, our work in major humanitarian crises is primarily provided through Caritas Internationalis confederation. During 2018 we continued to strengthen our role within Caritas Internationalis, taking part in the Accountability Working Group which aims to improve future emergency responses by listening to, and being more accountable to those affected by crisis.

In addition to our work through Caritas Internationalis, we provide support to our existing long term development partners if they face emergencies. We also support sister agencies such as CAFOD and Trocaire who have teams that are often deployed in emergencies. In 2018 we continued our work with CAFOD in Syria, Lebanon and Jordan, helping refugees, people displaced internally, and others affected by the war and chronic humanitarian crisis. We highlighted this work extensively in traditional and online media after a media trip to Syria and Lebanon in November, focusing on the ongoing need for support from the International community.

Throughout the year SCIAF ran public fundraising appeals for the Kerala floods, the ongoing Rohingya crisis, and the Indonesian earthquakes and tsunamis through direct marketing, community engagement, traditional media and online communications. A unique photography exhibition, organised by SCIAF and Justice and Peace Scotland, highlighting the plight of Rohingya refugees in Bangladesh, visited every diocese in Scotland throughout the year. Drawing on the inspiration of Pope Francis who called upon us to 'share the journey' of refugees and migrants, the exhibition explored the devastating journey Rohingya refugees have been forced to take. A strong response from supporters showed that our core

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Strategic Report for the year ended 31 December 2018 (continued)

audience continues to support our emergencies work generously.

1.3 Safeguarding communities

Following widespread media reports of safeguarding concerns in the international development sector, we pro-actively highlighted two historic safeguarding cases we had dealt with. SCIAF's response was generally positively received by the media, regulators and wider stakeholders. Many supporters got in touch to commend us for our open and transparent approach.

As part of our commitment to creating a better world, in which everyone is safe and treated with respect, we are currently implementing a three year Safeguarding Action Plan. This follows an independent review of our safeguarding systems in 2017 by an external consultant. The review concluded that SCIAF's policies and procedures were fit for purpose and that the two cases reported to us had been handled well. Throughout 2018 we focused on strengthening SCIAF and our partners' capacity, policies and procedures to prevent and respond to safeguarding issues effectively and efficiently.

2. ADVOCATING FOR CHANGE

Addressing the causes of poverty and injustice is core to SCIAF's approach. Throughout 2018 we brought together policy, campaigns and communications to secure improved climate change legislation in Scotland. We also increased support for our partners and project participants overseas so they can campaign for change in their countries.

2.1 Securing climate justice

Throughout 2018 we campaigned for an ambitious Scottish Government Climate Change Bill, highlighting the injustice that the countries who do the least to cause climate change are hit the hardest, and calling for Scotland to set ambitious targets to reduce emissions.

This included helping to organise and run a mass lobby event at the Scottish Parliament so supporters could meet their MSPs and urge them to support a strong Climate Change Bill. Further, SCIAF played a major role in bringing Scottish faith leaders together at an event so they could share their views with the Cabinet Secretary for the Environment and MSPs. We ran a campaign which secured 1,739 signatures from across Scotland, more than any other organisation involved in similar action.

At the UN Climate Summit in Poland in December we brought our partners together with the Cabinet Secretary and others, so they could share their first-hand experience of the impact of climate change in Zambia and Malawi.

Combined, these activities sent a clear message to politicians that Scotland must do more to save the world's poorest people from further devastation. The language in our briefings to MSPs has been used in debates and motions in the Scottish Parliament, The Labour Party adopted our call for the Scottish Climate Bill to include a target to reduce our greenhouse gas emissions to net zero by 2050.

2.2 Supporting partners

2018 saw us invest considerable time and resources in supporting partners to be more effective in campaigning on issues that affect them at a local level. We delivered training on a new and innovative Advocacy Manual Toolkit created in 2017 and helped partners develop advocacy strategies in Malawi and Uganda, equipping them and increasing their ability to campaign for change.

Strategic Report for the year ended 31 December 2018 (continued)

3. BUILDING SUPPORT WITHIN THE SCOTTISH COMMUNITY

In addition to working closely with partners and campaigning to reduce poverty and injustice, we continued to build strong support within the Scottish community. Our fundraising appeals raised over three million pounds to support those most in need, and a renewed focus on supporter recruitment led to an innovative digital marketing Facebook campaign which recruited over 850 new people to our supporter database. We also drove public engagement and increased SCIAF's profile across traditional media with 726 articles creating 73,110,868 opportunities to view.

3.1 Supporter development and community engagement

SCIAF's 2018 WEE BOX BIG CHANGE Lent campaign focused on our work with families in one of the poorest provinces of rural Cambodia to protect the local rivers and forests they depend on to survive. STV News, The Daily Record and Scottish Catholic Observer travelled to see this work first-hand and each ran multiple stories. Digital marketing and social media were also used extensively to promote the appeal. This included high profile support from Deacon Blue's Ricky Ross and broadcaster Kaye Adams, and fantastic online engagement with schools, combining to make it one of our strongest and biggest appeals.

The appeal benefitted from UK Aid Match funding from the British government, which meant that every pound donated was doubled. Schools, parishes and individual supporters throughout Scotland raised £1,663,918, leading to a total exceeding £3.1 million.

Alongside Lent, and our emergency appeals, other campaigns throughout the year included a focus on Rwanda during the Feast of Christ the King in November, Christmas Real Gifts, and In Memory and Legacy giving. Groundwork laid in previous years, combined with new work to build strong relationships with executors, came to fruition with 57 legacies delivering an income of over £1.7 million. We built on growing relationships with Major Donors, resulting in a strong return of nearly £400,000 from 28 individuals. We also started a new programme looking at income from trusts and foundations, with positive initial results. This is an area we will look to expand further in the coming year.

In seeking to expand our base of support, we undertook a successful event in Edinburgh for members of the legal profession. Building on the success of last year, our second annual SCIAF 6K Family Fun Run took place in June with over 200 participants raising a fantastic £5,000 to help our life changing work around the world. Additionally, we helped supporter run events, including the first SCIAF Carol Concert in which six senior schools came together to fundraise during a night of festive music and entertainment.

