

TRUSTEES' REPORT

and financial statements for
the year ended 30 April 2022



Making A Difference

Where it matters, when it matters.

CONTENTS

OUR PURPOSE

CONTENTS

- 03** Who we are: Our Purpose
- 04** Chair's Report
- 06** Chief Executive's Introduction
- 08** CAF at a glance

WHAT WE'VE ACCOMPLISHED

- 09** For our donors
- 15** For charities
- 21** For partners
- 24** Sustainability
- 27** Financial Review

STRUCTURE GOVERNANCE AND MANAGEMENT

- 31** CAF Trustees
- 32** CAF Committees
- 33** Stakeholder engagement
- 34** Risk management
- 39** Statement of Trustees' responsibilities

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

- 51** Group statement of financial activities
- 52** Charity statement of financial activities
- 53** Group balance sheet
- 54** Charity balance sheet
- 55** Group cash flow statement
- 56** Charity cash flow statement
- 57** Notes to the financial statements
- 100** Charity information, Trustees and advisers

WHO WE ARE: OUR PURPOSE



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

The Charities Aid Foundation is a leading charity operating in the UK and internationally. Our work connects and enables the vital organisations, institutions and individuals working to ensure that everyone has a stake in the future. We believe that the power of lasting change lies across sectors and borders, in the hearts, minds and hands of those driven to make a difference.

CAF delivers on our purpose in a variety of ways:

- Charities Aid Foundation operates in the United Kingdom, the United States of America and Canada and, together, we work with companies and private donors to help them to give more.
- We are regulatory experts, we ensure that funds reach charities and social enterprises as quickly and safely as possible, with our respected charity validation we specialise in effective cross-border giving.
- We partner with donors and government to achieve maximum impact, including through large-scale grantmaking programmes.
- We advise donors on the best options to support the causes they care about.
- Companies turn to us to offer employee giving plans and programmes to support their communities and their chosen charities.
- We help charities to do more life-changing work with lasting benefits by providing them with funding and finance solutions including banking, loans, investments, fundraising tools and social investment.
- We lead an international network of like-minded charitable organisations; we collaborate across sectors and borders to inspire innovation, share best practice and improve cross-border giving in support of civil society.
- We act as a voice of the charitable sector with government, policymakers, subject experts and others who share our goals so that we can deliver the supportive legal, fiscal and regulatory groundwork that donors, charities and social enterprises need.

CHAIR’S REPORT

“Through extraordinary times, we have been witness to immense acts of generosity, compassion and determination to effect positive change on the part of those who choose to work with us.”



The Charities Aid Foundation delivers vital services for charities in the UK and across the globe, and this Trustees’ Report serves as a vivid reminder of the importance, and urgency, of the work undertaken by CAF.

Throughout this year, our team at CAF has worked alongside an inspirational group of individuals, businesses and sector partners as together we have continued our response to the ongoing effects on charities and their beneficiaries of the Covid-19 pandemic. Last summer, we made a huge effort to support the people of Afghanistan, who are facing the worrying new reality of widespread hunger and desperate poverty. By the autumn, our donors were responding to the climate emergency laid bare at COP26 in Glasgow, and 2021 ended with the emergence of intense pressure being felt by society’s most vulnerable, and the charities supporting them, amid the surge of inflation and the rising cost of living.

In late February, the devastation and unfolding humanitarian crisis in Ukraine prompted a donor response unlike any that our team has seen before. As charities rallied to organise the delivery of vast amounts of emergency aid, donors responded with a determined desire to help. As I write, CAF donors in the UK alone have contributed more than £7.8 million to the Disasters Emergency Committee (DEC) appeal for Ukraine, while donations made through CAF America have surpassed \$33 million or £24 million.

The response of donors to this exceptional range of challenges has been remarkable. Over the past year, CAF has seen the funds that have come into our stewardship surpass £1 billion, tracking just above the record-setting amount that reached us in the previous year in response to the pandemic. Through extraordinary times, we have been witness to immense acts of generosity, compassion and determination to effect positive change on the part of the many donors, both businesses and private individuals, who choose to work with us to deliver their giving ambitions.

We remain enormously grateful for their trust in partnering with CAF and their commitment to causes spanning environmental threats, girls’ and women’s health and education, humanitarian relief, medical research, animal welfare and the arts. With our deep expertise in social investment, we have also worked with an increasing number of donors who want to invest in social enterprises to support the growth of ventures rooted in the principles of sustainability. The charities and social enterprises that receive those funds are the leaders in delivering for their communities near and far and it has been our privilege to help them achieve their impressive impact over the past year.



£1bn+

Funds entrusted to CAF’s stewardship



£876m

Funds sent to charities around the world

“The CAF team has facilitated cross-border giving to 135 countries, providing a way for donors to give safely, with the peace of mind that their funding is reaching the intended causes.”

In the UK, that work has included the second phase of the CAF Resilience Fund, an innovative £40 million partnership between the Department for Digital, Culture, Media and Sport, the UK’s insurance and long-term savings industry through the Covid-19 Support Fund, and CAF, in supporting people and communities most affected by Covid-19.

The first phase, delivered at the height of the pandemic, offered immediate grants to ensure the survival of UK charities coping with the increased demands on their services at a time when income from fundraising events had all but collapsed during successive lockdowns. The final, £20 million phase, is about securing the future of the charities that work with communities – both people and places – most affected by the pandemic’s legacy.

The three priority areas identified by CAF for this support are Black, Asian and minority ethnic-led organisations, charities supporting people with disabilities and charities working to improve the skills and life chances of young adults. The Resilience Fund grants have helped these charities in a range of ways, including offering bespoke advice to bring added robustness to their work and the strengthening of governance, a key requirement for locally-led organisations to be able to flourish.

Internationally, CAF has facilitated cross-border giving to 135 countries, providing a way for donors to give safely,

with the peace of mind that their funding is reaching the intended causes. Our CAF Network of like-minded independent organisations around the world has been modernised and we continue to rely on these strategic partnerships for their good counsel and support as we together seek new ways to grow cross-border giving.

In total, thanks to the generosity of our donors, CAF has paid out more than £876 million across the world this year, enabling donors to achieve their ambitions and assuring vital income to more than 100,000 charities.

CAF Bank, our wholly-owned bank dedicated to serving the needs of small and mid-sized charities and social enterprises in the UK, has once again provided outstanding service to more than 14,700 clients, offering flexible and targeted lending so that they may finance their ambitions. At the same time, in the background, the team is building a new banking platform to ensure that our services are delivered as flexibly and efficiently as possible. This work was recognised when the team was awarded the Best Charities Bank of the Year award by the Charity Times, being chosen over high street banks and reinforcing the importance of a bank that shares the ethos and purpose of our charity partners.

Our Executive team, led by Neil Heslop, OBE, has welcomed a new CFO and COO who bring a wealth of experience to

the group. We are delighted that they have chosen to join us and look forward to working with them as we deliver our ‘Together Building Opportunity’ strategy. This strategy involves significant change for, and investment by, the organisation as we move to modernise our operating platform and ways of working. Our purpose is to ensure that CAF is equipped to respond flexibly and efficiently, both now and in the future, to the rapidly evolving demands of the donors and charities we exist to serve.

All of these activities are only possible because of the dedication of every one of my colleagues at CAF. The Trustees are immensely grateful to the entire team for its hard work and commitment to doing all we can to achieve our purpose. I would also like to pay tribute to my fellow Trustees for their energetic support, insights and wise counsel. The evidence of the past year suggests that our services are needed more than ever, and I look forward to what lies ahead for this unique international organisation, which is committed to supporting those working to accelerate progress in society towards a fair and sustainable future for all.

James Leigh-Pemberton

Sir James Leigh-Pemberton, CVO
Chair of Trustees



£7.8m

**UK donations to the Disasters
Emergency Committee (DEC)
Ukraine appeal**



\$33m (£24m)

**CAF America donations to Ukraine
humanitarian relief**

CHIEF EXECUTIVE’S INTRODUCTION

“The charities we serve face many pressures and I am pleased that the teams at CAF have responded with vigour and determination to achieve the very best for all of the people and causes that we exist to support.”



It has been another remarkable year for all of us working on behalf of charities and donors, with critical humanitarian relief efforts in Ukraine making headlines that a year ago were dominated by the Covid-19 pandemic. The shocks of the last two years have reasserted our organisation’s relevance to social progress, providing momentum for the Charities Aid Foundation to significantly grow the difference we make.

The charities we serve face many great pressures and I am pleased to report that the teams at CAF have responded with vigour and determination to achieve the very best for all of the people and causes that we exist to support, be they nearby or oceans away.

We have done this in a variety of innovative ways. We have worked as a trusted partner to complex, modern businesses as they seek to deliver maximum impact through their giving programmes. We increasingly hear the voices of employees and customers reflected in these conversations as businesses engage their workforce and clients to help them ground their philanthropy in a wider purpose. These are conversations that we will see more of in the coming years and our teams offer valuable guidance in devising the best solutions for those that partner with us. For example, our partnership with Deutsche Bank in the creation of the Ocean Resilience

Philanthropy Fund responds to the urgent need for action on climate change by galvanising an international effort from employees and clients alike.

For individual philanthropists, we have worked closely with them to secure giving solutions that match their values, including the increased interest in providing philanthropic investments for social enterprises. This is an area of our work that we are keen to expand to meet that rising interest, particularly from a new generation of donors who are looking to put their own stamp on the causes they support. As a pioneer in social investments, CAF brings high potential opportunities to this donor community and we are excited to see the enthusiasm for this work take flight.

Our work with the Covid-19 Support Fund from the UK’s insurance and long-term savings industry in partnership with the Government’s Community Match Challenge has created a model for what exceptional grantmaking can achieve. It has reinforced CAF’s convening role in delivering strategic scale to donors from both the private and public sectors. Our guidance is grounded in our unique insight into the underlying needs of charities and our ability to provide a meeting place for donors and charities in order to tailor a giving programme and multiply the impact that our donors’ generosity will achieve.



Charities Aid Foundation Group

CHIEF EXECUTIVE’S INTRODUCTION

“For the charities that work with CAF, we continue to evolve the value of our range of services, including tailor-made investment options and the introduction of better ESG funds.”

The resulting CAF Resilience Fund has ensured that the charities supported will be both effective and resilient in the short and long term. The cause areas prioritised by this innovative public, private and third sector initiative reflect the need to redress the imbalance in the communities left most vulnerable by the pandemic. We now seek to bring our grantmaking expertise to more partnerships in the year ahead, providing companies and Government with an efficient and highly-effective solution to their ambition to grant funds safely to charities in the UK and around the world.

For the charities that work with CAF, we continue to evolve the value of our range of services, including tailor-made investment options and, most recently, the introduction of better ESG funds to best meet the needs of charities looking to invest for the future of their organisations and our planet. This work is the result of many months of in-depth research to find a partner who shares our vision for the charities we serve and in abrdn we are confident that we have found a solution that places our charity partners’ needs at the very heart of service design.

CAF Bank continues to champion UK charities and support their banking needs, including delivering competitive lending from an organisation that shares their values and positions them to become more

resilient. With planned upgrades to our systems well underway, CAF Bank will soon be able to extend its reach even further in support of the charities at the heart of community strengthening across the country.

Internationally, we continue to work to enable innovative giving across sectors and borders and have modernised our valued relationships with like-minded charities across the world to support one another to achieve even more. Our teams have especially strengthened the direct relationships between recipient charities and potential donors in the UK, the US and Canada, where we have our own presence on the ground. CAF connects charities around the world with donors in the UK, the US and Canada, and helps foster a greater understanding of their work, encouraging individuals and organisations to give more by gaining deeper insight into the impact being achieved. With stronger direct ties, donors will be better able to see the impact of their generosity and increasingly view these relationships as true partnerships that can mature and flourish.

In the coming year we will further strengthen our relationships with wider civil society and those in public life so that we can bring our unique voice, and our position at the intersection of donors and charities, to the conversations about how we all ensure no communities are left behind in these most extraordinary of times.

To achieve our ‘Together Building Opportunity’ strategy to become a truly global platform for safe charitable giving everywhere, there is much work ahead. We recognise as a priority the need to measure, capture and explain our full ESG profile and articulate more fully our own path to net-zero. Our digital transformation has begun in earnest with our teams taking the necessary steps to modernise CAF so we can better serve in connecting those who give with the charities that realise the social progress that their generosity seeks to achieve.

None of this work would be possible without CAF’s dedicated Trustees and 500-strong workforce who share a united vision that, together with our donors and charity partners, we can grow giving in all its forms. I thank them all for their hard work in ensuring that we fulfil our purpose and make a difference where and when it matters most in pursuit of a fair and sustainable future for all.



Neil Heslop, OBE
Chief Executive



210,000

Customer enquiries handled by the CAF team during the year



“Excellent customer service - very helpful advice given on the telephone and the website is easy to navigate.”

CAF customer feedback

CAF AT A GLANCE

Work to accelerate
progress in society towards
a fair and sustainable future
for all

For our donors

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

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

CAF International: This team works to build partnerships with exceptional charities across the world, to streamline and grow grantmaking across borders.

CAF Charitable Legacy Service: An easy way for people to leave a gift in their will, to benefit as many charities as they like.

CAF Give As You Earn: A way for employees to give directly from their pay, before tax is deducted. We send the money to the charities they choose, or hold it in a CAF Charity Account or CAF Charitable Trust until the employee is ready to give.

CAF Charity Account: A way for people to support charitable causes around the world. They donate regularly to us, we add Gift Aid, and hold the money until the donor is ready to give.

CAF Company Account: A way for companies to fund charitable causes around the world; they donate to us and we do the rest.

Payroll Giving Services: Our payroll giving service, the UK's largest, is a convenient way for employers to help their employees to give.

Corporate Advisory Services: Our grantmaking advice service, where we support companies to put their purpose into practice and realise their own giving goals.

For our charities and partners

Grantmaking: We work with businesses and organisations to design grant schemes that support charities.

Charity banking: CAF Bank, our specialist bank for charities and social enterprises, is 100% owned by us.

Savings and investments: Our savings accounts and investment options designed for charities.

Loans and borrowing: Our loans to fund charity projects. These loans are secured against the charity's assets. We offer loans from CAF Bank, or mixed loans and grants from CAF Venturesome, our social investment arm.

Fundraising tools: CAF Donate helps charities raise funds online – then manage their online, post, and phone donations in one place.

Strategic consultancy: We support charities to become resilient, using our experience and expertise to help them make a bigger impact.

Research, policy and public affairs: This work, including thought leadership and research, helps inform and shape the environment for civil society, in the UK and around the world, and produces the World Giving Index and the UK Giving report each year.

WHAT WE'VE ACCOMPLISHED

For our donors

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

Throughout another year of international upheaval, climate worries and ongoing pandemic-induced shortfalls, donors choosing to work with CAF meant we were able to support charities in 135 countries.

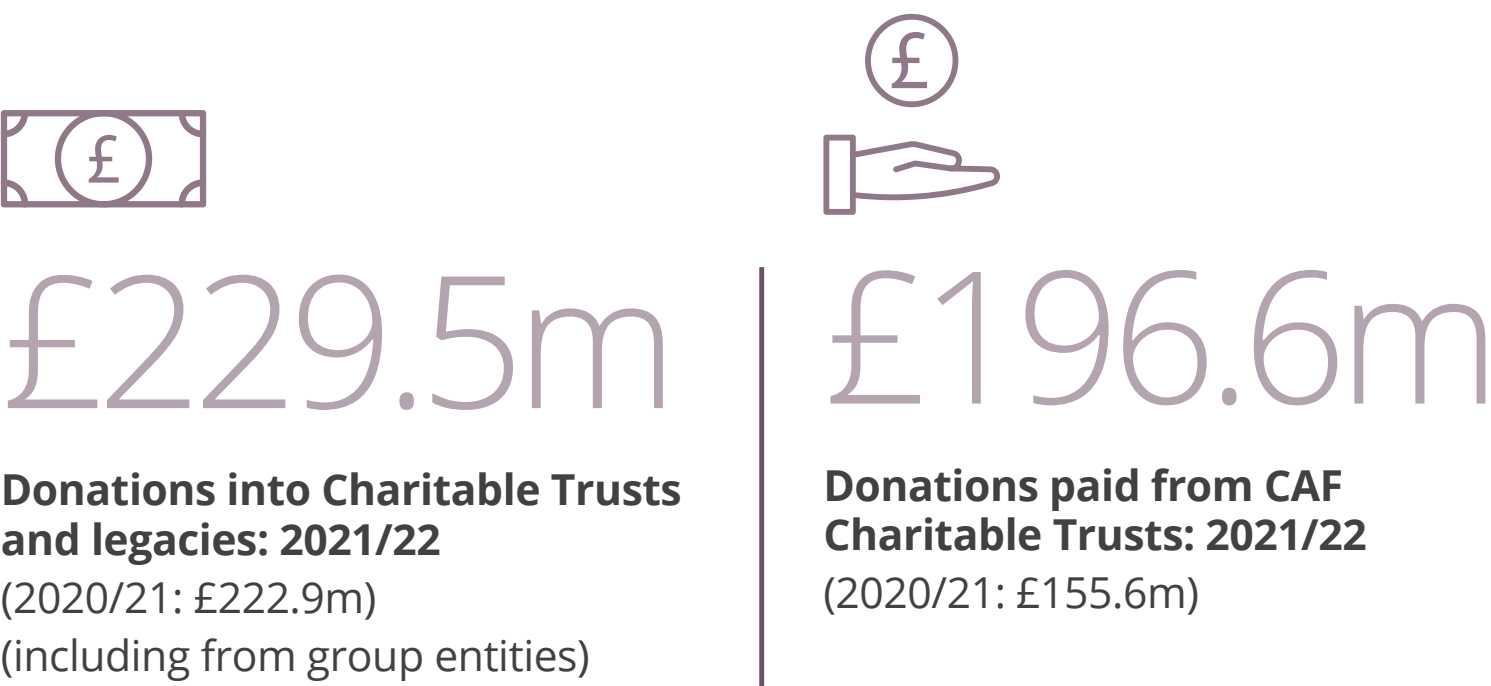
It was a year in which CAF once again joined forces with businesses, individuals, impact investors and government to deliver for the people and causes making a difference and achieving measurable change on the ground.