3.2 Educating for change

In line with the mandate from the Bishop's Conference of Scotland to educate young people in Scotland about global justice and international development, we increased the number of school visits undertaken and developed new classroom resources for schools, including an imaginative new 'Big Book' on life in Cambodia for use in primary schools. We also took our work into universities and higher education establishments with a view to growing support in a new target audience.

Additionally, in 2018 we continued to inspire others through faith. We celebrated the canonisation of Blessed Oscar Romero. Together with the Archbishop Romero Trust, we published a commentary on Romero's teachings by Fr Thomas Greenan which was launched at a well-attended event in August. Sales of the book have exceeded expectations. We also developed a dedicated online resource to help schools learn more about SCIAF's patron and, with the help and support of The Archbishop Romero Trust, have been able to show the truly powerful and compelling documentary film 'The Claim – Oscar Romero, his people and Pope Francis', in 12 screenings across Scotland, including some in the Western Isles.

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Strategic Report for the year ended 31 December 2018 (continued)

3.3 Supporter consent

SCIAF has proactively embraced GDPR (the General Data Protection Regulation) which came into force on 25th May 2018, as a positive move for the benefit of all supporters, beneficiaries, staff and volunteers. We began an extensive programme of work in 2017 and this continued to gain momentum throughout 2018 across the whole organisation. Our open and transparent 'supporter choice approach', enabling supporters to opt in or out of contact across a range of communications channels, became embedded into our work. During 2018, thousands of SCIAF supporters opted in for continued communication through mail and email.

Further, our revised Privacy and Cookie Policy was published online in 2018 and a new Data Protection Policy approved. A new Photography, Video and Case Studies Policy was put into place and Grant Agreements with our partners updated to highlight their responsibilities regarding data protection.

FINANCIAL REVIEW

Results for the year

There was net expenditure for the year of £326,006 (2017: £1,651,839) reflecting some progress in our strategic aim of reducing surplus reserves, both Restricted and Unrestricted. The exceptional legacy income in the year meant that reserves were not reduced by as much as planned.

Principal funding sources

The charity's main source of income is voluntary income from individuals. Total donations and legacy income was £5,919,792 (2017: £5,346,385). This represents an increase from 2017. Lent income rebounded as we once again benefitted from UK Aid Match, and a fall in other donations was more than offset by exceptional legacy income. Restricted income in the year totalled £678,791 (2017 £1,262,225); our only major appeal this year was for the tsunamis in Indonesia. SCIAF also received £2,696,613 (2017: £2,386,372) of institutional funding for overseas relief and development.

Principal expenditure

The charity's main expenditure is on international programmes. Total expenditure was £9,090,399 (2017: £9,549,653) with international programmes making up £7,255,773 (2017: £7,613,055). This represents a fall back to normal levels after a number of one-off additional grants in 2017.

Reserves policy

The Directors review SCIAF's reserves policy annually and monitor the level of reserves and the financial position each quarter. Restricted reserves are generated when the supporter or donor organisation stipulates the area of activity in which the income has to be spent (for example where funds are received in response to a particular emergency or for a particular project overseas). SCIAF regularly pre-finances programme costs that will be covered by government and other institutional programme grants, approving and paying out funds to local partners, in advance of receiving funds from the donor. As a result, negative balances arise on particular restricted funds. At the end of 2018 the restricted funds held amounted to £338,796 (2017: £462,767).

At the end of 2018, SCIAF had £4,831,119 (2017: £5,213,447) in unrestricted funds of which designated funds amounted to £2,431,397 (2017: £2,929,376). As detailed in note 15, the Board has a policy to set aside contingency reserves based on its assessment of the likelihood and impact of financial risks. These funds are to ensure that, in the wake of significant unexpected events, SCIAF can continue to respond rapidly to emergencies, can meet its planned future commitments to current projects, and continue its operations. SCIAF aims to hold an operational reserve level of 30% of voluntary income. In accordance

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Strategic Report for the year ended 31 December 2018 (continued)

with this policy the Board has set the intended level of the General Funds at £1,584,120 (2017: £1,464,660). This reserve was £447,472 in excess of target at the end of the year as a result of the legacy income already referred to.

The funds tied up in tangible fixed assets is set at the net book value at the balance sheet date of tangible fixed assets. This fund is not available for current expenditure, as the assets are used in the day to day operation of SCIAF.

The designated strategic investment reserve has been established based on the five-year forecast and the funds will be spent down over the next two years in furtherance of SCIAF's aims. The strategic contingency fund has been established for any additional agreed and approved spend to meet SCIAF's strategic objectives. Details of other specific reserves appear in note 15 to the accounts.

Investment policy

SCIAF's investment policy was developed by the Board of Directors to enable SCIAF to maximise the potential income from funds held at any time, while minimising the risk of loss of value. Funds are split between interest bearing current accounts, and medium term stock exchange investments. The latter are managed for SCIAF by Standard Life Wealth, and investments are required to meet strict ethical guidelines, consistent with the work and beliefs of SCIAF. At the end of 2018, the funds invested had a market value of £3,152,701 (2017: £4,222,226). During 2018 a net amount of £1,000,000 was withdrawn from Standard Life for planned spending requirements. The investment objective is to achieve a balanced return from income and capital growth over the long term.

The Board compare the performance of the fund against cash – the LIBID 7- day Index +3% and a composite of the following indices: FTA Government All Stocks Index (49%), FTSE All Share Index (49%) and Cash (2%). Over the year the portfolio outperformed its benchmark by 0.1% and the portfolio return for the year to 31 December 2018 was -4.1% in line with a very poor return for the stock market in general.

SCIAF's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk, foreign exchange risk and interest rate risk. SCIAF does not use derivative financial instruments to manage interest rate or foreign exchange costs and no hedge accounting is applied.

- a) Price risk: SCIAF is exposed to price risk as a result of its operations. However, given the size of its operations, the cost of managing exposure to price risk exceeds the potential benefits
- b) Credit risk: SCIAF's income is mainly either from donations which does not have a credit risk or from public bodies which are viewed overall by the directors as being low credit risk. Included within this are some non-government bond investments as part of the investment portfolio which have a medium credit risk. The amount of exposure is reassessed regularly by the Board
- c) Liquidity risk: SCIAF maintains short-term cash that is designed to ensure that it has sufficient funds for its operations
- d) Variable interest - rate risk: placement of cash is regularly monitored.

Risk Management

SCIAF's risk register identifies the major risks by area of activity, the nature of those risks, the likelihood of the risks happening and the measures taken to manage them. The Directors review this risk register at least annually at their meetings. The aim of this review is to ensure directors are satisfied that systems are in place, or arrangements are in hand, to mitigate all significant risks. SCIAF's current key risks include the generation of institutional income and the subsequent compliance and governance, and the impact of a loss of reputation on general fundraising income. These areas are being actively managed. The 2018 review of risks identified the most significant risks as being: loss of potential

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Strategic Report for the year ended 31 December 2018 (continued)

institutional income through political changes or failures to compete; failure to achieve fundraising targets; inadequate ICT infrastructure, and exchange rate risk exacerbated by political uncertainty.

Qualifying third party indemnity provision for the Directors is in force during the year.

PLANS FOR THE FUTURE

Our priorities in 2019 will be to build a strong, broad network of volunteers engaged in parishes, schools and communities throughout Scotland, and to pursue our fundraising strategy energetically across a number of channels to ensure that we ensure greater, sustainable ability of SCIAF to help the poorest free themselves from poverty by equipping them with the tools they need in accordance with our strategic plan.

In accompanying our poorest neighbours whom we serve, we will become more accountable to the communities we serve. We will ensure all partners have updated safeguarding policies and procedures in place that meet international standards and that all partner staff received updated training in safeguarding prevention and response. We will also make sure high risk SCIAF projects have a risk matrix that includes safeguarding, and will look to establish an organisational complaints mechanism. Further, to help foster human dignity and social justice across our work, SCIAF aims to pilot our new Integral Human Development Guide to help design, implement, monitor and evaluate our advocacy and international programming work. Through this approach, SCIAF not only guarantees a moral framework around our work but one consistent with our own nature as a Catholic organisation serving one human family.

In 2019 we will continue to take initiatives to improve supporter experience (retaining current supporters), as well as recruiting more new donors and developing a more diverse portfolio of income streams in order to mitigate the impact of GDPR on our contactable supporter base and crucially on income. The year will also see us increase our investment in digital marketing as per our new Digital Marketing Strategy 2018-2022.

Approved by the Directors and signed on their behalf by:



Rt. Rev. J.A. Toal
President

March 21st 2019

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SCOTTISH CATHOLIC
INTERNATIONAL AID FUND FOR THE YEAR ENDED 31 DECEMBER 2018**

Opinion

We have audited the financial statements of Scottish Catholic International Aid Fund for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2016; Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SCOTTISH CATHOLIC
INTERNATIONAL AID FUND FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)**

Other information (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Directors and the Strategic Report, which include the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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; or

Responsibilities of trustees

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SCOTTISH CATHOLIC
INTERNATIONAL AID FUND FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)**

Auditor's responsibilities for the audit of the financial statements

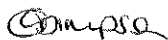
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on 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.

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

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

Use of our report

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 charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jenny Simpson (Senior Statutory Auditor)
For and on behalf of Wylie & Bisset LLP, Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

21st March 2019

SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018		2017		
		Unrestricted Funds £	Restricted Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
Income						
<i>Donations and legacies</i>						
Lenten donations		1,663,055	-	1,134,817	-	1,134,817
Other donations		1,783,093	678,791	1,948,660	1,261,225	3,209,885
Legacies		1,794,853	-	1,000,683	1,000	1,001,683
Total donations and legacy income		5,241,001	678,791	4,084,160	1,262,225	5,346,385
<i>Income from charitable activities</i>						
Institutional funding – international programmes	1	197,873	2,498,740	206,875	2,179,497	2,386,372
<i>Income from trading activities</i>						
Sale of goods & resources		9,804	-	5,894	-	5,894
<i>Investment income – dividends and interest received</i>						
		138,184	-	158,138	1,025	159,163
Total income		5,586,862	3,177,531	4,455,067	3,442,747	7,897,814
Expenditure						
<i>Total Expenditure on raising funds</i>	2	870,000	3,175	1,011,177	-	1,011,177
<i>Expenditure on charitable activities</i>						
International programmes	4a	3,957,446	3,298,327	3,867,336	3,745,719	7,613,055
Advocacy	4c	252,544	-	253,153	-	253,153
Communication & education	4b	708,907	-	651,161	21,107	672,268
Total Charitable expenditure		4,918,897	3,298,327	4,771,650	3,766,826	8,538,676

SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)

Total expenditure	5,788,897	3,301,502	9,090,399	5,782,827	3,766,826	9,549,653
<i>Net expenditure for the year before transfers and other gains and losses</i>	(202,035)	(123,971)	(326,006)	(1,327,760)	(324,079)	(1,651,839)
Net (loss)/gain on investments	(180,293)	-	(180,293)	253,003	-	253,003
<i>Net expenditure</i>	(382,328)	(123,971)	(506,299)	(1,074,757)	(324,079)	(1,398,836)
Transfer between funds	-	-	-	-	-	-
<i>Net movement in funds</i>	(382,328)	(123,971)	(506,299)	(1,074,757)	(324,079)	(1,398,836)
<i>Reconciliation of funds</i>						
Total funds brought forward	5,213,447	462,767	5,676,214	6,288,204	786,846	7,075,050
Total funds carried forward	15	4,831,119	5,169,915	5,213,447	462,767	5,676,214

The Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities. The accompanying notes and accounting policies form part of the financial statements.