The result of these collective efforts was to ensure that CAF was able to deliver for charities and the people and causes they support to make a difference where it mattered, when it mattered.

Private clients

CAF assists our individual donors with expert advice for their giving plans across the UK and internationally and offers Donor Advised Fund Services. This past year has seen a wide-ranging, data-driven review of our product range in order to reduce duplication and administrative burden and to ensure we have the best possible solutions for our donors.

DONATIONS DISTRIBUTED TO CHARITIES FROM CAF'S PRIVATE CLIENTS INCREASED BY MORE THAN 26%. DONATIONS AND LEGACIES FROM CAF PRIVATE CLIENTS INCREASED IN 2021/22.



CASE STUDIES



LONDON, UK

The Next Generation of eco-donors

CAF once again partnered with The Sunday Times to produce the Giving List of the most generous donors in the UK. This piece of research aims to inspire giving, share some of the innovative approaches being taken by high net-worth donors and also demonstrate the good that can come from wealth generation. This year's report focused on the giving choices of a new generation of donors, specifically on their determination to play their part in tackling climate change, with eco-giving becoming more prominent than ever before in the publication's 21-year history. CAF Chief Executive Neil Heslop was interviewed by The Sunday Times for insight into the giving trends CAF is seeing among younger major donors, be it supporting social justice, human rights or funding charities working to influence both the public and Government on the policy changes necessary to tackle fossil fuel dependency.

The Meads Trust – thoughtful and considered environmental philanthropy

CAF has worked closely with The Meads Trust over several years and in addition to managing their charitable trust, CAF has helped them to further develop their philanthropic strategy and recommend organisations for support. To date, The Meads Trust has granted more than £1.8m through CAF, and recently pledged a further £1.3m.

This year, CAF reviewed The Meads Trust's philanthropic strategy and helped them to fulfil their desire to better understand and tackle issues affecting the environment. To make effective recommendations, CAF extensively researched the leadership of each organisation, their strategic priorities, finances and reserves, and considered the impact a potential grant could have.

Following the proposal, The Meads Trust pledged £1.3m to environmental causes around the world. This includes £200,000 to four international charities - Global Greengrants Fund, Coalition for Rainforests Nations, Clean Air Task Force, which enables programmes in new geographies, and Information Technology and Innovation Fund for its Centre for Clean Energy Innovation. In the UK, The Meads Trust has also chosen to grant £200,000 to The Woodland Trust to expand woodland tree cover, and £100,000 each to the Campaign for Better Transport, Repowering, and Sustainability First, focused on youth involvement in environmental projects.

“We have found CAF's support invaluable — not only in running the Trust for us but in helping us to clarify our philanthropic objectives and find appropriate recipients for our donations.”

The Meads Trust

WHAT WE'VE ACCOMPLISHED: **FOR OUR DONORS**

CAF America

CAF America marked 30 years of supporting charitable giving in 2022. Since being founded by CAF in 1992 as the organisation's first overseas subsidiary, the drumbeat of growth from generous donors in America has continued unabated, resulting in an accumulated \$3.8 billion sent to charities in 135 countries over that time. Since its inception CAF America has helped support a remarkable 380,000 charities around the world. In the last year alone, American donors have once again responded at pace to the need both at home and overseas with CAF America receiving charitable funds into its stewardship of £386.4 million (\$521.8 million). This was, once again, a record year for donors in America to turn to CAF to deliver safe, effective and regulatory-compliant giving, representing a year-on-year increase of donations into CAF America of £95.9 million (\$137.2 million), or more than 33%.

CAF America continues to offer donors and charities the added value of both experience and insight, providing sector-leading research reports and informative podcasts to capture the challenges facing charities around the world, while demonstrating the impact of their collective generosity by capturing the breadth of work carried out by recipient charities. CAF America has told the stories of disaster relief for earthquake ravaged Haiti, non-profits working to increase the number of women in political leadership and organisations helping businesses to bring transparency and accountability to their environmental footprints.

DONATIONS TO CAF AMERICA UP 33%



CASE STUDY



UNITED STATES

Corporate America delivers rapid aid to Ukrainians

Corporate Aid for Ukraine (CAU) was created in March 2022 in response to the crisis in Ukraine. It partnered with CAF America to create a donor-advised fund to collect donations from around the world. Businesses and individuals from the US and globally can donate safely and effectively to contribute to relief efforts. CAU exists to meet the immediate needs of Ukrainians in the country, and refugees, providing food, medicine and shelter. Donations are focused on Polish organisations working on the front line, which are often small, targeted and can put funds to work within days.

“With CAF America’s leadership in international donor-advised giving, AmCham Poland’s on-the-ground infrastructure, and support from leaders like AmCham Honorary Chairman and US Ambassador to Poland Mark Brzezinski, we were able to jumpstart the creation of the CAU Fund in under a week, providing the funding vehicle needed to power high-return response efforts. The Fund serves as a valuable supplement to ongoing international humanitarian efforts, enabling donations to have a tangible, positive impact quickly and effectively.”

John P. Lynch, Founder, Corporate Aid for Ukraine

WHAT WE'VE ACCOMPLISHED: **FOR OUR DONORS**

The CAF American Donor Fund (CADF)

The CAF American Donor Fund also marked a significant milestone over the past 12 months, recording more than \$1 billion donated via this specialised solution for dual UK and US taxpayers since it was created in 2000.

Thanks to dedicated experts who bring a deep understanding of the challenges and opportunities of those with a strong foothold in both countries, we have been able to not only ensure a smooth and effective giving plan for our clients, but to increase the amount of donations reaching charities around the world. The number of clients we work with has grown from 487 to 544, while the value of their donations grew to £93.9 million from £82.6 million the previous year.

The CAF American Donor Fund has demonstrated the value of a knowledgeable team, which brings a clear view of the regulatory landscape of both the Internal

Revenue Service (IRS) and Her Majesty's Revenue and Customs (HMRC) in helping to provide the very best service to achieve seamless cross-border giving. CAF's ability to receive non-cash gifts, including complex shares, property and artworks has been especially welcomed by an increasing number of donors. CADF received a record number of share gifts last year, as this method of giving grew in popularity. In order to meet the needs of more clients, we have recently opened an office in New York in response to the growing interest in what donors can achieve when working with CADF.



£93.9m

Donations to CADF
(2020/21: £82.6m)
(including from group entities)



1,343

Total grants made
(2020/21: 1,352)



£67.8m

Total grants paid
(2020/21: £73.7m)



CASE STUDY



LONDON, UK

The Karshan Gift – Sharing a lifetime of collecting modern art

London's Courtauld Gallery has been graced with a distinguished collection of modern drawings thanks to a donation in 2020/21 by Linda Karshan in memory of her late husband Howard, a prominent collector. The couple lived between London and New York in 2021 and the CAF American Donor Fund was able to facilitate the donation of a carefully chosen group of 25 works on paper by leading artists of the modern and post-war period. Linda described the Courtauld Gallery as a "natural home" for highlights of a collection that were an integral part of their lives for more than half a century.

"It's not often in one's life one can accomplish something of such lasting significance. This gift will remain a highlight of my philanthropic activities."

Linda Karshan

CAF Canada

The picture of CAF Canada continues to be one of growth and innovation. CAF Canada saw a 26% increase in donations received, building on nine years of successful double-digit growth.

DONATIONS TO CAF CANADA UP 26%



£18.7m

Donations in
(2020/21: £14.9m)



£13.2m

Donation paid to charities
(2020/21: £16m)

WHAT WE'VE ACCOMPLISHED: **FOR OUR DONORS**

Companies

The businesses that choose to work with CAF have once again reminded us of the value of modern, motivated corporate leadership – people who are attuned to their workforce, their communities and their customers and are determined to make a lasting difference. Following an extraordinary period of corporate generosity in 2020/21 in response to the pandemic, giving among our 2,000-plus business clients remained robust throughout the past year, as companies sought to build upon the groundwork that had been laid. The number of clients working with us who have given more than £1 million over the past year has grown by 27%.

Valued workforce input

The diversity of CAF's corporate giving work has also grown this year, as companies seek our advice and support to achieve their giving goals, increasingly influenced by the valued input from their workforce. As the economy shifted and the pandemic receded, companies working with CAF increasingly expressed a desire to ensure their grantmaking reflects not just a desire to be charitable, but also matches the motivations of the people who work for them and helps them achieve their success. The outcome has been thoughtful giving programmes that span communities and continents and provide true insight into the desire of companies of all sizes to reflect their values in every aspect of their organisation.

**DONATIONS DIRECTED TO CAUSES
AROUND THE WORLD**



£84.4m

(2020/21: £138.4m)

CASE STUDY



LONDON, UK

Johnson Matthey 'Science and Me' – inspiring tomorrow's scientists

Johnson Matthey, a leader in sustainable technologies, applying cutting-edge science and chemistry to creative solutions, turned to CAF with a desire to invest with care in communities around the world.



CAF challenged Johnson Matthey's initial thinking about what impact looks like and worked with the team to find a project that reflected their vision. The result is Science and Me, a global community impact programme that empowers diverse learners to think positively about careers in the sciences.

Using a £1 million fund created as part of their 2020 Covid-19 commitments, Science and Me runs science education projects in communities with local partners through a grant scheme. It is still early days, but in its first full year, the programme hopes to grant £500,000 to improve access to science education.

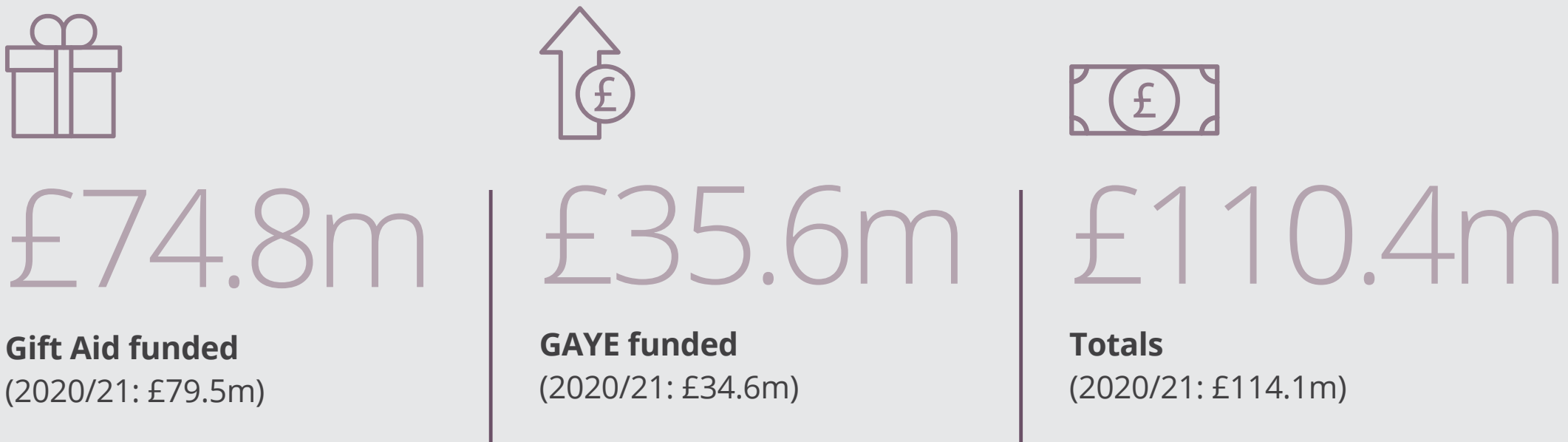
"CAF is helping Johnson Matthey inspire the next generation of diverse scientists, engineers and technologists through Science and Me. We learned from CAF's research that there are common issues across geographical borders, but each country has their own unique problems to overcome."

**Anna Newsum, Community Investment Officer,
Johnson Matthey**

Regular Givers and Give as You Earn

Throughout the pandemic and during the invasion of Ukraine, the businesses we work with and their employees have turned to payroll giving for a straightforward way to make either single or ongoing tax-efficient donations to charities delivering for those in need on the ground. Be it directly through Give As You Earn Charity Accounts, or through dedicated Staff Charity Funds, the impetus to give continues to grow. Donations in March 2022 reached almost £8 million, as employees responded to the Disasters Emergency Committee (DEC) appeal and others, and companies moved swiftly to match their employees' efforts.

DONATIONS PAID TO CHARITIES FROM CAF CHARITY ACCOUNTS



WHAT WE'VE ACCOMPLISHED

For charities

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

Members of the team at Humraaz, working to support women victims, survivors and families affected by domestic abuse

Our work in service to charities lies at the heart of CAF's purpose. Without the tools and resources that they need to thrive, charities would not be able to fulfil their own missions and the people and causes that they help would pay a hefty price. This past year has seen us sharpen our focus in ensuring charities are equipped with the services and products they need – not just today, but for the fast-changing world in which they operate. Our ongoing policy and public affairs work is grounded in the needs of charities and we continue to act as both champion and advocate for our charity partners.

CAF Financial Solutions ("CFSL")

In our provision of financial services for charities, CAF is determined to ensure that the values and needs of organisations of all sizes are met. That is why much of the past year has been spent working with our subsidiary CFSL and its investment partners IFSL and abrdn to develop a suite of solutions grounded in the principles of ESG (Environment, Social and Governance). Introduced in May 2022, the culmination of this work is an investment option that aims to meet charitable investors' competing needs for robust investment returns, cost efficiency and investing integrity.

abrdn has been investing for charities and donors for more than 20 years and through these new funds we have brought together the global investment capability of abrdn with the charity expertise of CAF. ESG is highly important to CAF and abrdn, as both believe investing responsibly is key to delivering sustainable, long-term returns, as well as helping to address the challenges offered by the world today.

The CAF Charity Deposit Platform, offering competitive interest for charities looking to grow their reserves, reached £166.7 million by 30 April 2022 and by early June 2022 had grown further to £178.7 million. Charity customers are, after an unprecedented period of record-low interest rates, seeing the added benefits of the ability to diversify where their cash deposits are held and this competitive service enables them to maintain the security of their funds while taking advantage of recent interest rate rises.

WHAT WE'VE ACCOMPLISHED: **FOR CHARITIES**

CAF Charity Advisory and Grantmaking Programmes

Once again this year, CAF's grantmaking has served as a standard bearer for what good can look like and what impact can be achieved with informed, considered partnerships. The team's continued work in delivering diverse and complex grant programmes to meet the giving ambitions of our business clients has translated into impact on the ground in the UK and around the world.

CAF Resilience Fund – partnership in action

The CAF Resilience Fund, created through an innovative partnership brought together by CAF, the Covid-19 Support Fund from the UK's insurance and long-term savings industry and the Department for Digital, Culture, Media and Sport (DCMS)'s Community Match Challenge, set out to support the people and communities hardest hit by the Covid-19 pandemic. The first phase, launched in November 2020, distributed almost £20 million of emergency funding to help 642 organisations survive and deliver rapid relief from the impact of the pandemic. Phase two, launched in the summer of 2021, provided grants and tailored support to 102 organisations to help charities both adapt and thrive, delivering vital local services whilst also building their own organisational resilience. This phase actively sought to support three areas:

- **Support people living with a disability**
- **Work with Black, Asian and minority ethnic communities**
- **Encourage young adult reskilling for those aged 16 to 35 years**

Minister for Tourism, Sport, Commonwealth Games, Heritage, and Civil Society:

“The Government is committed to supporting communities who have been hit hardest by the pandemic. I’m grateful to the Charities Aid Foundation for their fantastic work distributing Community Match Challenge funding and supporting organisations carrying out critical work.

I look forward to seeing how the second round of the CAF Resilience Fund helps build a strong future for these important organisations.”

Yvonne Braun, Executive Lead for the Covid-19 Support Fund and Director of Policy, Long-Term Savings and Protection at the Association of British Insurers (ABI), said:

“Since the start of the pandemic, charities and communities throughout the UK have come together to support those most in need. We are thrilled that through the partnership between the Covid-19 Support Fund, CAF and the DCMS Community Match Challenge, that the insurance and long-term savings industry has been able to support the work of these charities so that they can continue their vital work.”

Resilience Fund



Members of the Humraaz team

CASE STUDY



BLACKBURN, UK

Supporting victims from diverse ethnic backgrounds

Humraaz is a Blackburn-based charity led by Black and minoritised ethnic women that supports victims, survivors and families affected by domestic and sexual abuse and violence, including honour-based violence. Serving some of society's most vulnerable and marginalised women, a £50,000 CAF Resilience Fund grant ensured this vital service was able to help more women find refuge, advocacy and support in several languages and built the charity's own resilience to ensure that they can continue to be there when it matters most.

WHAT WE'VE ACCOMPLISHED: **FOR CHARITIES**



WorkingRite delivers practical job skills to young people in economic hardship.



MS-UK, a national charity formed in 1993 helping people with Multiple Sclerosis.

CASE STUDY



SCOTLAND, UK

Scotland's young people lifted into work

WorkingRite delivers practical job skills to young people in economic hardship who often find themselves furthest away from the job market. A £150k CAF Resilience Fund grant came at a time when demand for help was on the rise and the charity was committed to supporting often marginalised young people into work 'earlier, deeper and longer' in order to ensure their newly-acquired skills and experience were not fleeting. For many, the weekly training allowance of £55 provided groceries for their entire family while also delivering valuable skills training that will help deliver long-term employment and enhanced life chances.

CASE STUDY



UNITED KINGDOM

Happier, healthier lives for MS community

People across the UK diagnosed with multiple sclerosis (MS) have been severely impacted by the pandemic. With many taking immunity-suppressing drugs in order to manage this complex life-changing condition, as the rest of the country began its return to normality, many were left isolated and fearful and saw their condition worsen. MS-UK responded with a fresh determination to support their mental and physical wellbeing and a CAF Resilience Fund grant of £173k meant they were able to fund both their helpline and counselling service, offering support ranging from accessing financial help to online exercise classes to improve mobility, as well as peer groups and support to cope with mental health challenges.

WHAT WE'VE ACCOMPLISHED: **FOR CHARITIES**

Venturesome

CAF donors, in particular the next generation, are increasingly asking how they can direct their charitable donations towards funding social enterprises – giving fledgling organisations much-needed investment in order to grow sustainably. For many donors, social investments are their chosen route to demonstrating impact in their charitable giving. CAF Venturesome, with 20 years working in this area, has been there throughout to offer expertise, guidance and new opportunities for donors, as well as practical support for those enterprises, including through blended finance options.

SOCIAL INVESTMENTS AND CAF



94 funders

CAF private clients, corporate foundations and grantmaking trusts



£3.0m

worth of social investments made to 31 organisations
(2020/21: 27 worth £3.1m)



£10.5m

worth of social investment loans received by 111 social organisations
(2021: £5.6m)



£277.5k

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



CASE STUDY



SOUTH YORKSHIRE, UK

Bringing energy-saving tech to low-income households

Energise Barnsley is an environmental community benefit society that delivers community-owned renewable energy and energy efficiency and supply projects for low-income households and community buildings across the area.

Having previously turned to CAF in 2016 for support in launching the £790,000 Barnsley Solar Bond – into which CAF Venturesome invested £150,000 – Energise Barnsley returned to CAF Venturesome in 2021 in order to refinance its previous bond and build on its existing work.

CAF Venturesome rolled over the original £150,000 into a new series, recognising that the already meaningful environmental and social value of this innovative project is ever more important given the energy crisis.

Energise Barnsley's work not only contributes to reduced CO2 levels, but also helps to protect low-income homes from energy price volatility through energy-saving and low-carbon technologies.



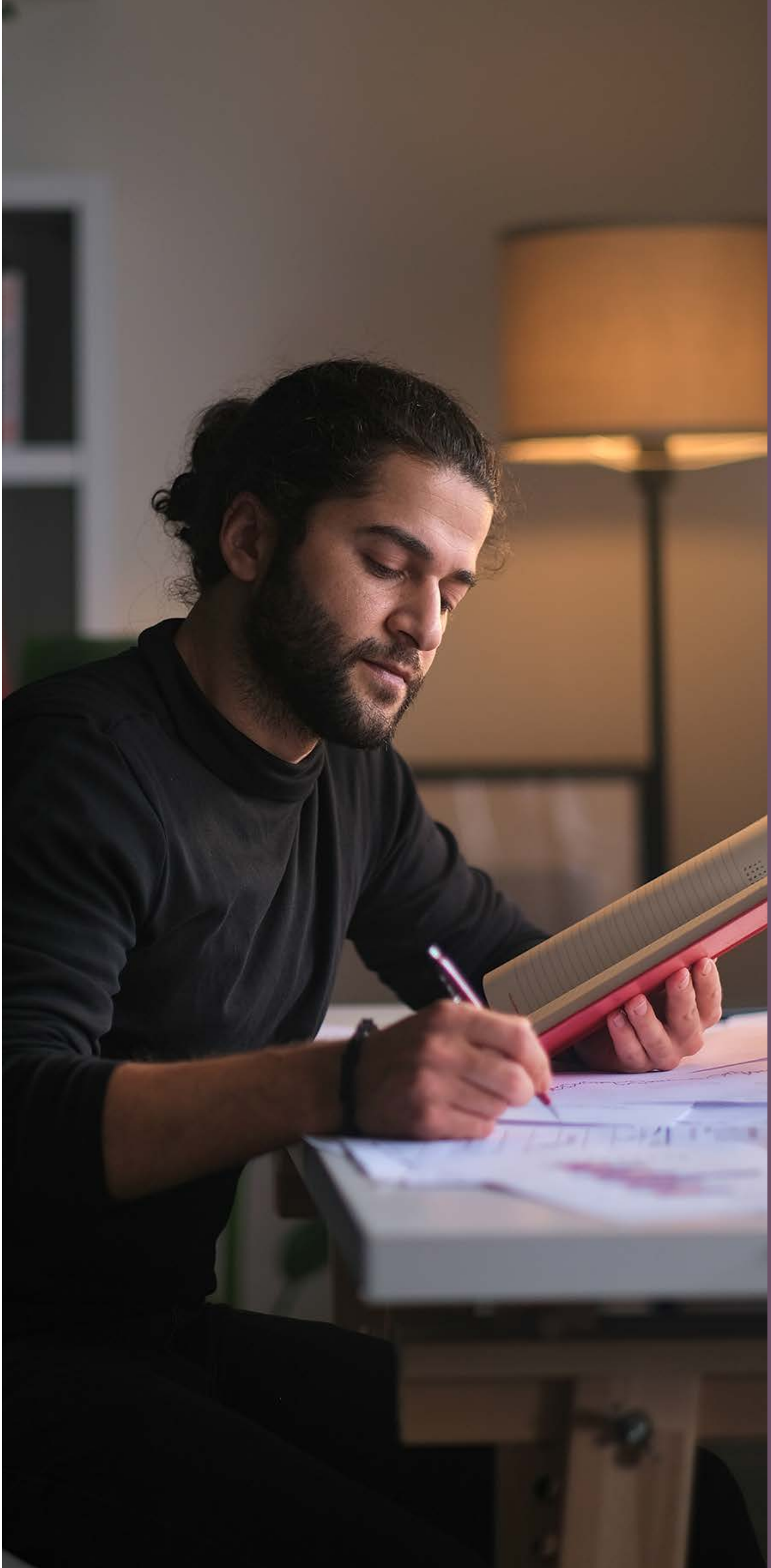
“We are delighted to have the continued support of CAF Venturesome, investing alongside our community bond holders, into our community solar bonds.”

David Malsom, Director, Energise Barnsley

WHAT WE'VE ACCOMPLISHED: **FOR CHARITIES**

CAF Bank

CAF Bank continues to be a leading light for UK charities, delivering values-based banking, dedicated customer service and competitive and highly personalised lending for our charity and social enterprise customers. The transformation of our banking services is underway in order to improve what we can offer to our clients and to position CAF Bank to be able to assist even more organisations in the future. The collective effort of this dedicated team was rewarded with the Charity Times Best Charities Bank award in 2021.



CASE STUDY



MILTON KEYNES, UK

Helping young people make a step-change in their lives

YMCA Milton Keynes is the only provider of supported housing dedicated to the needs of young adults in the city. The charity decided that a redevelopment was the most cost-effective route to deliver its future vision – to create a modern campus offering high-quality, affordable homes for young people.

Grant funding from Homes England, the local authority, the charity's fundraising appeal and a £4.4 million loan from CAF Bank, raised the funds required to complete the build and furnish the campus. The state-of-the-art campus opened in 2020 and is now home for up to 242 young adults, including young people who are homeless, those with complex needs and others seeking affordable accommodation.

As well as offering a safe place to live, YMCA MK wants to help residents make a step-change in their lives, to aim high and face the future with confidence. Social enterprises operating on site offer opportunities for residents to gain work experience, build confidence and develop new skills, as well as generating income for the charity.

“Ever since we took out the loan, CAF Bank have been interested in the project’s progress and understanding of the challenges we faced occupying the new facility and dealing with the pandemic. We would thoroughly recommend CAF Bank to anyone.”

Simon Green, Chief Executive, YMCA Milton Keynes

CASE STUDIES



DURHAM, UK

Putting tenants first

Durham Aged Mineworkers' Homes Association (DAMHA) is one of the largest almshouse charities in the country. The Association owns around 1,700 homes, mostly bungalows, on 130 sites in 80 towns and villages in the North East of England. Located mainly in the former coalfield communities of County Durham, these provide retirement housing for more than 2,000 people.

DAMHA's relationship with CAF Bank began when it switched its banking in 2014. CAF Bank's support grew to provide a £2 million secured loan in 2015 and a second loan facility in 2019.

"We were looking for a bank which could provide a personal service and ensure we were not lost just because we are a smaller organisation. CAF Bank offered good terms and stable long-term loans," explains Paul Mullis, Chief Executive, reflecting on the decision to select CAF Bank as DAMHA's preferred lender for loan finance.



"CAF Bank provides a personal, friendly and individualised service and we are really happy with the partnership we have with them," he says.

With CAF Bank's support, DAMHA has completed three affordable housing projects, a 24-home development in the town of Consett, a 19-home scheme in the town of Houghton-le-Spring, and a 13-home development in the village of Philadelphia. The Ashdale Road scheme in Consett has been shortlisted for an Inside Housing Development Award.



SCOTLAND, UK

Affordable homes in regenerated areas

Since 2016, CAF Bank has worked with Clydebank Housing Association, which was established by local residents in 1985 to modernise run down tenements in the town centre.



This has included the regeneration of the derelict site of a former cinema to develop La Scala Apartments, providing 44 one and two-bedroom flats at affordable rents, including four wheelchair-adapted homes. The project was supported by £3.1 million in grant funding from the Scottish Government and a £2 million loan from CAF Bank.

For its next project, CAF Bank provided Clydebank Housing Association with a £2.1 million loan to help fund its acquisition of 37 flats for social rent, scheduled for completion in 2022 as part of the development of 146 affordable homes at Queens Quay in Clydebank.

The development is part of a £250 million regeneration project to transform a former shipyard into a vibrant waterside community, combining new housing, retail and leisure facilities, offices and a state-of-the-art health centre – serviced by a water-sourced heating system.

Kevin Stewart, MSP, commented: "This new development will provide people with safe, warm, accessible homes and also deliver a boost to the area with additional social and economic benefits for the local community."

Fundraising tools: CAF Donate

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



£45.4m

Donations in to charities
(2020/21: £44m)



WHAT WE'VE ACCOMPLISHED

For partners

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

CAF International

Through expanding cross-border giving, CAF works to ensure donors anywhere in the world are able to effectively give funds to verified charities working in every corner of the planet. We know that collaboration is critical if philanthropy is to be a bridge-builder, helping to overcome some of the inequalities facing society, be they racial, economic, gender or disability based, or wider political and health inequalities.

In the past year, our efforts have included strengthening our relationships with like-minded organisations that share our determination to help donors and charities come together to achieve even more. We have worked closely with our European philanthropy partners, including Transnational Giving Europe (TGE). Covering 19 countries, TGE enables donors – both businesses and individuals – who are resident in one of the participating countries to financially support non-profit organisations in other Member States. It allows those donors to benefit directly from the tax advantages provided for in the legislation of their country of residence.

We have also worked with the newly-formed Philea group which was created through the merger of the European Foundation Centre (EFC) and the Donors and Foundations Network in Europe (Dafne) and we continue to work with the Wings network to secure effective routes to giving across borders and to navigate changes in the flow of funds across borders following the UK's departure from the EU.

With our CAF Network of like-minded international partners further afield, including India, Brazil and South Africa, we have identified how our shared values can help each of us to achieve more. From peer-to-peer learning to sharing the latest updates on relevant regulatory and legal changes, we are identifying barriers to giving across borders and devising workable solutions in order to meet the needs of our donors and our charity partners.



CASE STUDY



MALDIVES

Deutsche Bank Ocean Resilience Philanthropy Fund donors unite in ocean conservation

The Deutsche Bank Ocean Resilience Philanthropy Fund was launched at COP26 in Glasgow in November 2021 to provide donors with a path to support ocean conservation. Deutsche Bank committed an initial \$300,000 USD to the fund, which will support projects that restore, conserve and strengthen vulnerable marine ecosystems. Administered by CAF and open to donations from philanthropists around the world, the fund encourages collaboration with scientific experts on innovative projects, by focusing on advancing nature-based solutions. Its goal is to reach \$5 million within five years.

The Fund’s first initiative is the Future Climate Coral Bank, a research project led by the Maldives Coral Institute to identify coral species that are resilient to climate change and conserve them in a living gene bank.

Deutsche Bank Global Head of the International Private Bank and CEO for Europe, the Middle East and Africa, Claudio de Sanctis said: “With the establishment of our Ocean Resilience Philanthropy Fund, we are excited to give clients the opportunity to help secure a better, more sustainable future for one of the world’s most precious resources, our oceans.”



Charity support

CAF continues to produce sector-leading research that informs Government, business and our donors about the state of charitable giving in the UK and internationally. This work also informs the wider public dialogue and is sought after by leading media outlets across the world.

The CAF World Giving Index, carried out in partnership with Gallup, is relied upon by governments and policymakers globally to deliver insight into the giving behaviours of the general public and it remains the only universal measure of generosity produced each year.

The UK Giving report into household giving has captured domestic response in times of immense change and has tracked donor behaviour throughout the pandemic and the war in Ukraine. Charity leaders, media and Government have all sought these insights on a regular basis to inform their work. The research team also worked with the Lilly Family School of Philanthropy at Indiana University to examine new methods of crowdfunding and the changing digital donor landscape. Our annual survey of UK charity leaders, Charity Landscape, has provided a high-level view of the impact of not just the pandemic, but the growing cost of living crisis on charities' ability to operate.

Our policy and public affairs team continues to advocate for charities and donors through a focused programme of work aimed at improving the safe and effective flow of cross-border donations, ensuring that the Government's

levelling-up agenda is inclusive of the voices and unique needs of charities – and that charities are equipped with the tools they need to remain resilient in the face of considerable changes and pressures. The team works alongside colleagues at the Beacon Collective, ProBono Economics, the National Council of Voluntary Organisations (NCVO) and the Chartered Institute of Fundraising among others, in order to elevate the case for a favourable climate for charities. Our media team has worked to ensure CAF's capacity to deliver safe, effective giving solutions reaches donors and the professional adviser community that supports high-level philanthropy. Demonstrating the impact of considered, supported donations has been instrumental in ensuring that the generosity levels first seen during the early days of the pandemic have remained high and for many donors, a refreshed relationship with their chosen causes increasingly reflects a mature partnership.

Our commitment to the charities and donors we serve is rooted in the reason we exist: to accelerate progress in society towards a fair and sustainable future for all.

That sustainable future is one in which we, as an organisation, play our role to the greatest extent possible. We help charities across the globe to grow, we achieve maximum impact for donors with every penny, pound or dollar donated through our charity, and we ensure the people who choose to be part of our team have a safe and supportive place to work. Last year, the combined impact of our work meant CAF was able to distribute more than £876 million to charities in 135 countries.

That is just the beginning of our story.

When we speak of sustainability, as an organisation our work is reflected in the principles of Environmental, Social and Governance (ESG) and our commitment to the charities and donors that we serve. This includes our determination to look inward, improve how we operate as an organisation and ensure that Charities Aid Foundation stays true to our guiding values – to act with integrity, move forward together and shape the changed world that we all want to see.



£876m

Funds distributed to charities around the world



135

Number of countries where CAF distributed grants

Environment

- Donors working with CAF's specialist advisory teams are looking to achieve lasting impact with their philanthropic capital through the funding of innovative environmental projects around the world. These include funding a coalition working to protect rainforests; support for an independent research centre for the development of organic food production and land management solutions to key global issues including climate change, soil and biodiversity conservation, and food security; marine habitat protection; and funding for a new research centre providing open-source climate transition analysis, helping both the economy and society move to a low-carbon sustainable economic model.
- CAF is committed to achieving net zero in our own operations and we are ambitious in our desire to accelerate this work – where we can move faster, we will, and work is underway to measure our emissions to make sure we are on the right path.
- CAF is reviewing investments to minimise indirect exposure to activities that do not align with our ESG ambitions and will look to phase out any of these holdings upon maturity and transition to ESG-focused or greener alternatives.
- Through CAF Bank we are increasing the provision of banking services, including lending, to help UK-based charities operate and expand their vital services. We have incorporated ESG criteria into our lending policy so that we can help charities with projects such as building or refurbishing their premises to reduce emissions.
- Venturesome is increasing the investment of philanthropic capital in the social enterprises and community organisations working to deliver a fairer, sustainable world.

Social

- CAF's charitable status is based on our purpose to deliver public benefit and all of our work revolves around delivering on these principles.
- To further the delivery of public benefit, we will continue to expand our work directly, linking donations made through CAF to the United Nations Sustainable Development Goals (SDGs). Through this, we play our part in ensuring these critical global measures of progress are captured and help to achieve the intended benefit.
- We are working to further reduce our gender pay gap and to grow the diversity of our workforce to create an organisation that is representative of the communities we serve.
- CAF's Board of Trustees is 45% female and our Executive team is 43% female – and diversity is an essential part of CAF's recruitment policies when it comes to attracting new board members and senior leaders.
- CAF is part of the Investors in People (IIP) programme and was awarded Silver accreditation in 2021.
- Our Executive Committee leads an ambitious employee engagement programme with regular townhall meetings focusing on different aspects of our work each month, interspersed with well-received informal drop-in sessions for smaller group discussions.
- Internally, our Environment and Wellness Collective, a group of dedicated employees with diverse skills drawn from across our charity, advises the Executive team on internal policy to ensure CAF is proactively delivering on our commitments.
- Our procurement policies are reviewed to ensure our suppliers share our commitments, embrace the circular economy where possible and are treated fairly and with professionalism.
- We support our employees through a range of measures including a trained team of Mental Health First Aiders, paid volunteering time and matching charitable donations made through CAF Give As You Earn, the UK's largest payroll giving scheme.
- As we adjust following the Covid-19 pandemic, we have embarked on a comprehensive project to ensure our working practices and our work spaces reflect our changed world and offer our employees the flexibility they need, while enabling us to continue to fully deliver for the charities we exist to support. We have also recently extended our annual leave provision to ensure our hard-working teams have the time they need to recharge and spend time away from their work.
- Our commitment to the people who choose to work with us has been strengthened with the introduction of an enhanced benefits package, including maternity and paternity pay and a wage review to address the increased cost of living.
- We have a Slavery and Human Trafficking Policy in place, which sets out our approach to this crime and how we aim to eliminate it from our supply chains.