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET
As at 31 December 2018**

	Note	2018 £	2017 £
Fixed Assets			
Tangible assets	9	362,732	363,626
Investments	10	3,152,701	4,222,226
		<u>3,515,433</u>	<u>4,585,852</u>
Current Assets			
Stock	11	27,428	19,561
Debtors	12	1,320,931	843,569
Cash on deposit and on hand		466,033	444,131
		<u>1,814,392</u>	<u>1,307,261</u>
Current liabilities: amounts falling due within one year	13	<u>(159,910)</u>	<u>(216,899)</u>
Net Current Assets		<u>1,654,482</u>	<u>1,090,362</u>
Net Assets		<u>5,169,915</u>	<u>5,676,214</u>
Reserves			
Unrestricted Reserves	15	4,462,989	4,390,342
Restricted Reserves	15	338,796	462,767
Investment Revaluation Reserve	15	368,130	823,105
		<u>5,169,915</u>	<u>5,676,214</u>

Approved and authorised for issue by the Board of Directors on 21st March 2019 and signed on its behalf
by

Rt Rev J A Toal (President)
Director

The accompanying notes and accounting policies form part of the financial statements.

Company registration number: SC197327

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Net cash (used in) operating activities	1	(983,568)	(1,848,168)
Cash flows from investing activities			
Dividends and interest from investments		138,184	160,163
Purchase of property, plant and equipment		(21,944)	(16,198)
Purchase of investments		(473,898)	(578,366)
Decrease/(increase) in investment cash deposits		2,153	314,546
Proceeds from sale of investments		1,360,975	1,184,361
Net cash released by investing activities		1,005,470	1,064,506
Increase/(Decrease) in cash and cash equivalents in the reporting period		21,902	(783,662)
Cash and cash equivalents at the beginning of the reporting period		444,131	1,227,793
Cash and cash equivalents at the end of the reporting period	2	466,033	444,131

1. Reconciliation of net movement in funds to net cash outflow from operating activities

	2018 £	2017 £
Net movement in funds	(506,299)	(1,398,836)
Depreciation charges	22,839	15,013
Loss/(Gain) on investment assets	180,293	(253,003)
Investment income	(138,184)	(160,163)
(Increase)/decrease in stock	(7,867)	10,656
(Increase) in debtors	(477,362)	(138,969)
(Decrease)/increase in creditors	(56,989)	77,134
Net cash (used in) operating activities	(983,568)	(1,848,168)

The accompanying notes and accounting policies form part of the financial statements

2. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	466,033	444,131
	466,033	444,131

SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Incoming resources from charitable activities

	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Government Grants				
Department for International Development				
Africa – Aid Match	28,111	409,784	437,895	676,812
Ethiopia – Aid Match	11,493	554,342	565,835	457,568
Cambodia – Aid Match	12,673	96,883	109,556	-
Scottish Government				
Zambia	23,760	356,241	380,001	230,000
Rwanda	-	-	-	111,054
Malawi Contract	68,488	713,239	781,727	-
Ethiopia	-	-	-	15,666
Humanitarian Emergency Fund	4,662	109,258	113,920	-
The Big Lottery				
Latin America	-	-	-	87,012
Government Grants Total	149,187	2,239,747	2,388,934	1,578,112
Guernsey Overseas Aid Commission				
Malawi	-	-	-	39,830
European Commission				
Sudan	24,098	-	24,098	211,448
Colombia	659	-	659	44,886
Nicaragua	1,288	70,524	71,812	198,044
Malawi	22,641	188,469	211,110	314,052
Total	197,873	2,498,740	2,696,613	2,386,372

There are no unfulfilled conditions or other contingencies attaching to grants that have been recognised in income. Amounts reported as unrestricted income above represent the administration fee element of grants, all of which has been expended during the year. SCIAF has not benefitted from any government assistance other than the grants and contracts listed above, and the statutory tax reliefs for charities including Gift Aid and Business Rates Relief.

2. Expenditure on Raising Funds

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
Fundraising campaigns	279,439	-	279,439	305,733
Branding	-	-	-	77,476
Salaries and other staff costs	353,569	108,522	462,091	467,134
Merchandise and materials	4,528	-	4,528	13,793
Travel	23,394	4,416	27,810	30,018
Professional fees	-	2,803	2,803	3,479
Building and admin costs	-	62,439	62,439	68,265
Governance costs	-	8,546	8,546	9,455
Total cost of fundraising	660,930	186,726	847,656	975,353
Investment management	25,519	-	25,519	35,824
	686,449	186,726	873,175	1,011,177

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

3. Grant expenditure

The major recipients of grants (those over £50,000) were:-

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
AFRICA				
Ethiopia				
Joint office with CAFOD and Trocaire – for distribution to partners	288,438	607,759	896,197	1,021,994
Burundi				
Agakura	52,200	-	52,200	50,000
Democratic Republic of Congo				
Commission Diocesaine Justice et Paiz/Bukavu				
Diocese	50,000	47,926	97,926	89,691
CDJP Uvira Diocese	20,000	56,739	76,739	20,000
Caritas Bukavu	25,000	-	25,000	190,696
Popoli Fratelli	18,089	63,430	81,519	26,304
Malawi				
Cadecom Mangochi	70,000	-	70,000	99,830
Cadecom Chikwawa	23,000	38,821	61,821	139,821
Cadecom Dedza	60,000	37,788	97,788	168,058
National Cadecom	55,089	198,644	253,733	390,843
Trocaire	-	927,117	927,117	173,737
Rwanda				
Commission Diocesaine Justice et Paix, Kigali				
Trocaire	39,396	40,369	79,765	164,049
	-	-	-	100,204
South Sudan				
Sudan Evangelical Mission	71,094	5,185	76,279	317,023
MRDA	91,751	6,131	97,882	35,000
CAFOD/Trocaire	50,011	-	50,011	215,000
Caritas South Sudan	50,000	30,000	80,000	30,000
Comboni Missionaries	30,000	30,955	60,955	50,000
Uganda				
Radio Wa	20,000	-	20,000	50,000
Comboni Samaritans	83,000	-	83,000	100,000
Zambia				
KATC Kassisi	73,393	67,826	141,219	93,000
Caritas Zamiba	-	281,817	281,817	178,562
Caritas Solwezi	50,000	-	50,000	-

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

Grant expenditure (continued)

ASIA

Bangladesh

Caritas Bangladesh	-	40,000	40,000	100,000
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Cambodia

DPA	106,976	186,172	293,148	147,024
Caritas Cambodia	58,665	485	59,150	61,601

India

Caritas India	109,367	76,418	185,785	189,562
IGSSS	53,130	-	53,130	63,479

Syria

CAFOD/SCIAF	100,000	160,000	260,000	303,000
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Nepal

Caritas Nepal	-	11,140	11,140	132,968
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LATIN AMERICA

Columbia

Diocese of Quibdo	81,914	-	81,914	66,534
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El Salvador

CESTA	66,012	1,988	68,000	40,881
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Nicaragua

CANTERA	37,146	-	37,146	187,784
FEDICAMP	5,399	48,168	53,567	102,103

Haiti

Institute of Technology & Animation	18,581	60,464	79,045	85,000
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Other grants less than £50,000 paid in the year	704,669	272,985	977,654	1,102,267
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Total Grant Expenditure	2,562,320	3,298,327	5,860,647	6,286,015
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Represented by:

International development grants	2,551,016	3,298,327	5,849,343	6,266,749
Advocacy grants	11,304	-	11,304	19,266
	2,562,320	3,298,327	5,860,647	6,286,015

Grant expenditure represents grants paid or approved to partner organisations responding to a wide range of humanitarian needs in the communities in which they work.

Restricted grants totalling: £164,904 for DFID Africa Aid Match, Round 2, £475,006 for DFID Aid Match, Round 5 and £185,154 for DFID Aid Match Cambodia are included within the figures above.

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

4. Costs of charitable activities

Expenditure recorded in the Statement of Financial Activities includes both the direct costs of carrying out activities and the costs of supporting these activities.

Support Costs are allocated between the various expenditure categories in proportion to the salary cost of staff directly involved in delivering those activities. The following provides a breakdown of costs:

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
International programmes (4a)	6,871,856	383,917	7,255,773	7,613,055
Communication and education (4b)	510,690	198,217	708,907	672,268
Advocacy (4c)	187,267	65,277	252,544	253,153
	<u>7,569,813</u>	<u>647,411</u>	<u>8,217,224</u>	<u>8,538,476</u>

a) International programmes

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
Grant expenditure	5,849,343	-	5,849,343	6,266,749
Salaries and other staff costs	824,355	209,027	1,033,382	919,665
Travel	71,342	9,877	81,219	96,179
Professional fees	126,444	6,269	132,713	157,546
Building & admin costs	372	139,633	140,005	154,302
Governance costs	-	19,111	19,111	18,614
	<u>6,871,856</u>	<u>383,917</u>	<u>7,255,773</u>	<u>7,613,055</u>

b) Communication and education

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
Education	16,847	-	16,847	5,775
Information	55,551	-	55,551	95,026
Salaries and other staff costs	426,092	107,852	533,944	458,000
Travel	12,200	5,103	17,303	33,856
Building & admin costs	-	75,388	75,388	70,341
Governance costs	-	9,874	9,874	9,270
	<u>510,690</u>	<u>198,217</u>	<u>708,907</u>	<u>672,268</u>

c) Advocacy

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
Grant expenditure	11,304	-	11,304	19,266
Events & publication	12,870	-	12,870	26,066
Salaries and other staff costs	128,314	37,257	165,571	153,214
Travel	6,730	1,582	8,312	5,859
Building & admin costs	28,049	23,376	51,425	45,647
Governance costs	-	3,062	3,062	3,101
	<u>187,267</u>	<u>65,277</u>	<u>252,544</u>	<u>253,153</u>

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

5. Governance costs

Governance costs are apportioned between the three charitable activities and fundraising and advertising based on headcount within those departments.

	2018	2017
	£	£
Costs of Board meetings and overseas travel	4,515	1,027
Professional fees	25,469	21,000
Auditor's remuneration – current year	10,609	9,594
Auditor's remuneration – prior year	-	8,819
	<u>40,593</u>	<u>40,440</u>

6. Net expenditure for the year

This is stated after charging:	2018	2017
	£	£
Depreciation	22,839	15,013
Realised (gain)/loss on foreign exchange	1,043	(22)
Auditor's remuneration	10,609	9,594

7. Staff costs

	2018	2017
	£	£
Wages and salaries	1,759,252	1,599,902
Social security costs	177,211	159,776
Pension costs	142,083	121,819
	<u>2,078,546</u>	<u>1,881,497</u>

Included in the above staff costs are costs paid during the year relating to redundancy and compensation for loss of office of £18,759 (2017 £4,669).

The average number of employees during the year was as follows:

	2018	2017
	No	No
Overseas project support	20	16
Education and information	10	9
Advocacy	4	3
Cost of generating funds	10	9
Support costs & governance	13	16
	<u>57</u>	<u>53</u>
Full time equivalent	<u>54</u>	<u>49</u>

The key management personnel of the charity comprise the Board, the Executive Director, Director of Fundraising and Communication (vacant at 31 December, but included in these figures), Director of Integrated Human Development and Director of Central Services. The total employee benefits of the key management personnel of SCIAF were £278,377 (2017: £285,357). One employee's total employee benefits were between £80,000 and £90,000 (2017: one employee between £80,000 and £90,000).

SCIAF operates a Group Personal Pension Scheme, the assets of which are held separately in an independently administered fund. The charity's contribution is between 2.5 per cent and 10 per cent of salary with staff making contributions between 2.5 per cent and 4 per cent of

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

Staff costs (continued)

salary to the scheme. 56 staff are members of the scheme (2017: 51 staff). Included in staff costs are contributions paid or payable by SCIAF to the fund which amounted to £142,083 (2017: £121,819).