Governance

- CAF's Trustees and Executive Committee are accomplished leaders drawn from financial services, the third sector, the civil service, higher education, and multinational corporations. Their expert scrutiny and strategic direction informs everything we do, including ensuring our compliance and reporting protocols are fully fit for purpose and that our people feel empowered to raise any concerns about internal practice. They set an impressive level of robust, transparent governance that is upheld throughout the organisation.
- All of our governance structures, including the make-up of committees, have been subject of a robust, Trustee-led review.
- Our elected internal Employee Council constructively represents the views of our workforce, offering valuable support to fellow employees and insights to senior leadership.
- Workforce training is constantly reviewed to ensure everyone at CAF is fully aware of their own responsibilities to the organisation and to our donors and charity partners. CAF provides training and development opportunities to ensure everyone who chooses to work with us can grow their careers.
- We have introduced a refreshed whistleblowing policy to ensure employees at all levels of our organisation have both the information and the means necessary to raise any concerns.

FINANCIAL REVIEW

CAF has emerged from the pandemic with strong donor support amid a changing economic backdrop and higher interest rates, which have had a positive effect on our investment and interest income. We continue to increase our fee income and ensure our product line meets the evolving needs of our customers. Our digital transformation continues and after an initial scoping period to determine both requirements and costing, we are in the scoping stage for necessary IT upgrades. We remain vigilant in ensuring our systems are secure and resilient and that we continue to meet all of our regulatory requirements. To support CAF's work to grow the impact of charitable donations from the donors we work with, in late 2021, CAF raised £30 million from institutional and retail investors through a 3.5% bond issue with special purpose issuer RCB Bonds PLC. In addition to supporting CAF's future growth and transformation plans, the proceeds were used in

part to settle a tender offer under which CAF bought back £12.8m worth of 5% bonds due in 2026 that were issued in 2016.

The Charities Aid Foundation's accounts are consolidated and therefore include the income, costs and balance sheets of its charitable and trading subsidiaries in the US, Canada and the UK. The principal subsidiaries are CAF Bank, CAF America and the CAF American Donor Fund. The principal sources of unrestricted income are fees earned for services and products provided together with interest on loans and income earned from financial assets. Restricted income consists principally of donations to donor accounts in the Charity and CAF America and legacies. The group balance sheet consists primarily of the unrestricted and restricted charitable funds of the Charity and of its subsidiaries together with donor client balances where the Charity is acting as agent and CAF Bank depositor balances.

	Donations, legacies, grants & investment income received		Donations payable to charities	
	2021/22 £m	2020/21 £m	2021/22 £m	2020/21 £m
Restricted funds per Group Statement of Financial Activities (SOFA)	999.4	965.0	808.5	802.4
Less: US fundraising programme costs	(61.7)	(73.8)	-	-
	937.7	891.2	808.5	802.4
Donor client balances (note 21 to the Financial Statements)	110.6	114.4	69.0	73.1
less: CAF Give As You Earn receipts transferred to restricted funds and included in the Group SOFA	(41.8)	(43.0)	(1.3)	(1.4)
Net donor client balances	68.8	71.4	67.7	71.7
Total	1,006.5	962.6	876.2	874.1

Restricted funds and donor client balances

Donations received by us and subsequently paid to charities represent the principal movements in our restricted and donor client balances. The restricted funds principally relate to the services we provide to donors through CAF Charitable Trusts, CAF Charity Accounts, CAF Company Accounts, CAF America and CAF American Donor Fund. Donor client balances consist of donations received by us and subsequently paid to other charities through CAF Give As You Earn and CAF Donate.

We have illustrated earlier in this report how the generosity of donors using our services in the UK and US enabled receipts from donors, coupled with income on investments held in donors' giving funds, to exceed £1 billion.

At 30 April 2022, restricted funds held in respect of our services, offering donors flexibility to make donations at a later date and to maintain philanthropic capital, increased to £1,679.8m (2021: £1,539.9m). Restricted funds benefited from the high level of receipts, both in the UK and US and from the addition of investment income of £11.6m (2021: £10.9m). In addition, market movements during the year resulted in an increase of £6.4m in the value of our financial investments (2021: £131.1m), which had an aggregate market value of £845.8m at 30 April 2022 (2021: £772.5m). Our financial investments are principally investments held for CAF Charitable Trusts, typically a portion of the funds are also held in cash to meet donors' short-term giving, with the financial investments held to fulfil medium- to long-term objectives.

Our donor client balances, which reflect donations in the course of processing for CAF Give As You Earn and CAF Donate stood at £5.7m (2021: £4.5m).

CAF Bank depositor balances and lending

CAF Bank continues to be underpinned by a strong and stable base of deposits provided by its charity customers and a robust liquidity position. At 30 April 2022, CAF Bank depositor balances had increased by 8% to £1.5bn (2021: £1.4bn). Approximately 92% of CAF Bank's assets are highly liquid, with liquidity buffer eligible assets of £1,279m at 30 April 2022 (£1,174m at 30 April 2021).

CAF Bank's lending continued to grow during 2021/22. At 30 April 2022, the value of total committed loans and advances to customers stood at £185m (2021: £164m). The pipeline of sanctioned loans stood at £58m at 30 April 2022 (2021: £24m), providing a strong base for further growth in lending.

Given the ongoing economic uncertainty and the cost of living crisis, CAF Bank has continued to monitor and analyse closely the collective and specific loan provisions. Despite this, the quality of its loan book remains strong, resulting in modest loan loss provision. The collective provision was determined as £0.9m at 30 April 2022 (£0.8m at 30 April 2021). The economic rebound following the lifting of Covid-19 restrictions has resulted in the specific provisions reducing to £0.2m at 30 April 2022 (£1.4m at 30 April 2021).

FINANCIAL REVIEW

Unrestricted funds

At 30 April 2022, group unrestricted funds stood at £76.7m (2021: £68.5m), an increase of £8.2m (2021: £1.5m).

Total income increased to £44.9m (2021: £43.5m). We continue to increase our focus on fee income in order to ensure an appropriate mix of income sources and this is reflected in an increase in fees to £23.7m (2021: £21.5m) during the year. CAF and the group continue to be impacted by low interest rates. Total expenditure of £50.2m (2021: £45.5m) includes additional expenditure on our growth and transformation plans.

Transfers from restricted funds during the year included £10.2m from CAF Charitable Trusts including one of £6.9m where, the trusts upon which the funds were held by CAF had failed. In accordance with terms and conditions, £3.2m (2021: £2.3m) was transferred from CAF Charity Accounts that were closed. These and other funds transferred from restricted funds have been applied for the general charitable purposes of CAF. This is in support of our transformation plans.

As described earlier, CAF raised £30m through a 3.5% bond issue in late 2021 to support future growth and transformation plans. The proceeds were used in part to buy back £12.8m worth of 5% bonds issued in 2016 and repayable in 2026, for which CAF paid a premium of £1.7m, which is reflected in the SOFA as a cost of loan restructuring.

Reserves policy

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

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

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

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

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

As the economy faces the dual headwinds of a stark cost of living increase and a highly competitive labour market,

the Trustees continue to closely monitor the situation and to work with the Executive Committee to respond as required to these pressures. CAF is now in the second year of its four-year strategy and a three-year business plan has been approved by Trustees as the Executive Committee leads the teams delivering a modern and agile service for both our donor and charity customers.

Group unrestricted funds, which also represent our reserves, stood at £76.7m (2021: £68.5m). This level of reserves at 30 April 2022 is considered to be sufficient to support the ongoing activities and development of the group.

CAF investment policies and performance

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

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

Unrestricted funds – Treasury assets

The Charity's unrestricted funds are used to support the operating activities of the Charities Aid Foundation. During 2021/22 unrestricted funds continued to be invested primarily in term deposits with UK banks but may from

time-to-time be invested in gilts, supranational bonds and investment-grade corporate bonds, and include the long-leasehold property in Kent, used for the Charity's activities.

Restricted funds

Investments are held for restricted funds as follows:

Financial investments – Trust funds

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

Other restricted funds – Treasury assets

Other restricted funds principally comprise balances held pending onward donation to other charities. During 2021/22 funds continued to be invested primarily in term deposits with banks, gilts, other supranational bonds and a portfolio of investment-grade corporate bonds. Our policy is to hold bonds to maturity.

FINANCIAL REVIEW

As at 30 April 2022 our Treasury asset portfolio yield was 0.8035% (2021: 0.8843%), compared with a benchmark of SONIA of 0.6906% (2021: 0.0486%). We experienced a reduction in rates available as deposits matured.

Investment policies of subsidiaries are determined and managed by their respective boards.

Going concern

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the group’s financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future, taking into account the principal risks to which the group is exposed and the ongoing cost of living rises and geo-political uncertainties. The Trustees have considered the impact of a severe economic outcome on CAF and its subsidiaries and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of CAF and its subsidiaries would be unable to continue. After taking into account

the current level of the group’s cash and reserves and the financial performance of the group since 30 April 2022, the Trustees have concluded that the risk of this situation occurring is remote.

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

Structure, Governance and Management

The Charities Aid Foundation is a registered charity (number 268369) and is governed by a Declaration of Trust dated 2 October 1974 (as amended from time to time). The Board of Trustees, together with the executive, are set out at the end of this document.

IN THIS SECTION

- 31** CAF Trustees
- 32** CAF Committees
- 33** Risk management
- 34** Statement of Trustees' responsibilities

CAF Trustees

The Board of Trustees is the body responsible for the management of CAF and is required to consist of:

- Not fewer than eight Trustees appointed by resolution of the Trustees; and
- the Chair of NCVO (National Council for Voluntary Organisations)

The Board meets at least five times a year. All Trustees are non-executive and none of them receive remuneration from CAF. Trustees are appointed to hold office for a term of three years. Except for the Chair of NCVO, no Trustee may hold office for more than three consecutive terms. All newly appointed Trustees are required to undertake an induction programme delivered by the Company Secretary and Executive Director of People and Purpose.

The induction is in two parts and across two dedicated sessions. The first of these focuses upon governance, the role of trustee and its responsibilities. The second focuses upon the organisation, how it is designed, the business plan, key themes and performance measures. From 2022 a newly designed Board effectiveness framework is being implemented. This is designed around a three-year programme broken down into the themes of key knowledge on the duties related to governance in year one, the assessment of Board skills, knowledge and experience in year two and a formal external audit and validation in year three.

The Trustees delegate management responsibilities to the Chief Executive and also delegate certain functions to the sub-committees described below. Each sub-committee has specific terms of reference and a chairman appointed by the Trustees. Trustees strengthen the sub-committees by co-opting experts in the relevant field. This delegation is controlled by requiring regular reporting from the Chief Executive and the sub-committees to the Board of Trustees.

Board of Trustees
Meeting attendance

	1 May 2021 to 30 April 2022	
	Meetings attended	Maximum
Sir James Leigh-Pemberton (Chair)	6	6
Cyrus Ardalan (Chair, Investment Advisory Committee)	6	6
Roger Perkin (Vice-chair and Chair, Audit, Risk & Compliance Committee)	5	6
Janet Pope (Chair, CAF Bank Ltd)	5	6
Sir Ernest Ryder	6	6
David Shalders	5	6
Dr Priya Singh (Chair, NCVO)	5	6
Susannah Storey	3	6
Matt Hammerstein (resigned 29 September 2021)	3	3
Tiina Lee (resigned 28 April 2022)	3	6
Sabine Everaet (appointed 28 April 2022)	-	-
Meredith Niles (appointed 28 April 2022)	-	-
Owen Valentine Pringle (appointed 28 April 2022)	-	-

CAF Trustees (continued)

Sir James Leigh-Pemberton, CVO – Chair

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

Cyrus Ardalan – Chair, Investment Advisory Committee

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

Roger Perkin – Vice-chair and Chair, Audit Risk and Compliance Committee

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

Janet Pope – Chair, CAF Bank Ltd

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

Sir Ernest Ryder

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

David Shalders

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

Dr Priya Singh

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

Susannah Storey

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

Matt Hammerstein

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

Tiina Lee

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

Sabine Everaet

Sabine is Independent Non-Executive Director at ING Belgium and Strategic Partner at Oraxys, a Private Equity fund specialised in environmental growth capital. She is a Senior Adviser to multiple companies.

Meredith Niles

Meredith is an experienced charity professional, having most recently served as Executive Director of Fundraising and Engagement at Marie Curie. Meredith also serves as Chair of the SOFII Foundation and as a trustee of Plan International UK and the Trust for London.

Owen Valentine Pringle

Owen is a member of the Leadership Team and a Partner of Leaders’ Quest, a leadership development practice that supports executive teams with the alignment of profit with purpose. Previously, he was Chief of Staff at ActionAid International’s global secretariat. Owen was recognised by the Financial Times in its inaugural list of the 100 most influential BAME leaders in technology.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of Trustees and co-opted members with relevant expertise. The committee meets with senior management and external and internal auditors at least four times a year. The committee’s purpose is to review and make recommendations on the following on behalf of the Trustees:

- Internal control and risk management systems
- Effectiveness of internal audit
- CAF’s relationship with its external auditors
- Procedures for compliance with anti-money laundering legislation and CAF’s other regulatory obligations
- Annual report and accounts
- The arrangements by which staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

Investment Advisory Committee

The Investment Advisory Committee is a panel of independent investment experts chaired by a Trustee. The committee meets with senior management at least four times a year. The purpose of the committee is to advise the Trustees on investment matters regarding CAF’s funds as well as the funds held in CAF Charitable Trusts or as agent. This is undertaken in the context of our long-range strategic plans, operational activities and Charity Commission guidelines. The committee monitors

compliance with agreed investment policies and performance benchmarks. It also monitors compliance with procedures relating to investments, as well as providing other advice on an ad hoc basis.

Nomination, Remuneration and Culture Committee

The Nomination, Remuneration and Culture Committee advises the Trustees on the appointment of CAF’s Trustees and of the co-opted members and advisers to the boards and committees of the CAF group. The committee also makes recommendations regarding the remuneration of members of the Executive Committee of CAF (who form the key management personnel of the group) and other senior members of staff, and reviews and agrees the basis for the general pay award to staff. Remuneration and salaries are assessed and reviewed against market rates using third-party data. The committee also reviews the general terms and conditions of employment of our staff including the provision of pension arrangements. The committee meets at least three times a year.

CAF’s partners

The Charities Aid Foundation group consists of CAF and its subsidiaries in the UK, CAF America, the CAF American Donor Fund and CAF Canada.

The wider CAF Network, formerly known as the Global Alliance, includes organisations around the world that exist to support charities. These valued international colleagues collaborate with CAF and one another to support our work to accelerate social progress around the world. This network of like-minded not-for-profit organisations maintains strong working relationships with the Charities Aid Foundation group and includes Good2Give (Australia), CAF India, IDIS (Brazil), BCause (Bulgaria), CAF Southern Africa, and TUSEV (Turkiye).

CAF also holds relationships with Europe-based philanthropy organisations, including the newly-formed Philea and Transnational Giving Europe, which assists in facilitating cross-border giving into Member States who are part of the group.

Additionally, in order to deliver its mission and to comply with the regulatory requirements for the provision of banking and investment solutions to charities, in the UK CAF has created and holds mixed-motive investments in a number of wholly-owned subsidiaries, the largest of which is CAF Bank. These investments further CAF’s charitable mission, as well as providing a financial return. CAF’s Board of Trustees receives updates from the boards of each entity that is a member of the CAF group.

Full details of the CAF group are set out in note 2 to the financial statements.

Public benefit and society

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

CAF has paid due regard to the Charity Commission’s general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

Stakeholder engagement

We recognise and promote the importance of strong relationships with our stakeholders across all of our activities, and we are committed to productive, long-term relationships. Throughout this report we have described how we engage with our donors, charity customers, government and colleagues in the sector and our employees. Below we give examples of engagement with other stakeholders.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Suppliers

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

Regulators

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

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

Fundraising

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

Risk Management

Responsible and effective risk management is central to CAF’s ethos, and is embedded as part of our strategy in support of our purpose to accelerate progress in society towards a fair and sustainable future for all. The CAF risk management strategy, including related risk appetites, is reflective of CAF objectives in support of each part of the group and reflects our commitment, as a charity, to making a positive and lasting difference for the charities, donors, beneficiaries and partners with whom we work.

Risk is overseen by CAF Trustees, Executive Boards and Senior Management whilst being supported by an embedded risk management culture which is an accountability of every CAF colleague.

Risk Management Framework

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

The control environment aligns to the risk management framework and is supported by a related set of policies, procedures and controls which supports responsible decision making, within the appetite of the group, as set by the Trustees and supported through CAF Executive

Board Committees, which include: the CAF Executive Committee, CAF Bank Board, CAF America Board, CAF American Donor Fund (CADF) Board and CAF Financial Solutions Limited (CFSL) Board. CAF Executive Board Committees have dedicated supporting risk committees, including the CAF Audit Risk and Compliance Committee, CAF Bank Executive Risk Committee, the CAF America Finance, Audit and Risk Committee and CFSL Executive Risk Committee.

The Risk Management Framework operates using the ‘three lines of defence’ principle, separating risk ownership from risk oversight and assurance, with governance provided by formal committees.

Further information can be found on the CAF Bank Risk Management Framework in the CAF Bank annual report, aligned with the Financial Conduct Authority and Prudential Regulation Authority.

Developments in the charity sector have seen increased media, public and regulator interest in the operation of charities. The Trustees and senior management remain focused on those risks that could adversely affect our reputation and ensure that all activities are carried out in a respectful and open manner.

Business Continuity

CAF maintains Business Continuity Plans and has ensured our planning remains robust as we moved large numbers of our workforce towards a hybrid working environment

in the post-Covid era, while ensuring all systems and personnel are equipped and supported.

All risks have been assessed for the actual or known potential impacts of a longer-term shift to hybrid working and have been reported, as appropriate, to relevant committees.