8. Taxation

SCIAF is a charitable company within the meaning of Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

9. Tangible fixed assets

	Heritable property	Furniture	Computer equipment	Total 2018
Cost:	£	£	£	£
At 1 January 2018	484,450	26,110	128,070	638,630
Additions	-	-	21,944	21,944
Disposals	-	(6,999)	(45,526)	(52,525)
At 31 December 2018	484,450	19,111	104,488	608,049
Depreciation:				
At 1 January 2018	160,092	21,442	93,470	275,004
Disposals	-	(6,999)	(45,526)	(52,525)
Charge for the year	9,689	377	12,773	22,839
At 31 December 2018	169,781	14,820	60,717	245,317
Net book value				
At 31 December 2018	314,669	4,291	43,771	362,732
At 31 December 2017	324,358	4,668	34,600	363,626

There are no capital commitments at the year-end (2017: £Nil)

10. Investments

	2018	2017
	£	£
Valuation at 1 January	4,222,226	4,889,764
Acquisitions	473,898	578,366
Disposals	(1,391,246)	(1,131,732)
Market valuation movement in year	(150,024)	200,374
	3,154,854	4,536,772
Cash deposits movement in year	(2,153)	(314,546)
Valuation at 31 December	3,152,701	4,222,226

Net cash released during the year was £887,076 (2017: £605,996).

All of SCIAF's investments are held for unrestricted charitable purposes and are included at market value. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

Investments (continued)

The main risk to SCIAF from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels. Although rising interest rates resulting from a stronger economy and improved economic activity should be indicative of improving dividend yields and equity values, there is a concern that the abnormal availability of 'cheap money' to the banking sector has led to wider over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions ease. SCIAF is not dependent on income from its investments to continue its work.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so their ability to buy and sell quoted equities and stock is anticipated to continue. All of our investments are in markets with good liquidity and high trading volumes.

SCIAF manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges.

Analysis of investments at market value	2018	2017
	£	£
Listed investments	3,053,572	4,120,944
Cash deposits	99,129	101,282
	<u>3,152,701</u>	<u>4,222,226</u>
Historic cost	<u>2,784,571</u>	<u>3,399,121</u>

11. Stock

	2018	2017
	£	£
Printed fundraising materials	24,690	19,561
Romero materials	2,738	-
	<u>27,428</u>	<u>19,561</u>

Fundraising material specific to the Lent campaign for the following year is taken into Stock at the year end

12. Debtors

	2018	2017
	£	£
Gift Aid	145,788	230,281
Accrued Income	1,109,179	556,908
Prepayment	59,100	51,092
Other Debtors	6,864	5,288
	<u>1,320,931</u>	<u>843,569</u>

13. Current liabilities: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	59,012	70,140
PAYE & NIC	44,940	43,394
Accrued expenses	55,958	103,365
	<u>159,910</u>	<u>216,899</u>

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)**

14. Analysis of net assets between funds

Analysis of net assets between funds 2018

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	362,732	-	362,732
Investments	3,152,701	-	3,152,701
Stock	27,428	-	27,428
Debtors	269,572	1,051,359	1,320,931
Cash	1,178,596	(712,563)	466,033
Current Liabilities	(159,910)	-	(159,910)
Net current assets	1,315,686	338,796	1,654,482
Total net assets	4,831,119	338,796	5,169,915

Analysis of net assets between funds 2017

	Unrestricted £	Restricted £	Total £
Tangible fixed assets	363,626	-	363,626
Investments	4,222,226	-	4,222,226
Stock	19,561	-	19,561
Debtors	242,788	600,781	843,569
Cash	502,145	(58,014)	444,131
Current Liabilities	(136,899)	(80,000)	(216,899)
Net current assets	627,595	462,767	1,090,362
Total net assets	5,213,447	462,767	5,676,214

15. Movement in funds

Fund Name	At 1 Jan 2018 £	Income £	Expenditure £	Transfer £	Gains/ Losses £	At 31 Dec 2018 £
Unrestricted:						
Strategic Investment Reserve	2,066,780	-	(498,115)	-	-	1,568,665
Contingency Reserve	500,000	-	-	-	-	500,000
Fixed Assets Fund	362,596	-	-	136	-	362,732
Designated Funds	2,929,376	-	(498,115)	136	-	2,431,397
Investment Revaluation Reserve	823,105	-	-	(454,975)	-	368,130
General Fund	1,460,966	5,586,862	(5,290,782)	454,839	(180,293)	2,031,592
Total unrestricted	5,213,447	5,586,862	(5,788,897)	-	(180,293)	4,831,119

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Movement in funds 2018 (continued)

Restricted Funds						
Refugees	225,772	5,771	-	-	-	231,543
Syria	196,536	14,886	(160,000)	-	-	51,422
Africa Food	194,069	8,893	(180,955)	-	-	22,007
Nepal Quake	2,409	1,574	(3,983)	-	-	-
Indonesia						
Tsunami	-	254,073	-	-	-	254,073
Haiti Hurricane	45,881	2,357	(47,000)	-	-	1,238
Rohingya	69,277	22,462	(40,000)	-	-	51,739
Emergency						
Response Fund	111,162	33,840	(181,990)	118,351	-	81,363
Other						
Emergencies	14,150	33,531	(36,189)	-	-	11,492
Development						
Projects	15,452	19,634	(19,850)	-	-	15,236
Real Gifts	337,933	281,720	(237,756)	(118,351)	-	263,546
<i>Institutional Funds</i>						
EU Nicaragua	(70,524)	70,524	-	-	-	-
EU Malawi	(2,839)	188,469	(198,645)	-	-	(13,015)
DFID AM 2	(244,879)	409,784	(164,904)	-	-	-
DFID AM 5	(251,297)	554,343	(475,006)	-	-	(171,962)
DFID AM						
Cambodia	-	96,883	(185,154)	-	-	(88,271)
SG Kabwe	2,064	279,753	(281,817)	-	-	-
SG KATC	(8,662)	76,488	(67,826)	-	-	-
SG CCP Malawi	(173,737)	713,238	(927,118)	-	-	(387,615)
SG HEF	-	109,258	(93,258)	-	-	16,000
Total						
Restricted	462,767	3,177,531	(3,301,502)	-	-	338,796
Total funds	5,676,214	8,764,393	(9,090,399)	-	(180,293)	5,169,915

Movement in funds 2017

Fund Name	At 1 Jan 2017 £	Income £	Expenditure £	Transfer £	Gains/ Losses £	At 31 Dec 2017 £
Unrestricted						
Operational Reserve Fund	1,352,921	-	-	(1,352,921)	-	-
Strategic Investment Reserve	2,633,244	-	(566,464)	-	-	2,066,780
Contingency Reserve	500,000	-	-	-	-	500,000
Fixed Assets Fund	361,411	-	(15,013)	16,198	-	362,596
Designated Funds	4,847,576	-	(581,477)	(1,336,723)	-	2,292,376

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Movement in funds 2017 (continued)

Investment Revaluation Reserve	879,417	-	-	(56,312)	-	823,105
General Fund	561,211	4,455,067	(5,201,350)	1,393,035	253,003	1,460,966
Total unrestricted	6,288,204	4,455,067	(5,782,827)	-	253,003	5,213,447
Restricted Funds						
Refugees	353,168	9,343	(140,000)	3,261	-	225,772
Syria	198,206	136,340	(140,000)	1,990	-	196,536
Africa Food	28,831	419,978	(270,000)	15,260	-	194,069
Nepal Quake	122,815	2,625	(123,031)	-	-	2,409
Haiti Hurricane	-	84,764	(59,313)	20,430	-	45,881
Rohingya	-	169,277	(100,000)	-	-	69,277
Emergency Response Fund	-	53,975	(649)	57,836	-	111,162
Other						
Emergencies	95,366	28,792	(55,458)	(54,550)	-	14,150
Development						
Projects	65,209	20,221	(49,636)	(20,342)	-	15,452
Real Gifts	326,576	337,933	(302,691)	(23,885)	-	337,933
<i>Institutional Funds</i>						
EU Nicaragua	(74,634)	171,070	(166,960)	-	-	(70,524)
EU Colombia	(42,829)	42,829	-	-	-	-
EU S Sudan	42,341	189,598	(231,939)	-	-	-
EU Malawi	-	286,221	(289,060)	-	-	(2,839)
DFID AM 2	(220,360)	616,230	(640,749)	-	-	(244,879)
DFID AM 5	(65,824)	445,227	(630,700)	-	-	(251,297)
SG Kabwe	-	135,626	(133,562)	-	-	2,064
SG KATC	-	71,338	(80,000)	-	-	(8,662)
SG CCP Malawi	-	-	(173,737)	-	-	(173,737)
SG Rwanda	-	100,204	(100,204)	-	-	-
Big Lottery						
Latin America	(63,126)	65,660	(2,534)	-	-	-
Other IF						
Grants	21,107	55,496	(76,603)	-	-	-
Total Restricted	786,846	3,442,747	(3,766,826)	-	-	462,767
Total funds	7,075,050	7,897,814	(9,549,653)	-	253,003	5,676,214

a) Unrestricted Reserves

The Strategic Investment Reserve was set up in 2017 following the approval of the Strategic Plan 2016 – 2020. As part of the approval process £2,972,938 spend down in reserves was approved to invest in the organisation and our partners over the next five years and a reserve has been set up for this amount.

The Strategic Contingency Reserve of £500,000 has been set aside for any additional agreed and approved spend to meet SCIAF's strategic objectives.

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Unrestricted Reserves (continued)

The Fixed Assets Fund represents the net book value at the balance sheet date of unrestricted tangible fixed assets. This fund is not available for current expenditure as the assets are used in the day to day operation of SCIAF.

The General Fund represents unrestricted income carried forward. The target for this fund (our Operational Reserve) is set by the Board as 30% of budgeted general fundraising income for the following year which is enough to ensure that SCIAF is able to continue operations in the event of dramatic unforeseen events, or significant fluctuations in voluntary income of SCIAF from year to year. This year's target is £1,584,120 so we are £447,472 over this target. This is because of the exceptional legacy income in the year, which will be spent over the next two years.

The Investment Revaluation Reserve represents the unrealised increase in the value of the stocks and shares held within the Investment portfolio, at the year-end.

b) Restricted Reserves

Restricted Reserves represent funds held for projects or programmes specified by the donors and not yet disbursed at 31 December 2018.

The Reserves for Refugees, Syria, Africa Food Crisis, Indonesia Tsunami, Haiti Hurricane, and Rohingya arose from specific appeals made to our supporters in 2016 to 2018. The funds are being applied in a planned manner to meet humanitarian needs.

Emergency Response Funds are created where supporters also give money for emergencies in general; these funds are applied to emergencies for which no specific Appeal is made. We also hold small balances on funds for other past emergencies, which we apply as appropriate.

The Developments Projects funds arise when supporters give money towards particular aspects of our development work, and these funds are applied to Projects which meet the particular requirements of the donation.

The Real Gifts Funds arise as donations from the Real Gifts catalogue are applied to Projects relevant to the respective gift, usually in the year after the donation. Some Real Gifts are for items which are used as part of an emergency Response, and therefore the balance from these Gifts is transferred to the Emergency Response Fund.

All of our Institutional (grant) Funders restrict their funds to the particular project which they have agreed to fund. Most of these funders require us to pre-finance expenditure, so that these Restricted Funds are in deficit until after the Project is completed. Funds during the year were from the European Union (EU), the UK Government (DFID), and the Scottish Government (SG).

The EU funded a project in Nicaragua to support young rural technicians, one in South Sudan to support people with disabilities, and one in Malawi to support women and vulnerable students to gain technical education or vocational skills training.