Principal risks and their mitigation

The principal risks evaluated across the group:

- Non-financial risks**

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

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

NON-FINANCIAL RISKS		
Risk		Mitigation
REPUTATION	<p>CAF’s brand and reputation are critical in our endeavours to attract and retain our customers, in support of the CAF mission.</p> <p>CAF’s objective is to enhance our standing with stakeholders, underpinned by a consistent application of the rules that govern the application and use of the CAF brand.</p> <p>CAF understands the importance of having clear and consistent positions on the issues facing the charitable sector, donors, corporate givers, and Government.</p> <p>The risks to the group of reputational damage include a reduction in revenue, increases in operating costs, and a loss of market position.</p>	<p>We take active steps to manage our brand. This work includes the monitoring of social media sentiment, the tracking and reporting of media mentions and the analysis of customer feedback.</p> <p>We use our written policies and procedures to ensure that customer feedback and complaints are managed in line with prevailing best practice and regulation.</p> <p>CAF conducts risk-based screening and negative media reviews for donors and beneficiaries during onboarding and due diligence processes to mitigate risks of financial crime and to avoid actual or potential reputational risks that may arise. We maintain a crisis communications plan to address any negative reputational concerns.</p> <p>Internally, our human resources team supports managers to understand and act upon risks that could arise from employee relations.</p> <p>Through regular training and ongoing compliance oversight, we ensure that our people are equipped to support our efforts to protect our reputation.</p> <p>The CAF Network, our global network, which includes independent partners, requires members to adhere to CAF’s brand guidelines.</p>

NON-FINANCIAL RISKS		
Risk		Mitigation
STRATEGY AND MISSION	<p>CAF’s objective is to deliver on its Together Building Opportunity plan for the future whilst ensuring CAF fulfils its obligation and great potential to grow the organisation’s impact sustainably, managing costs and providing a positive customer experience. Below are the main risks to this objective:</p> <p>Strategic risks are those that arise from the decisions taken concerning the group’s objectives and ability to meet those objectives. This can include decisions taken in relation to developing products and services, changes in the technological environment and longer-term sources of finance to support planned strategic growth.</p> <p>Changes in the financial markets in light of rising inflation, related higher interest rates and related economic downturn risks have the potential to have a significant impact on our strategic plans and are subject to modelling.</p> <p>Modelling for other economic scenarios in the medium and longer term are also subject to consideration.</p> <p>Changes in our operating environment, including regulatory changes, may also impact the level of our retained reserves or the levels of reserves we are required to maintain in the future.</p>	<p>A detailed approach is taken to budget-setting and development of financial plans and these are reviewed and approved by the Trustees and the relevant boards. Regular detailed financial monitoring is carried out and actions are taken to mitigate against any budget pressures, including effective cost management measures.</p> <p>Our strategic planning includes the modelling of a range of potential future scenarios in respect of changes in the group’s operating environment, through which we identify opportunities to further our strategic goals, or to mitigate any negative impact arising from the change in the operating environment.</p> <p>Our planning processes include comparison of projected reserves against the level of reserves required to support our ongoing operations and planned strategic growth.</p> <p>We continue to assess and monitor risks associated with the UK’s withdrawal from the EU, including the future of EU and other funding for charitable work, the longer-term sustainability of corporate social responsibility programmes, the future of tax relief arrangements for donations into or out of the EU, and the future of London as a global hub for philanthropy.</p>

STRUCTURE, GOVERNANCE AND MANAGEMENT

NON-FINANCIAL RISKS		
Risk		Mitigation
REGULATORY	<p>CAF's objective is to deal with all our regulators in an open and co-operative way and to deliver on our commitments.</p> <p>Regulatory risk is defined as the risk to earnings and reputation associated with a failure to comply with regulatory requirements and expectations. The group aims to comply with all relevant regulatory requirements to minimise the risk of financial loss, maintain its high reputation and avoid regulatory sanction.</p> <p>CAF is regulated by the Charity Commission for England and Wales and is required to comply with HM Revenue & Customs tax legislation. CAF is responsible for ensuring that the charitable funds it receives, administers and distributes are managed in compliance with charity law and the tax legislation relevant to charitable giving and expenditure.</p> <p>CAF is registered with the Financial Conduct Authority (FCA) for anti-money laundering purposes.</p> <p>CAF Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and PRA.</p> <p>CAF Financial Solutions Ltd (CFSL) is regulated by the FCA.</p> <p>CAF America is regulated by the US Internal Revenue Service and must also comply with State regulations for registered charities and data privacy protections.</p> <p>CAF Canada is regulated by the Canada Revenue Agency and must comply with provincial regulations in the provinces where it is registered.</p> <p>Where the CAF group undertakes cross-border grantmaking, the local regulations of the receiving country are considered.</p> <p>CAF group adheres to UK, US and EU Financial Sanctions obligations including those defined by the Office of Financial Sanctions Implementation (OFSI) and The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury.</p>	<p>Compliance with regulatory requirements and expectations commences at board level for each group entity. It is cascaded down through the senior management teams and is embedded across all areas of operation and subject to second line of defence oversight by Risk, Compliance and Financial Crime teams.</p> <p>Regular reporting to our Audit, Risk and Compliance Committee (ARCC) includes risks arising out of our charitable activity, operations, including related risk, compliance and financial crime control related matters and internal mitigating controls. The ARCC reviews and monitors the adequacy of internal controls and reports to the Board of Trustees on significant risks, any identified weaknesses in controls and progress of actions for addressing any such identified weaknesses.</p> <p>Data protection and information governance policies are in place and are reviewed to ensure our internal processes are robust and comply with relevant legislative, regulatory or contractual requirements including the UK General Data Protection Regulation and Data Protection Act.</p> <p>Data governance training is compulsory for all staff and has been designed to ensure awareness of our duty to protect data and support implementation of our internal policies and procedures on data protection and information governance.</p> <p>The group is committed to ensuring that the appropriate resource is made available to adhere to regulatory requirements.</p> <p>CAF America, CAF Canada and CADF maintain grantmaking and Project Distribution protocols that are reviewed regularly by legal counsel to ensure compliance with regulatory requirements.</p> <p>The CAF America Finance and Compliance team is responsible for ensuring appropriate filings are completed with the US Internal Revenue Service, Canada Revenue Agency, and each US state as necessary. Quarterly compliance reports ensure that these regulatory filings are documented and submitted on time.</p> <p>The CAF Network will be underpinned by agreements with CAF that require each of our independent partners to adhere with relevant legislation. Whilst these partners do not form part of the CAF group, we strive for each member of the CAF Network to maintain the highest standards of regulatory compliance and due diligence.</p>

NON-FINANCIAL RISKS		
Risk		Mitigation
OPERATIONAL	<p>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.</p>	<p>The group continually develops its systems and controls in the context of the scale and complexity of CAF operations, to manage and mitigate the likelihood of failure associated with operational risks. Policies, practices and controls are in place to govern our operational risks. These are reviewed for effectiveness on an ongoing basis.</p> <p>CAF Bank uses the Basic Indicator Approach (Capital Requirements Regulation (CRR) Pillar 1) and considerations of its maximum scenario based operational loss (CRR Pillar 2) to assess operational risk capital requirements.</p> <p>Our people are the key to our success, so we invest significantly in learning and development. We carry out surveys of our staff and we develop and implement action plans to address key issues. We have introduced a number of new wellbeing tools to support our people.</p> <p>We carry out comprehensive reviews of our business continuity arrangements and plans and perform ongoing resilience testing of key business-critical activities.</p> <p>Operational risk presented by third-party suppliers is addressed by our procurement process, which ensures a strict framework for engaging third parties including a thorough risk assessment and regular service reviews.</p>
CYBER	<p>Cyber threats are escalating from an increasingly sophisticated criminal community and we continue to invest in strengthening defences for both the group and its customers and in developing emergency response plans.</p>	<p>We continue to respond to the need to ensure resilience, to layer up security measures and to build capacity as our operating model and volumes develop.</p> <p>We regularly monitor and test controls to ensure they are operating effectively. A key part of these controls is awareness throughout the organisation of how cyber attacks occur and the defences we have in place to counteract these.</p> <p>All UK staff are required to complete IT security training, which is designed to ensure awareness of our duty to protect our systems and the data they hold.</p> <p>CAF America and CAF Canada IT systems are reviewed and supported by an external firm to ensure they are protected from cyber attacks.</p>

NON-FINANCIAL RISKS		
Risk		Mitigation
FINANCIAL CRIME	There is a risk of both CAF and its customers being a target of financial crime, which may lead to reputational damage, financial loss or regulatory censure.	<p>The CAF group risk management framework and related policies define requirements relating to the management and mitigation of financial crime related risks including anti-money laundering, fraud, counter-terrorist financing, counter-tax evasion facilitation, anti-bribery, anti-corruption and sanctions.</p> <p>These policies are designed to support CAF adherence to the obligations and requirements as applicable, determined by UK, EU, US and Canadian legislation, regulations and industry best practice guidelines for both the charity and financial services sectors and reflects our commitment and intent to both detect and disrupt financial crime.</p> <p>The group’s systems and controls are designed to combat financial crime and the group-wide transformation plans will continue to drive an agenda for ongoing targeting of financial crime related risks, aligned with both our regulatory and social responsibilities.</p>

Financial risks

Through such services as the CAF Charity Account, CAF Company Account and CAF Charitable Trust, the group’s activities include the receipt, investment and onward distribution of charitable funds. Activities also include banking services, such as deposit taking and lending, provided by CAF Bank. Consequently, the group holds a significant level of financial instruments and has a corresponding exposure to the associated financial risks.

Details of the financial instruments held by CAF Bank are set out in note 33 to the financial statements, together with descriptions of the management of each category of financial risk.

FINANCIAL RISKS		
Risk		Mitigation
CAPITAL	CAF defines capital risk as risk that the group (or its entities) do not have the amount and/or quality of reserves or capital needed to meet the requirement of the relevant reserves policy or the minimum regulatory requirements or to support planned strategic growth.	<p>Relevant policies are reviewed and approved by the ARCC. Capital requirements are funded by reserves in line with policy.</p> <p>Our planning processes include comparison of projected reserves against the minimum level of reserves required to support our operations and planned growth.</p> <p>We continue to focus to maximise income opportunities and cost management in order to minimise the impact on reserves.</p> <p>For CAF Bank, capital risk is measured, monitored and reported daily against limits approved by the CAF Bank Board within CAF Bank’s Capital Policy and monitored at CAF Bank’s Asset and Liability Committee (ALCo) and Executive Risk Committee. CAF Bank undertakes regular stress testing of its capital adequacy.</p>

STRUCTURE, GOVERNANCE AND MANAGEMENT

FINANCIAL RISKS		
Risk		Mitigation
CREDIT	Credit risk is the risk of financial loss arising from a borrower or counterparty failing to meet their financial obligations to repay the group in accordance with agreed terms.	<i>Treasury assets</i> Treasury policies are reviewed and approved by the CAF Investment Advisory Committee (IAC) and criteria is set, which includes credit rating and counterparty lending limits and country limits.
	Credit risk arises primarily from investing funds with treasury counterparties and lending to charities.	Subject to minimum credit ratings, maximum terms, and maximum counterparty limits, funds may be invested in the following: <ul style="list-style-type: none">• UK gilts and multilateral development banks• Other single sovereign-backed Sterling denominated bonds• Financial and non-financial corporate bonds (fixed and floating rate)• Bank deposits, including in the money market. For CAF Bank, Treasury counterparties are reviewed and approved in accordance with policies and criteria approved by the CAF Bank Board. The Bank sets criteria, which include credit rating, counterparty lending limits, group exposures, and country exposure limits. The Bank uses the Standardised Approach to assess capital required for credit risk, with risk weightings based on the lower of the two highest of Fitch, S&P and Moody's ratings in accordance with the credit quality assessment scale. <i>Financial investments held for Trust funds</i> CAF Charitable Trusts, CAF America Donor Advised Funds, CADF Trusts and CAF Canada Donor Advised Funds (collectively 'Trust funds') are invested in accordance with policies approved by the CAF IAC, on behalf of CAF's and CADF's Trustees, and by the boards of CAF America and CAF Canada. Donors typically hold a proportion of their funds in cash in order to meet their short-term giving expectations and invest funds to meet their medium to long-term philanthropic objectives. Donors plan donations by reference to the market values and liquidity profile of the assets held for their Trust fund. Cash held for Trust funds by investment managers pending investment is subject to the FCA's client money rules. CAF Venturesome's programme-related investments enable charities to lever their operations and deliver more social impact. All loans are subject to regular monitoring of loan performance. Provisions are assessed for evidence of impairment at both specific and collective level and where appropriate, includes consideration of the impact of a reduction in property values of various degrees of severity.

FINANCIAL RISKS		
Risk		Mitigation
LIQUIDITY AND FUNDING RISK	Liquidity risk is the risk that a group entity does not have sufficient financial resources to meet its obligations as they fall due, or where it can secure them only at excessive cost.	<i>Treasury assets</i> The liquidity position is monitored by the CAF IAC. On a day-to-day basis the liquidity profile of CAF's assets is compared with the historical behavioural of CAF's payments to beneficiary charities.
	Liquidity risk arises from mismatches in the timing of cash flow. Funding risk arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.	CAF's liquidity policy requires a minimum percentage of total balances, together with a minimum percentage of individual large balances to be available within 24 hours, and in turn, a minimum percentage of total balances to be available within six months. No more than 50% of balances may be invested in term deposits or other non-marketable investments with a term in excess of 12 months. CAF Bank Liquidity risk is measured, monitored and reported daily against intra-day triggers and limits approved by the CAF Bank Board within the Bank's Liquidity Policy. The liquidity position is monitored by relevant CAF Executive Committees. The Bank undertakes regular stress testing of its liquidity position and behavioural analysis of its liabilities and assets. <i>Financial investments held for Trust funds</i> Trust funds are invested at the discretion of donors in accordance with investment policies that require investments to be highly liquid. Investments by donors take into account anticipated liquidity requirements to fund donations. Should additional liquidity be required to fund donations, investments are disposed. In the event of a shortfall in anticipated proceeds, the value of the donation would be reduced.
MARKET AND INTEREST RATE RISK	Market and interest rate risk is the risk from adverse movements in external markets, e.g. interest rate movements, changes in investment values or currency movements that will reduce income or the value of assets. This includes interest rate risk in CAF Bank's banking book – book, which is the risk arising from a mismatch between the duration of assets and liabilities.	<i>Treasury assets</i> CAF, including CAF Bank, does not undertake proprietary trading activities. Investments are usually held to maturity and valued at cost with any premium or discount amortised over the remaining term (the effective interest method). Market and interest rate risk is measured by monitoring mismatches between assets and liabilities assessed on a behavioural basis, which may result from movements in market interest rates over a specified time period within limits approved by the CAF IAC and for CAF Bank within Board-approved limits. <i>Financial investments held for Trust funds</i> Trust funds are invested to fund long-term philanthropic goals of donors. The value of investments determines the value of funds available to make donations. Accordingly, a movement in equity markets or interest rates may affect the value of Trust funds held by the group, but does not impact the level of unrestricted funds.

Statement of Trustees’ responsibilities in respect of the Trustees’ Report and the financial statements

The Trustees are responsible for preparing the Trustees’ Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’.

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the charity and of the incoming resources and application of resources of the group and the charity for that period.

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

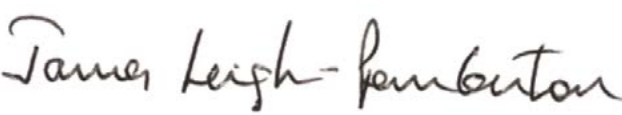
- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees’ report on pages 2 to [43] was approved by the Board of Trustees on

28 July 2022 and signed on their behalf



Sir James Leigh-Pemberton, CVO
Chair of Trustees

Independent auditor's report to the Trustees of the Charities Aid Foundation

IN THIS SECTION

- 41** Opinion
- 41** Basis for opinion
- 41** Summary of our audit approach
- 41** Conclusions relating to going concern
- 42** Key audit matters
- 43** Our application of materiality
- 43** An overview of the scope of our audit
- 43** Other information
- 43** Key audit matters
- 43** Auditor's responsibilities for the audit of the financial statements
- 44** Extent to which the audit was considered capable of detecting irregularities, including fraud
- 44** Matters on which we are required to report by exception
- 44** Other matters
- 44** Use of our report

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the Group’s and of the Charity’s affairs as at 30 April 2022 and of the Group’s incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- have been prepared in accordance with the Charities Act 2011 and the trust deed.

We have audited the financial statements which comprise:

- the Group and Charity Statement of Financial Activities;
- the Group and Charity balance sheets;
- the Group and Charity cash flow statement;
- the related notes 1 to 33.

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

2. Basis for opinion

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

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

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were:
	<ul style="list-style-type: none">• Recognition of income from legacies;• Recognition of donation income from new major donors;• Recognition of donations paid to new overseas beneficiaries and grants payable; and• Loan impairment provisions in CAF Bank Limited.
	Within this report, key audit matters are identified as follows:
	<div><div>⚠ Newly identified</div><div>⬆ Increased level of risk</div><div>⬅ Similar level of risk</div><div>⬇ Decreased level of risk</div></div>
Materiality	The materiality that we used for the Group financial statements was £10,000,000 which was determined on the basis of 1% of total income.
Scoping	Our audit scope included the audit of the Group’s significant components namely the Charity, CAF Bank Limited, CAF America, Southampton Row Trust Limited and CAF Canada. We also scoped in CAF Financial Solutions Limited and CAF Investments Limited to meet local statutory reporting requirements. All scoped in components account for 99% of funds as at 30 April 2022 (2021: 99% of funds as at 30 April 2021).
Significant changes in our approach	There have been no significant changes in our audit approach for this year.