DFID funded three Aid Match projects: one in DR Congo, Malawi and Rwanda to support small-scale farmer households, one in Ethiopia to support community managed disaster risk reduction, and a third in Cambodia Increasing household income, food and livelihood security; strengthening community response and resilience to disasters; improving access to water and sanitation; and sustainably managing and protecting natural resources.

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Restricted Reserves (continued)

The Scottish Government runs a Humanitarian Emergency Fund for rapid response to emergencies and this year we received funds for DR Congo and for Indonesia. The Scottish Government also funded two projects in Zambia empowering resource-poor rural communities by strengthening income security, fostering well-being of women and promoting renewable energy use and training farmers on sustainable organic agriculture to improve nutrition, food security and income security. We also won a contract to deliver the Scottish Government's Climate Challenge Programme in Malawi supporting rural communities in Malawi to identify and implement their own solutions for adapting to and building resilience against the worst effects of climate change

16. Company status

The company is limited by guarantee. The members undertake to contribute a maximum of £1 each to the company's assets should it be wound up.

17. Operating lease agreements

At 31 December 2018 the minimum future payments under non-cancellable operating leases for computer equipment as set out below:

	2018	2017
	£	£
Operating leases which expire:		
Less than one year	2,808	4,417
Within 1 to 2 years	600	2,808
Within 2 to 5 years	-	600
	<u>3,408</u>	<u>7,825</u>

18. Commitments

At the year end, forward commitments in respect of signed grant funding agreements with overseas partner organisations amounted to £1,671,549 (2017: £1,601,633). These grants are conditional on receipt of satisfactory reports, and are subject to SCIAF having the appropriate funds available at the time when the grants fall due for payment. Because of these conditions, the grants have not been treated as creditors.

Forward Commitments at 31/12/17	1,601,633
Commitments expended in 2018	(636,972)
Forward commitments entered into 2018	706,888
Forward Commitments at 31/12/18	<u>1,671,549</u>
Commitments relate to the following years:	
2019	1,040,389
2020	536,629
2021	94,531
Forward Commitments at 31/12/18	<u>1,671,549</u>

There are no capital commitments at the year end (2017: £Nil).

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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19. Trustees and Related parties

No Director (Trustee) or Committee Member received remuneration for their services, and they do not claim expenses except for international travel. One Director claimed expenses totalling £164 (2017: £14). Expenses were paid directly by SCIAF in relation to overseas trips undertaken by board members in the year of £1,758 (2017: £NIL).

Donations totalling £10,615 (2017 £11,008) were received from Directors and Senior Management. No other transactions were made with Related Parties.

SCIAF is an agency of the Bishops Conference of Scotland which has a controlling interest in SCIAF. The Bishops Conference has the power to appoint or remove the charity trustees of SCIAF. There are no financial transactions between the Bishops Conference of Scotland and SCIAF in the year (2017: £Nil).

20. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

All amounts are presented in Pound Sterling and rounded to the nearest pound.

SCIAF meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value, (which ignores the effect of inflation or revaluation (except for investments) and deals with original costs to SCIAF only).

Going concern

The financial statements have been prepared on a going concern basis. SCIAF has a strong balance sheet with significant unrestricted reserves which will help SCIAF to continue to support its work for a period in excess of 12 months of the date of signing the financial statements and on that basis the charity is a going concern. No material uncertainties exist that would affect this judgement.

Fund structure

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the charity. Unrestricted funds include designated funds where the directors, at their discretion, have set aside resources for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or through the terms of an appeal.

Income

All income is recognised once the charity has entitlement to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Accounting Policies (continued)

Voluntary income and donations are included in the accounts as income when they are receivable in accordance with the Charities SORP (FRS102).

Gift Aid is included in the accounts when it is claimable. This means that Gift Aid for donations in previous years is included in the current year when a new valid Gift Aid Declaration has been received.

For legacies, entitlement is taken as the earlier of date on which either: the charity is aware that confirmation (probate in England and Wales) has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Grant and contract income from institutional funders is included in the accounts when the charity has entitlement to the funds, any performance conditions attached to the funding have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Sale of goods and resources: SCIAF sells Christmas cards on a sale or return basis with Traidcraft.

Grant expenditure

Expenditure on grants is included when the recipients have met SCIAF's conditions for payment. Where grant agreements have been approved in principle for multiple years with partner organisations, subsequent years' payments are subject to evidence of satisfactory progress and consequently the liability is not recognised until evidence of this progress has been demonstrated.

Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT, which cannot be fully recovered.

Expenditure on charitable activities comprise expenditure incurred in the fulfilment of SCIAF's main objectives.

Fundraising and advertising expenditure comprise costs incurred in encouraging people and organisations to contribute financially to the charity's work and includes some media promotional costs.

Allocation of support and governance costs

Expenditure incurred which relates directly to any one cost category is allocated directly to that category. Support costs and governance costs are allocated to activities in to the number of full time equivalent staff involved in each section.

Governance costs include those incurred in the governance of the charity and its public accountability, are primarily associated with constitutional and statutory requirements and include its audit fees and costs of Board meetings.

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
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Accounting Policies (continued)

The allocation of support and governance costs is analysed in notes 3 and 5.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pensions

SCIAF offers employees the opportunity to join a Group Personal Pension Scheme to which SCIAF also contributes. Contributions are charged to the Statement of Financial Activities in the year payable. The company has no liability for any scheme shortfall, neither would it benefit from any surplus.

Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £500 are not capitalised. Depreciation is provided at the following rates to write off assets over their estimated useful life.

Heritable property	2% straight line
Furniture	10% straight line
Computer & electronic equipment	25% straight line

Financial Instruments (investments)

SCIAF only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans (which we don't have) which are subsequently measured at amortised cost using the effective interest method.

Investments have been included in the Balance Sheet at market value. The annual movement in the market value is treated as an unrealised gain or loss and is incorporated within the General Unrestricted Fund.

Income from investments is credited to the Statement of Financial Activities in the year in which it is due to be received.

Stock

Stock is included at the lower of cost or net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Accounting Policies (continued)

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Foreign currency

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange on that date.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.