4. Conclusions relating to going concern

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

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

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

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

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

5. Key audit matters

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

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

5.1 Recognition and completedness of income from legacies		
Key audit matter description	For the year ended 30 April 2022, the Group's legacy income was £24.7 million (2021: £21.8 million). There is a high degree of management judgement involved in the recognition of income from legacies which have been accrued at the year end. These judgements include assessing the entitlement, probability and measurement of the income. Accordingly, consistent with the prior year, we consider there to be an increased risk of misstatement due to error or fraud in respect of legacy income. Refer to the accounting policies in note 1.4(a) and note 6 of the financial statements on pages 51 and 65.	
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the recognition of legacy income. We tested a sample of legacies to assess whether income was recognised when the Group became entitled to the income, receipt of the income was probable and the amount of the income could be estimated reliably. Where legacies were received, we agreed a sample of cash receipts to bank statement. Where legacy income was subject to conditions, we assessed the fulfilment of those conditions and, where relevant, the deferral or non-recognition of the legacies.	
Key observations	Based on the procedures performed and evidence obtained, we considered management's assumptions in recognising legacies to be reasonable.	
5.2 Recognition of income from new major donors		
Key audit matter description	During the year income from new major donors was £61.3m (2021: £12.5m). We consider the risk of misstatement due to error or fraud to be higher where donations are received from new major donors given the lack of track record and the need to perform due diligence procedures in the current period to substantiate the source of funds. Refer to the accounting policies in note 1.4(a) and note 6 of the financial statements on pages 51 and 65.	

How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the recognition of donations from new major donors. We tested a sample of donations from new major donors to assess whether the income was recognised when the Group became entitled to the income, receipt of the income was probable and the amount of the income could be reliably estimated. Also, that validation and due diligence processes had been performed in accordance with the Group's policies. Where donations from new major donors had been received, we agreed a sample of cash receipts to bank statements and due diligence checks. We tested the completeness of new major donations during the period by reference to client lists and supporting client files.
Key observations	Based on the procedures performed and evidence obtained, we considered management's recognition of donation income from major donations to be appropriate.

5.3 Recognition of donations paid to new overseas beneficiaries and grants payable		
Key audit matter description	Donations paid to charities £791.6m (2021: £811.5m) are charged to the Statement of Financial Activities when both the Group and beneficiary charities are notified in the normal course of business of an unconditional obligation to transfer funds. Donations paid to new overseas beneficiaries amounted to £10.3m (2021: £15.1m). There is a higher degree of risk of misstatement associated with donations paid to new overseas beneficiaries as overseas not-for-profit entities are not necessarily subject to the levels of regulatory oversight applied to similar entities in the UK and new overseas beneficiaries require detailed due diligence to be undertaken. Grants payable £22.3m (2021: £10.3m) are payments where the beneficiary charity has been formally notified in writing of the award. This notification gives the beneficiary a reasonable expectation that they will receive the grant. The recognition of grants payable involves judgement to assess the obligation, probability and value of each grant. Refer to the accounting policies in note 1.5 and note 6 of the financial statements on pages 52 and 65.	
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls over the recognition of donations paid to new overseas beneficiaries and grants. We obtained source documentation for a sample of donations paid to new overseas beneficiaries to assess whether the awards had been communicated by the donor to the Charity and subsequently to the beneficiary charity. We tested a sample of overseas beneficiaries to assess that validation and due diligence processes had been performed in accordance with the Group's policies. We tested the completeness of donation expenditure to new overseas beneficiaries by agreeing a sample of cheques, instructions from clients and cash disbursements to expenditure listings. Where grants, particularly multi-year grants, are subject to the beneficiary charity fulfilling conditions, we assessed the fulfilment of those conditions and, where relevant, the deferral of the grants.	
Key observations	Based on the procedures performed and evidence obtained, we considered management's expenditure recognition to be reasonable in respect of grants and donations paid to new beneficiaries overseas.	

5.4 Valuation of loan impairment provisions in CAF Bank Limited		
Key audit matter description	The value of CAF Bank's loan book grew in the current year to £162m as at 30 April 2022 (2021: £124m) driven by an increase in charitable lending. Loan balances comprise lending to charities and to finance property developments for social purpose organisations. Loans are assessed during the year and at each reporting date to determine whether there is evidence of impairment. The process for establishing impairment provisions for loan balances involves management judgement to both identify potential impairment triggers and to estimate the amount of impairment losses. The economy showed signs of recovery from the impact of the COVID-19 pandemic, with government vaccine programmes and fiscal policy support bolstering the economy. However, inflation and the cost of living crisis continues to cause economic uncertainty. This represented an area of judgement and estimation for management. The Company is also required to provide for loan losses that may have been incurred but not reported (IBNR). The IBNR provision is modelled using market data for probability of default (PD) and loss given default (LGD) which is adjusted by management to reflect the credit risk in the CAF Bank loan book. The impairment provision as at 30 April 2022 was £1,078k (2021: £2,178k), of which £902k (2021: £802k) relates to the IBNR provision and £176k (2021: £1,376k) relates to provisions for individually assessed loans. Refer to the accounting policies in note 1.15 and note 11 of the financial statements on pages 55 and 71.	
How the scope of our audit responded to the key audit matter	We obtained an understanding of the relevant controls relating to both IBNR and individual loan impairment provisioning. We tested a sample of performing loans to assess whether there was objective evidence that impairment had arisen and not been identified. We reperformed the IBNR model calculation and challenged a sample of model inputs to assess completeness and accuracy of data. We challenged the key assumptions applied to estimate the IBNR impairment provision by comparing the assumptions to historical data and industry information. We challenged the calculation of the individual provision balances by testing the appropriateness of key inputs and mathematical accuracy of the calculation.	
Key observations	Based on the procedures performed and evidence obtained, we found the Group's assumptions, judgements and approach to estimating loan impairment provision to be reasonable and therefore considered the level of provision to be appropriate.	

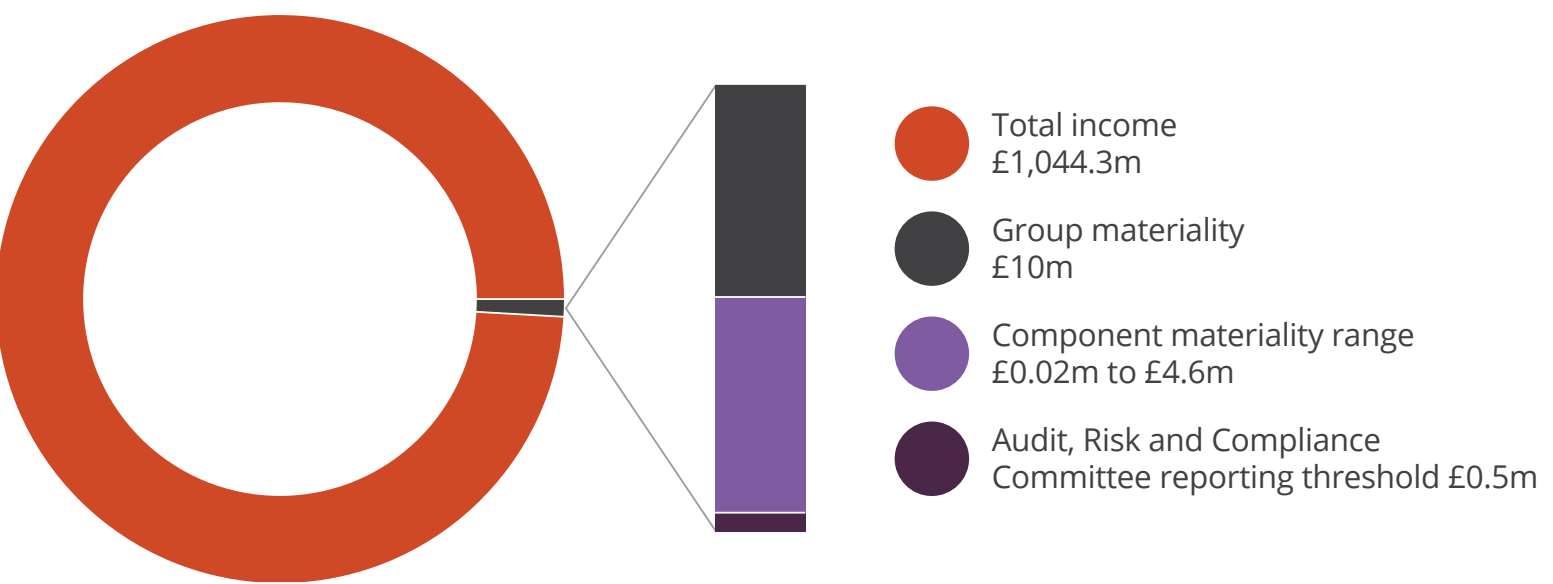
6. Our application of materiality

6.1 Materiality

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

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

	Group financial statements	Charity financial statements
Materiality	£10m (2021: £10m)	£4.6m (2021: £5.4m)
Basis for determining materiality	1% of total income (2021: 1%)	1% of total income (2021: 1%)
Rationale for the benchmark applied	We consider total income to be an appropriate benchmark as it is a key measure of the performance of the Group, being a not-for-profit organisation.	We consider total income to be an appropriate benchmark as it is a key measure of the performance of the Charity, being a not-for-profit organisation.



6.2 Performance Materiality

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

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of charity materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none">Our risk assessment, including our assessment of the overall control environment; andOur past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3 Error reporting threshold

We agreed with the Audit, Risk and Compliance Committee that we would report to the Committee all audit differences in excess of £500k (2021: £500k), set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit, Risk and Compliance Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

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

Our Group audit scope included full scope audits of the Charity, CAF Bank Limited, CAF Financial Solutions Limited, CAF Investments Limited, Southampton Row Trust Limited, CAF Canada and CAF America. These components account for 99% of funds as at 30 April 2022 and their audits were performed at lower levels of materiality set by the Group audit team ranging between £0.02m and £4.6m. There are separate component teams in respect of CAF UK, CAF Bank Limited, CAF Canada and CAF America.

7.2 Our consideration of the control environment

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

7.3 Working with other component auditors

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

At the Group level, we tested the consolidation process and carried out analytical procedures to confirm that there were no significant risks of material misstatement in the aggregated financial information of components not subject to audit or an audit of specified account balances.

8. Other information

The other information comprises the information included in the Trustees’ Report, other than the financial statements and our auditor’s report thereon. The Trustees are responsible for the other information contained within the Trustees’ Report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

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

We have nothing to report in this regard.

9. Responsibilities of Trustees

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

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

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

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

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

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

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

11.1 Identifying and assessing potential risks related to irregularities

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

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: recognition of income from legacies; recognition of income from new major donors; recognition of donations paid to new beneficiaries overseas and grants payable and loan impairment provisions in CAF Bank Limited.

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

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

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

11.2 Audit response to risks identified

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

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit, Risk and Compliance Committee and internal legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the PRA, FCA, HMRC and The Charity Commission; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

12 Matters on which we are required to report by exception

12.1 Adequacy of explanations received and accounting records

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

- the information given in the financial statements is inconsistent in any material respect with the Trustees’ Report; or
- sufficient accounting records have not been kept by the Charity; or
- the Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

13 Other matters

13.1 Auditor tenure

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

Our total uninterrupted period of engagement is six years, covering the year of our appointment through to the year ended 30 April 2022.

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

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

14 Use of our report

This report is made solely to the Charity’s Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity’s Trustees those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity’s Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Manbhinder Rana FCA

For and on behalf of Deloitte LLP
Statutory Auditor
London

4 August 2022

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as audit of a company under section 1212 of the Companies Act 2006.

GROUP STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 30 April 2022

		Unrestricted funds		Restricted funds		Total	
	Notes	2022 £000	2021* £000	2022 £000	2021* £000	2022 £000	2021* £000
Income							
Donations		4,537	5,694	886,011	820,323	890,548	826,017
US Fundraising programme income		-	-	77,481	91,174	77,481	91,174
Legacies		1,119	125	23,550	21,685	24,669	21,810
UK Government grants	4	-	-	789	20,904	789	20,904
		5,656	5,819	987,831	954,086	993,487	959,905
Charitable activities:							
Fee income		23,688	21,491	11	20	23,699	21,511
CAF Bank net interest income		10,641	9,796	-	-	10,641	9,796
Investment income	5	4,886	6,393	11,562	10,875	16,448	17,268
Total income	6	44,871	43,499	999,404	964,981	1,044,275	1,008,480
Expenditure							
Charitable activities:							
Donations payable to charities		298	65	808,488	802,440	808,786	802,505
Other expenditure on charitable activities		49,921	45,429	45	107	49,966	45,536
		50,219	45,494	808,533	802,547	858,752	848,041
US Fundraising programme costs		-	-	61,718	73,757	61,718	73,757
Total expenditure	6	50,219	45,494	870,251	876,304	920,470	921,798
Net income/(expenditure) before net gains on investments		(5,348)	(1,995)	129,153	88,677	123,805	86,682
Net gains/(losses) on financial investments		124	(192)	6,414	131,111	6,538	130,919
Net gains on other investments		335	-	660	-	995	-
Net income/(expenditure)	6	(4,889)	(2,187)	136,227	219,788	131,338	217,601
Transfers between funds	25	13,578	3,156	(13,578)	(3,156)	-	-
Net movement in funds before other recognised gains/(losses)		8,689	969	122,649	216,632	131,338	217,601
Other recognised gains/(losses)							
Gain on revaluation of tangible fixed assets	16	476	-	-	-	476	-
Gain/(losses) on foreign exchange		227	(330)	17,168	(8,943)	17,395	(9,273)
Long-term loan re-financing:							
Premium paid on bonds purchased and cancelled	24	(1,729)	-	-	-	(1,729)	-
Defined benefit pension plan actuarial gains	30	548	835	-	-	548	835
Net movement in funds		8,211	1,474	139,817	207,689	148,028	209,163
Reconciliation of funds							
Total funds brought forward		68,481	67,007	1,539,933	1,332,244	1,608,414	1,399,251
Total funds carried forward	25	76,692	68,481	1,679,750	1,539,933	1,756,442	1,608,414

The notes on pages 51 to 100 form an integral part of these financial statements.

* The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances and on the translation of group entities' results on consolidation. Donations payable to charities in restricted funds have decreased by £8,943k to £802,440k; other expenditure on charitable activities within unrestricted funds have decreased by £330k to £45,429k and losses on foreign exchange have increased by £9,273k.

CHARITY STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 30 April 2022

		Unrestricted funds		Restricted funds		Total	
	Notes	2022 £000	2021* £000	2022 £000	2021* £000	2022 £000	2021* £000
Income							
Donations		3,443	5,225	412,930	468,258	416,373	473,483
Legacies		1,119	125	23,550	21,685	24,669	21,810
UK Government grants	4	–	–	789	20,904	789	20,904
		4,562	5,350	437,269	510,847	441,831	516,197
Charitable activities:							
Fee income		10,599	9,890	11	20	10,610	9,910
Investment income	5	4,755	7,157	10,088	9,881	14,843	17,038
Total income	6	19,916	22,397	447,368	520,748	467,284	543,145
Expenditure							
Charitable activities:							
Donations payable to charities		298	65	412,429	433,512	412,727	433,577
Other expenditure on charitable activities		27,729	25,704	45	107	27,774	25,811
Total expenditure	6	28,027	25,769	412,474	433,619	440,501	459,388
Net expenditure before net gains/(losses) on investments		(8,111)	(3,372)	34,894	87,129	26,783	83,757
Net gains/(losses) on financial investments		124	(192)	8,145	123,446	8,269	123,254
Net gains on other investments		335	–	660	–	995	–
Net income/(expenditure)	6	(7,652)	(3,564)	43,699	210,575	36,047	207,011
Transfers between funds	25	13,578	3,156	(13,578)	(3,156)	–	–
Net movement in funds before other recognised gains/(losses)		5,926	(408)	30,121	207,419	36,047	207,011
Other recognised gains/(losses)							
Gain on revaluation of tangible fixed assets	16	476	–	–	–	476	–
Gain/(losses) on foreign exchange		(75)	(4)	5,629	(2,265)	5,554	(2,269)
Long-term loan re-financing:							
Premium paid on bonds purchased and cancelled	24	(1,729)	–	–	–	(1,729)	–
Defined benefit pension plan actuarial gains	30	548	835	–	–	548	835
Net movement in funds		5,146	423	35,750	205,154	40,896	205,577
Reconciliation of funds							
Total funds brought forward		64,048	63,625	1,375,456	1,170,302	1,439,504	1,233,927
Total funds carried forward	25	69,194	64,048	1,411,206	1,375,456	1,480,400	1,439,504

The notes on pages 51 to 100 form an integral part of these financial statements

*The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances. Donations payable to charities in restricted funds have decreased by £2,265k to £433,512k; other expenditure on charitable activities within unrestricted funds have decreased by £4k to £25,704k and losses on foreign exchange have increased by £2,269k.

GROUP BALANCE SHEET

As at 30 April 2022

		Unrestricted funds		Restricted funds		CAF Bank balances and donor client balances		Total	
	Notes	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Assets									
Balances at Bank of England		41,413	41,317	1,301	1,289	559,839	375,151	602,553	417,757
Loans and advances to banks									
Repayable on demand	10	57,915	29,933	381,639	321,912	13,275	12,632	452,829	364,477
Other	10	–	–	325,075	323,576	–	–	325,075	323,576
Loans and advances to customers	11	42	346	28,082	23,039	161,854	124,506	189,978	147,891
Debt securities	12	–	–	81,594	79,800	777,145	885,876	858,739	965,676
Financial investments	13	–	2,421	845,763	772,539	–	–	845,763	774,960
Other investments	14	4,140	3,961	5,120	4,325	–	–	9,260	8,286
Tangible fixed assets	16	5,515	5,353	–	–	–	–	5,515	5,353
Intangible fixed assets	17	4,676	1,194	–	–	–	–	4,676	1,194
Other debtors	18	1,865	1,732	12,814	11,168	–	–	14,679	12,900
Prepayments and accrued income	19	7,314	7,584	24,305	20,667	2,845	3,443	34,464	31,694
Pension scheme asset	30	2,183	1,819	–	–	–	–	2,183	1,819
Total assets		125,063	95,660	1,705,693	1,558,315	1,514,958	1,401,608	3,345,714	3,055,583
Liabilities									
CAF Bank depositor balances	20	–	–	–	–	1,507,636	1,396,857	1,507,636	1,396,857
CAF Give As You Earn and CAF Donate balances	21	–	–	–	–	5,704	4,544	5,704	4,544
Due to beneficiary charities	22	–	–	22,359	10,312	–	–	22,359	10,312
Other creditors	23	8,779	4,855	3,578	7,918	100	192	12,457	12,965
Accruals and deferred income		2,118	2,568	6	152	1,518	15	3,642	2,735
Provision for corporation tax		436	3	–	–	–	–	436	3
Long-term loan	24	37,038	19,753	–	–	–	–	37,038	19,753
Total liabilities		48,371	27,179	25,943	18,382	1,514,958	1,401,608	1,589,272	1,447,169
Funds	25	76,692	68,481	1,679,750	1,539,933	–	–	1,756,442	1,608,414
Total liabilities and charitable funds		125,063	95,660	1,705,693	1,558,315	1,514,958	1,401,608	3,345,714	3,055,583

The notes on pages 51 to 100 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 4 August 2022 and signed on their behalf by



Roger Perkin FCA

Trustee



Liz Rylatt FCA

Group Chief Financial Officer

CHARITY BALANCE SHEET

As at 30 April 2022

		Unrestricted funds		Restricted funds		Donor client balances		Total	
	Notes	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Assets									
Loans and advances to banks									
Repayable on demand	10	49,308	23,368	214,079	218,125	5,804	4,736	269,191	246,229
Other	10	-	-	325,075	323,576	-	-	325,075	323,576
Loans and advances to customers	11	42	346	22,945	23,039	-	-	22,987	23,385
Debt securities	12	-	-	76,784	78,135	-	-	76,784	78,135
Financial investments	13	-	2,421	755,969	714,511	-	-	755,969	716,932
Other investments	14	4,140	3,961	5,120	4,325	-	-	9,260	8,286
Subsidiary undertakings	15	41,925	41,925	-	-	-	-	41,925	41,925
Tangible fixed assets	16	5,424	5,225	-	-	-	-	5,424	5,225
Other debtors	18	1,914	1,509	11,204	9,969	-	-	13,118	11,478
Prepayments and accrued income	19	5,912	7,204	24,259	20,658	-	-	30,171	27,862
Pension scheme asset	30	2,183	1,819	-	-	-	-	2,183	1,819
Total assets		110,848	87,778	1,435,435	1,392,338	5,804	4,736	1,552,087	1,484,852
Liabilities									
CAF Give As You Earn and CAF Donate balances	21	-	-	-	-	5,704	4,544	5,704	4,544
Due to beneficiary charities	22	-	-	20,651	8,853	-	-	20,651	8,853
Other creditors	23	2,677	2,239	3,578	7,877	100	192	6,355	10,308
Accruals and deferred income		1,939	1,738	-	152	-	-	1,939	1,890
Long-term loans	24	37,038	19,753	-	-	-	-	37,038	19,753
Total liabilities		41,654	23,730	24,229	16,882	5,804	4,736	71,687	45,348
Funds	25	69,194	64,048	1,411,206	1,375,456	-	-	1,480,400	1,439,504
Total liabilities and charitable funds		110,848	87,778	1,435,435	1,392,338	5,804	4,736	1,552,087	1,484,852


The notes on pages 51 to 100 form an integral part of these financial statements.

Approved by the Trustees and authorised for issue on 4 August 2022 and signed on their behalf by



Roger Perkin FCA

Trustee



Liz Rylatt FCA

Group Chief Financial Officer

GROUP CASH FLOW STATEMENT

For the year ended 30 April 2022

	Notes	2022	2021*
		£000	£000
Cash flows from operating activities:			
Net cash provided by operating activities	26	124,969	234,688
Cash flows from investing activities			
Increase in Cash Ratio Deposit with Bank of England		(918)	(828)
Net (increase)/decrease in loans and advances to banks		(1,499)	80,677
Net decrease/(increase) in debt securities		104,744	(186,552)
Payments to acquire financial investments		(189,373)	(137,225)
Proceeds on disposal of financial investments		208,430	171,813
Payments to acquire other investments		-	(294)
Proceeds on disposal of other investments		21	-
Payments to acquire tangible fixed assets		-	(4)
Payments to acquire intangible fixed assets		(3,482)	(1,194)
(Increase)/decrease in investment portfolio cash and settlements pending		(13,863)	3,818
Settlement of repurchase agreement		-	(10,142)
Receipts of Trust Funds investment income		11,667	10,770
Net cash provided by/(used in) investing activities		115,727	(69,161)
Cash flows from financing activities			
Long-term loan advance		29,476	-
Repayment of long-term loan		(12,810)	-
Premium paid on bonds purchased and cancelled		(1,729)	-
Payments of interest on long-term loans		(798)	(1,022)
Net cash provided by/(used in) in financing activities		14,139	(1,022)
Change in cash and cash equivalents in the year		254,835	164,505
Cash and cash equivalents as at 1 May		779,939	624,707
Change in cash and cash equivalents due to exchange rate movements		17,395	(9,273)
Cash and cash equivalents as at 30 April		1,052,169	779,939
Represented by:			
Balances at Bank of England repayable on demand		599,340	415,462
Loans and advances to banks repayable on demand		452,829	364,477
		1,052,169	779,939

The notes on pages 51 to 100 form an integral part of these financial statements.

* The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses within the Statement of Financial Activities. Net cash flows arising on operating activities have increased by £6,052k to £234,688k and the reduction in cash due to foreign exchange has increased to £9,273k.

CHARITY CASH FLOW STATEMENT

For the year ended 30 April 2022

	Notes	2022	2021*		
		£000	£000	£000	£000
Cash flows from operating activities:					
Net cash (used in) /provided by operating activities	26		(17,481)		114
Cash flows from investing activities					
Net (increase)/decrease in loans and advances to banks			(1,499)		77,217
Net increase in debt securities			(12)		(59,388)
Payments to acquire financial investments			(164,569)		(116,456)
Proceeds on disposal of financial investments			182,489		139,656
Payments to acquire other investments			–		(294)
Proceeds on disposal of other investments			21		–
(Increase)/decrease in investment portfolio cash and settlements pending			(5,853)		5,766
Receipts of Trust Funds investment income			10,173		9,788
Net cash provided by investing activities			20,750		56,289
Cash flows from financing activities					
Long-term loan advance			29,476		–
Repayment of long-term loan			(12,810)		–
Premium paid on bonds purchased and cancelled			(1,729)		–
Payments of interest on long-term loans			(798)		(1,022)
Net cash provided by/(used in) financing activities			14,139		(1,022)
Change in cash and cash equivalents in the year			17,408		55,381
Cash and cash equivalents as at 1 May			246,229		193,117
Change in cash and cash equivalents due to exchange rate movements			5,554		(2,269)
Cash and cash equivalents as at 30 April			269,191		246,229

The notes on pages 51 to 100 form an integral part of these financial statements.

* The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses within the Statement of Financial Activities. Net cash flows arising on operating activities have increased by £2,200k to £114k and the reduction in cash due to foreign exchange has increased to £2,269k.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2022

1. Accounting policies

The principal accounting policies and judgements used in the preparation of the financial statements are:

1.1 Basis of preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Statement of Recommended Practice: Accounting and Reporting by Charities (Charity SORP (FRS 102), except for the adoption of a balance sheet format which the Trustees believe more clearly represents the group's financial assets and liabilities.

Monetary amounts in these financial statements are stated in pounds sterling, which is the functional and presentational currency, and are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2 Going Concern

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered the group's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future, taking into account the principal risks to which the group is exposed, and the ongoing cost of living crisis and geo-political uncertainties. The Trustees have considered the impact of a severe economic outcome on CAF and its subsidiaries and the effectiveness of management actions that might be taken to mitigate the impact of this stress. Trustees have also considered the circumstances under which the operations of CAF and its subsidiaries would be unable to continue. After taking into account the current level of the group's cash and reserves and the financial performance of the group since 30 April 2022, the Trustees have concluded that the risk of this situation occurring is remote.

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

1.3 Fund accounting

The group holds restricted and unrestricted funds.

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

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects of the group.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors. Restricted funds comprise donations to the group which are held pending requests for investment or onward donation to charitable organisations.

Further details of each fund are disclosed in note 25.

1.4 Income recognition

Income is recognised once the group has entitlement to the income, it is probable that the income will be received and the amount can be measured reliably.

1.4 (a) Donations and legacies

Donations received, including Gift Aid on eligible donations, are recognised once the group has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

In the event that a donation or grant is subject to conditions, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the group and it is probable that those conditions will be fulfilled.

Legacy donations are recognised on a case-by-case basis where there has been a grant of probate or notification has been made by executors that a distribution will be made. In the event that the gift is in the form of an asset other than cash, or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the group. Where legacies have been notified with an estimated value but the

criteria for income recognition have not been met, then the legacies are treated as contingent assets and disclosed if material (see note 29).

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

1.4 (b) UK Government grants

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

1.4 (c) Fee income

Income in respect of grant administration services provided to grantmakers, which forms part of wider arrangements including the receipt and onward payment of funds to beneficiary charities, is recognised upon delivery of the administration services. Recognition of this income is dependent upon being able to measure reliably: the stage of completion, the costs incurred in delivering the service and the costs to complete the requirements of the service.

Loan arrangement fees are recognised using the effective interest method over the term of the loan. Non-utilisation fees on undrawn loans are recognised as income in the period they are earned.

1.4 (d) Investment income

Interest receivable on financial assets is recognised using the effective interest method. Dividends are recognised once the dividend has been declared and notification has been received of the value of the dividend due. Where investments are managed by external investment managers, this is normally upon notification by the investment manager of the dividend income.

1.5 Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Donations paid to charities principally represent donations by donor clients and are charged

to the Statement of Financial Activities (SOFA) when both the group and beneficiary charities are notified in the normal course of business of an unconditional obligation to transfer funds. Amounts to be paid at a future date are included in creditors.

Grants payable are payments where the beneficiary charity has been formally notified in writing of the award. This notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. Grant awards that are subject to the recipient fulfilling performance conditions are accrued when any remaining unfulfilled conditions attaching to that grant are outside of the control of the group.

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the group that would permit the group to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made

CAF America works in partnership with US professional fundraising organisations. CAF America receives 100% of the donations collected, which it then grants, minus costs and fees paid to the fundraising organisations, to third party beneficiary charities. The grants payable and associated fundraising fees and costs are recognised in accordance with the above recognition criteria for expenditure. No UK fundraising activities are undertaken.

1.6 Allocation of support costs

All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. Where support costs cannot be directly attributed to one or more categories, they are apportioned on the basis of staff headcount. No support costs are allocated to restricted funds.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Irrecoverable VAT is charged as a cost.

1.7 Operating leases

Operating lease rentals are charged to the SOFA on a straight line basis over the term of the lease.

1.8 Pension costs

Details of the group's pension arrangements are set out in note 30. The following policies are applied to the recognition and measurement of costs and liabilities in respect of the pension plans.

Defined contribution pension plans

Pension contributions payable for the year in respect of defined contribution pension plans are recognised as an expense and as a liability, after deducting any amounts already paid.

Defined benefit pension plan

The CAF-specific defined benefit pension plan (Charities Aid Foundation Pension Scheme) is closed to both new members and benefit accrual. In accordance with the requirements of FRS 102, if CAF's obligations under the plan exceed the value of the plan's assets, CAF recognises a 'net defined benefit liability'. In the event of a winding up of the plan, the trust deed allows CAF to recover any surplus which may exist. Consequently, where the value of the plan's assets exceed CAF's obligation under the plan, CAF recognises a 'net defined benefit asset'.

The net defined benefit asset or liability is measured in accordance with the requirements of FRS 102 and is determined by an independent actuary. The net change in the defined benefit asset or liability during the period is recognised in the SOFA.

1.9 Foreign currency

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

The results of overseas operations are translated at the average annual rate of exchange and their balance sheets at the rates ruling at the balance sheet date.

Exchange differences arising, including those on the translation of opening net assets of overseas subsidiary undertakings, are taken to the SOFA.

1.10 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.11 Tangible fixed assets

Tangible fixed assets, other than long-leasehold property, are stated at cost less accumulated depreciation and accumulated impairment losses.

Long-leasehold property is stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains and losses on revaluation are recognised in the SOFA and accumulated in the revaluation reserve.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Group entities assess at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the SOFA on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

• Long-leasehold property	50 years
• Long-leasehold and other leasehold improvements	Shorter of the remaining term of the lease or the useful economic life of the asset
• Furniture and fittings	up to 4 years
• Computer equipment	up to 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change in the pattern by which the group expects to consume an asset's future economic benefits.

1.12 Intangible fixed assets

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

- Software development costs 12 years

Intangible fixed assets are assessed for impairment at each balance sheet date.

External spend to suppliers relates to software and system development. This is capitalised as the recognition criteria are always satisfied for assets that are separately acquired. All other costs are recognised in the SOFA when incurred.

Research costs are recognised in the SOFA when incurred.

1.13 Basic financial instruments

Investments

Investments may be held for two broad investment objectives:

- to generate income to support the group's charitable activities – 'Treasury assets' which include CAF Bank's investments, or
- to achieve capital appreciation and to generate income for CAF Charitable Trusts, CAF America Donor Advised Funds and CAF American Donor Fund Trusts (collectively 'Trust funds') – 'Financial investments'.

Treasury assets

Debt securities are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial investments

Pools of investments are held for Trust funds to achieve an investment return to fund future charitable donations. The value of the investments determines the funds available for donation at any point in time.

Basic financial instruments held as 'Financial investments' are, therefore, measured initially at fair value, which is normally the transaction

price. Transaction costs are expensed in the SOFA (where material) if the investments are subsequently measured at fair value through profit or loss. Subsequent to initial recognition all types of investments, including debt securities, that can be measured reliably are measured at fair value with changes recognised in the SOFA. Where the fair value of such investments cannot be reliably measured because, for example they are not publicly traded, the investments are measured at cost less impairment.

Other investments

Investments in equity instruments, such as ordinary and preference shares, are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded (where material) if the investments are subsequently measured at fair value through profit or loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in the SOFA. Where the fair value of such investments cannot be reliably measured, the investments are measured at cost less impairment.

Investment properties are measured initially at fair value which is typically probate value. They are subsequently reviewed at each balance sheet date for any changes in fair value which is typically open market value.

Investments in subsidiaries

Investments in subsidiaries which consist of ordinary share capital, preference share capital and Additional Tier 1 (AT1) securities are carried at cost less impairment.

Investments in subsidiaries held for subsequent resale

Interests held as part of an investment portfolio are deemed to be held with a view to subsequent resale. These interests are not consolidated but are included in the accounts of the investing entity at fair value with movements in the fair value recognised through the SOFA.

Loans and advances to banks

Loans and advances to banks comprise the group's cleared and uncleared balances held at clearing banks and deposits with an original maturity of five years or less. These are shown at the lower of cost or estimated realisable value.

Where a pool of 'Financial investments' is managed on a discretionary basis by an investment manager and the portfolio includes cash and cash deposits, those balances are included with the investment balance to reflect that the funds do not form part of day-to-day operational cash flows and balances.

CAF Bank depositor balances

CAF Bank depositor balances represent the value of deposits by account holders and are recorded as liabilities.

Debtors and creditors

Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid.

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

Interest-bearing loans receivable and payable

Interest-bearing loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost using the effective interest method, less any impairment losses.

Concessionary loans receivable and payable

Concessionary loans may be receivable from other charities as a result of social lending activity undertaken by CAF Venturesome and loans advanced by CAF Charitable Trusts. Such loans are advanced at concessionary (non-market) rates of interest, which may include interest-free loans. These are initially recognised at the amount advanced to the borrower and are subsequently measured at the amount advanced less amounts received less any impairment.

Concessionary loans may be payable in respect of funds advanced to support social lending undertaken by CAF Venturesome. Such loans are advanced at concessionary (non-market) rates and are usually interest-free loans. These are initially recognised at the amount advanced by the lender and are subsequently measured at the amount advanced less any amounts repaid to the lender.

1.14 Other financial instruments - financial instruments not considered to be 'Basic financial instruments'

Other financial instruments not meeting the definition of 'Basic financial instruments' are recognised initially at fair value. Subsequent measurement is at fair value with changes recognised in the SOFA, except for equity instruments which are not publicly traded and whose value cannot otherwise be measured reliably, which are measured at cost less impairment.

Derivative financial instruments are not held by the group, except where a pool of 'Financial investments' is managed on a discretionary basis by an investment manager and derivative financial instruments (such as forward currency exchange contracts) may be used to mitigate risk.

1.15 Impairment of assets

Financial assets (including trade and other debtors)

Financial assets including loans are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence can include default or delinquency by a borrower, restructuring of a loan or advance on terms the group would otherwise not consider, indications that a borrower or issuer may become insolvent, or a reduction in marketability of security.

The group considers evidence for impairment for loans and advances (including on-demand commitments) at both specific and collective level. If there is evidence of impairment leading to an impairment loss for an individual counterparty relationship, then the amount of the loss is determined as the difference between the carrying amount of the loan, including accrued interest, and the estimated recoverable amount. The estimated recoverable amount is measured as the present value of expected future cash flows discounted at the loan's original effective interest rate, including cash flows that may result from foreclosure less costs for obtaining and selling collateral. The carrying amount of the loan is reduced by the use of an allowance account and the amount of the loss is recognised in the SOFA.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and loss experience for assets with credit risk

characteristics similar to those in the group. In addition, the group uses its judgement to estimate the amount of an impairment loss, supported by historical loss experience data for similar assets. The use of such judgements and reasonable estimates is considered by management to be an essential part of the process.

Non-financial assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the SOFA. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investment properties

Investment properties which are only acquired upon donation, usually by legacies, to the group are measured initially at probate valuation. Subsequent to initial recognition, investment properties are held at open market value.

1.16 Significant estimates and judgements

(a) Judgements

Classification of funds

Judgement has been applied in whether certain funds held in accordance with CAF's standard terms and conditions should be classified as restricted funds or unrestricted funds under the SORP. These funds, which amount to £544.1m (2021: £495.7m), are held by CAF pending request for onward distribution to third party charities.

The Trustees consider that the following factors indicate that these funds held in CAF Charity Accounts, CAF Company Accounts and CAF Charitable Trusts are more appropriately classified as restricted funds:

- The SORP states that a restriction may result from a decision by the donor to support a specific purpose of the charity. So, although the standard terms and conditions of CAF do not themselves restrict the funds, the view of the Trustees is that the donor decision results in a restriction in substance.
- There is an expectation from the donor and users of the accounts that these funds will be used in line with the wishes of the donor.

In the ordinary course of business, there is no expectation that these funds will be used for any purposes other than onward distribution. This is supported by long term business practice and the fact that use of these funds for CAF's own needs would likely be damaging to the business model and would only ever be contemplated in an extreme event.

Legacies

Judgement has been applied in recognising income from legacies gifted to CAF. Legacies are recognised as income where receipt is probable, which is determined from a review of a number of criteria including grant of probate, sufficiency of assets and the existence of any conditions to be met.

(b) Estimates

Pensions

An estimate has been made of the fair value of the assets and of the present value of the defined benefit obligations in respect of a defined benefit pension arrangement (the Charities Aid Foundation Pension Scheme), which is no longer available to staff (see note 30 for more information).

Fair value – estimations and assumptions in valuation models used

Where no market value is available for an investment or no recent transactions of an identical asset are available, an estimate is made of fair value using other valuation models. Such models include those in accordance with International Private Equity and Venture Capital Valuation Guidelines.

The charity carries its investment properties at fair value, with changes in fair value being recognised in the SOFA. It engages independent valuation specialists to determine the fair values at 30 April 2022. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors valuation standards and International Valuation Standards.

1.17 Entity status

CAF meets the definition of a Public Benefit Entity under FRS102.

2. Consolidation

The group financial statements include the accounts of CAF (the charity) and its subsidiary undertakings for the year.

Consolidated entities

The following entities are controlled by CAF and are consolidated in the group financial statements:

Trading subsidiaries

By way of mixed-motive investments, CAF owns 100% of the equity share capital of the following:

- CAF Bank Limited (registered in England & Wales – company number 01837656), a bank for charities authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority
- CAF Financial Solutions Limited (registered in England & Wales – company number 02771873), a company authorised and regulated by the Financial Conduct Authority, responsible for the marketing and promotion of regulated savings and investment products to customers of CAF and its subsidiaries
- CAF Investments Limited (registered in England & Wales – company number 07469408), the sponsor of an Open Ended Investment Company (OEIC), namely, IFSL CAF Investment Fund

UK registered charities

Southampton Row Trust Limited, which operates as the CAF American Donor Fund, is a UK charitable company registered with the Charity Commission (number 1079020) and is wholly-owned by CAF America (see below). CAF American Donor Fund supports cross-border

tax-efficient giving by enabling individuals liable for tax in both the UK and USA to obtain tax relief on charitable gifts in each country.

Overseas charitable entities

CAF controls the following overseas charitable entities:

- CAF America, a US public charity recognised by the US Internal Revenue Service. CAF America provides US citizens with the opportunity to make tax-effective gifts for the support of overseas charities. CAF has the power to appoint and remove the members of CAF America at any time
- CAF Canada, a Canadian charity registered with the Canada Revenue Agency which CAF and CAF America are the only members

Entities not consolidated

The wider CAF Network, formerly known as the Global Alliance, includes organisations around the world which exist to support charities. These partners collaborate with CAF and one another to support our work to accelerate social progress around the world. This network of not-for-profit organisations maintain strong working relationships with the Charities Aid Foundation group and include Good2Give (Australia), CAF India, IDIS (Brazil), BCause (Bulgaria), CAF Southern Africa, and TUSEV (Turkiye). CAF does not have a controlling interest in these entities and consequently their results are not consolidated in the group financial statements.

Other than through investment as an account holder or unit holder, and fees earned for administration and marketing, the CAF group entities have no beneficial interest in the net assets of the following:

- IFSL CAF Investment Fund and its sub-funds
- CAF UK Equitrack Fund
- CAF Charity Deposit Platform

3. Results and net assets of subsidiaries

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

CAF Bank Limited	2022	2021	2022	2021
	£000	£000	£000	£000
Profit and Loss Account			Balance Sheet	
Interest receivable	10,823	10,059	Loans and advances to	
Interest payable	(182)	(263)	banks & Bank of England	610,024 425,653
Net interest income	10,641	9,796	Loans and advances to	
Other operating income	2,062	1,415	customers	160,407 124,506
Administrative expenses	(11,774)	(9,763)	Debt securities	777,145 885,876
Loan loss provision	1,100	(533)	Other assets	8,468 5,261
Profit on ordinary activities before taxation	2,029	915	Total assets	1,556,044 1,441,296
Tax on profit on ordinary activities	(389)	14	Total liabilities	
Profit on ordinary activities after taxation	1,640	929	Depositors' balances	1,508,937 1,398,146
Profit and loss account balance brought forward	(61)	-	Other liabilities	4,178 1,861
				1,513,115 1,400,007
Dividends payable to AT1 shareholders	-	(990)	Shareholders' funds	42,929 41,289
Profit and loss account balance carried forward	1,579	(61)		1,556,044 1,441,296

3. Results and net assets of subsidiaries (continued)

CAF America	2022	2021*		2022	2021
	£000	£000		£000	£000
Statement of Financial Activities			Balance Sheet		
Donations and legacies receivable	370,798	271,298	Total assets		
US Fundraising programme income	77,481	91,174	Unrestricted funds	6,655	5,178
Income from group entities	408	1,887	Designated funds ¹	137,341	67,839
Fee income	10,672	10,202	Total assets	143,996	73,017
Investment income	480	422			
Total income	459,839	374,983	Total liabilities		
Donations payable to charities	319,165	291,038	Unrestricted funds	3,121	2,297
Donations payable to group entities	6,000	6,767	Designated funds ¹	1,529	1,459
US Fundraising programme costs	61,718	73,757	Unrestricted funds	4,650	3,756
Direct costs of charitable activities	10,679	9,409	Total Funds		
Governance costs	187	65	Unrestricted funds	3,534	2,882
Total expenditure	397,749	381,036	Designated funds ¹	135,812	66,379
			Total funds	139,346	69,261
Net income/(expenditure) before net gains/(losses) on investments	62,090	(6,053)	Total liabilities and funds	143,996	73,017
Net gains/(losses) on financial investments	(879)	2,767			
Net income/(expenditure) before other recognised gains/(losses)	61,211	(3,286)			
Gain/(losses) on foreign exchange	8,874	(5,347)			
Net movement in funds	70,085	(8,633)			
Funds brought forward	69,261	77,894			
Funds carried forward	139,346	69,261			

*The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances of CAF America and translation of their results into Sterling on consolidation. Donations payable to charities have decreased by £5,030k to £291,038k, direct costs have decreased by £317k to £9,409k and losses on foreign exchange have increased by £5.347k.

Notes

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

3. Results and net assets of subsidiaries (continued)

CAF American Donor Fund	2022	2021*		2022	2021
	£000	£000		£000	£000
Statement of Financial Activities			Balance Sheet		
Donations receivable	94,678	83,077	Total assets		
Donations receivable from group entities	139	327	Unrestricted funds	1,778	1,435
Investment income	930	605	Designated funds ¹	115,491	87,087
Total income	95,747	84,009	Total assets	117,269	88,522
Donations payable to charities	64,017	61,259			
Donations payable to group entities	3,811	12,519	Total liabilities		
Direct costs of charitable activities	24	6	Unrestricted funds	126	180
Direct costs paid to group entities	531	406	Designated funds ¹	5	-
Governance costs	60	21	Total liabilities	131	180
Total expenditure	68,443	74,211	Funds		
			Unrestricted funds	1,651	1,255
Net income before net gains/(losses) on investments	27,304	9,798	Designated funds ¹	115,487	87,087
Net gains/(losses) on financial investments	(1,162)	4,240	Total funds	117,138	88,342
Net income before other recognised gains/(losses)	26,142	14,038			
Gain/(losses) on foreign exchange	2,654	(1,994)	Total liabilities and funds	117,269	88,522
Net movement in funds	28,796	12,044			
Funds brought forward	88,342	76,298			
Funds carried forward	117,138	88,342			

*The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances of CAF American Donor Fund. Donations payable to charities have decreased by £1,977k to £61,259k, governance costs have decreased by £17k to £21k and losses on foreign exchange have increased by £1,994k.

Notes

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

4. UK Government grants

During the year CAF received the following Government grants:

1. Foreign & Commonwealth Development Office (FCDO)
During the year CAF received £0.8m (2021: £0.7m) from FCDO. No amounts were due to CAF from FCDO at 30 April 2022 (2021: £0.3m).
2. Furlough Scheme
During the year CAF benefited from £5k (2021: £77k) of Government grants under the Coronavirus Job Retention Scheme. In accordance with our accounting policy this credit is included in other income within the Income Statement over the same period as the staff costs for which it compensates.
3. Department for Digital, Culture, Media and Sport (DCMS)
During the year there was no activity in respect of DCMS grants. In the prior year CAF received a grant of £19.9m as part of the DCMS Community Match Challenge. Of this amount £19.3m was paid by way of grants to third-party charities with £0.5m applied to cover administrative costs incurred by CAF to complete the programme. The remaining £0.1m was included in creditors at 30 April 2021 and returned to DCMS in the year ended 30 April 2022.

5. Investment income

Group	Unrestricted		Restricted		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Interest on fixed interest securities and cash deposits	4,575	6,018	459	577	5,034	6,595
Dividends	26	4	11,079	10,293	11,105	10,297
Interest on concessionary loans to charities	285	371	24	5	309	376
	4,886	6,393	11,562	10,875	16,448	17,268
Charity						
Interest on fixed interest securities and cash deposits	4,456	5,797	443	541	4,899	6,338
Dividends	14	989	9,621	9,335	9,635	10,324
Interest on concessionary loans to charities	285	371	24	5	309	376
	4,755	7,157	10,088	9,881	14,843	17,038

6. Income and donations received and charitable activities

6.1 Group unrestricted funds

	Growing Philanthropy		Serving Charities				Total	Total
	Charity ¹	CAF America and subsidiaries ²	Financial and donation services ³	CAF Network ¹	Grant-making and other	Other funds	2022	2021 ⁴
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Donations	2,985	1,405	145	–	–	2	4,537	5,694
Legacies	–	–	–	–	–	1,119	1,119	125
	2,985	1,405	145	–	–	1,121	5,656	5,819
Charitable activities								
Fee income	6,431	11,236	5,377	166	363	115	23,688	21,491
CAF Bank net interest income	–	–	10,641	–	–	–	10,641	9,796
Investment income	3,973	131	374	–	54	354	4,886	6,393
Total income	13,389	12,772	16,537	166	417	1,590	44,871	43,499
Expenditure on charitable activities								
Donations payable to charities	–	–	15	200	–	83	298	65
Direct costs	8,726	11,647	11,755	541	1,251	1,591	35,511	32,135
Support costs								
Human resources	931	–	152	31	143	–	1,257	951
Property	1,342	–	219	44	206	–	1,811	1,809
Finance	1,544	–	253	51	238	–	2,086	1,550
Information systems	5,691	–	838	144	560	–	7,233	7,502
Governance costs	1,104	240	473	36	170	–	2,023	1,482
Total support costs	10,612	240	1,935	306	1,317	–	14,410	13,294
Total expenditure	19,338	11,887	13,705	1,047	2,568	1,674	50,219	45,494
Net income/(expenditure) before gains and losses	(5,949)	885	2,832	(881)	(2,151)	(84)	(5,348)	(1,995)
Net gains/(losses) on financial investments	–	–	–	–	–	124	124	(192)
Net gains on other investments	–	–	–	–	–	335	335	–
Net income/(expenditure)	(5,949)	885	2,832	(881)	(2,151)	375	(4,889)	(2,187)

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

Notes:

1. Activities undertaken by CAF (the Charity).
2. Activities undertaken by CAF America, the CAF American Donor Fund and CAF Canada.
3. Activities undertaken by CAF, CAF Bank Limited, CAF Financial Solutions Limited and CAF Investments Limited.
4. The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances and on translation of group entities' results on consolidation. Direct costs have decreased by £303k to £32,135k.

6. Income and donations received and charitable activities (continued)

6.2 Charity unrestricted funds

	Growing Philanthropy			Serving Charities			Total	Total
	Major donors	Regular givers	Companies	Financial and donation services ¹	CAF Network	Grant-making and sector support	Other funds	
	£000	£000	£000	£000	£000	£000	£000	
							2022	2021 ²
							£000	£000
Income								
Donations	542	1,831	612	456	–	–	2	3,443
Legacies	–	–	–	–	–	–	1,119	125
	542	1,831	612	456	–	–	1,121	5,350
Charitable activities								
Fee income	3,719	417	2,394	3,415	165	374	115	10,599
Investment income	2,487	768	718	374	–	54	354	7,157
Total income	6,748	3,016	3,724	4,245	165	428	1,590	22,397
Expenditure on charitable activities								
Donations payable to charities	–	–	–	15	200	–	83	298
Direct costs	3,223	2,078	3,425	1,742	541	1,251	1,591	12,744
Support costs								
Human resources	324	189	418	152	31	143	–	1,257
Property	466	273	603	219	44	206	–	1,811
Finance	537	314	693	253	51	238	–	2,086
Information systems	1,943	1,401	2,347	838	144	560	–	7,233
Governance costs	384	224	496	181	36	170	–	1,491
Total support costs	3,654	2,401	4,557	1,643	306	1,317	–	13,878
Total expenditure	6,877	4,479	7,982	3,400	1,047	2,568	1,674	28,027
Net income/(expenditure) before net gains/(losses) on investments	(129)	(1,463)	(4,258)	845	(882)	(2,140)	(84)	(8,111)
Net gains/(losses) on financial investments	–	–	–	–	–	–	124	124
Net gains on other investments	–	–	–	–	–	–	335	335
Net income/(expenditure)	(129)	(1,463)	(4,258)	845	(882)	(2,140)	375	(7,652)

Notes:

- CAF's income and expenditure arising from activities delivered by CAF (CAF Venturesome and CAF Donate), management fees received from its subsidiaries (CAF Bank Limited and CAF Financial Solutions Limited) and CAF's associated costs.
- The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances. Direct costs have decreased by £4k to £12,744k.

6.3 Unrestricted funds - Allocation of support costs

Support costs of charitable activities comprise costs of certain central functions, which underpin the delivery of our services to support donors, charities and the sector and are shared across more than one of our activities. These shared functions provide support in areas such as information systems, premises, human resources, finance, executive management and governance. Where the costs of these shared functions cannot be attributed directly to an area of our activities, they are allocated on the basis of staff headcount.

No support costs are allocated to restricted funds.

6. Income and donations received and charitable activities (continued)

6.4 Group restricted funds

	Growing Philanthropy		Serving Charities			Total	Total
	Charity ¹	CAF America and subsidiaries ²	Financial and donation services ³	CAF Network ¹	Grantmaking and sector support ¹	2022	2021 ⁴
	£000	£000	£000	£000	£000	£000	£000
Income							
Donations	402,743	482,817	–	–	451	886,011	820,323
US fundraising programme income	–	77,481	–	–	–	77,481	91,174
Legacies	23,550	–	–	–	–	23,550	21,685
Government grants	–	–	–	784	5	789	20,904
	426,293	560,298	–	784	456	987,831	954,086
Fee income	–	–	11	–	–	11	20
Investment income	10,064	1,474	24	–	–	11,562	10,875
Total income	436,357	561,772	35	784	456	999,404	964,981
Expenditure on charitable activities							
Donations payable to charities	391,061	396,443	557	806	19,621	808,488	802,440
Direct costs	–	–	33	–	12	45	107
	391,061	396,443	590	806	19,633	808,533	802,547
US fundraising programme costs	–	61,718	–	–	–	61,718	73,757
Total expenditure	391,061	458,161	590	806	19,633	870,251	876,304
Net income/(expenditure) before net gains/(losses) on investments	45,296	103,611	(555)	(22)	(19,177)	129,153	88,677
Net gains/(losses) on financial investments	8,145	(1,731)	–	–	–	6,414	131,111
Net gains/(losses) on other investments	785	–	(125)	–	–	660	–
Net income/(expenditure)	54,226	101,880	(680)	(22)	(19,177)	136,227	219,788

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

Notes:

1. Activities undertaken by CAF (the Charity).
2. Activities undertaken by CAF America, the CAF American Donor Fund and CAF Canada.
3. Activities undertaken by CAF, CAF Bank Limited, CAF Financial Solutions Limited and CAF Investments Limited.
4. The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances and on translation of group entities' results on consolidation. Donations payable to charities have decreased by £8,943k to £802,440k.

6. Income and donations received and charitable activities (continued)

6.5 Charity restricted funds

	Growing Philanthropy			Serving Charities			Total	
	Major donors	Regular givers	Companies	CAF Venturesome	CAF Network	Grant-making	2022	2021 ¹
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Donations	205,905	114,230	92,344	–	–	451	412,930	468,258
Legacies	23,550	–	–	–	–	–	23,550	21,685
Government grants	–	–	–	–	784	5	789	20,904
	229,455	114,230	92,344	–	784	456	437,269	510,847
Fee income	–	–	–	11	–	–	11	20
Investment income	10,064	–	–	24	–	–	10,088	9,881
Total income	239,519	114,230	92,344	35	784	456	447,368	520,748
Expenditure on charitable activities								
Donations payable to charities	196,616	110,423	84,406	557	806	19,621	412,429	433,512
Direct costs	–	–	–	33	–	12	45	107
Total expenditure	196,616	110,423	84,406	590	806	19,633	412,474	433,619
Net income/(expenditure) before net gains/(losses) on investments	42,903	3,807	7,938	(555)	(22)	(19,177)	34,894	87,129
Net gains on financial investments	8,145	–	–	–	–	–	8,145	123,446
Net gains/(losses) on other investments	785	–	–	(125)	–	–	660	–
Net income/(expenditure)	51,833	3,807	7,938	(680)	(22)	(19,177)	43,699	210,575

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

Notes:

1. The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses arising on fund balances. Donations payable to charities have decreased by £2,265k to £433,512k.

7. Governance costs

Governance costs include the following amounts:

	Group		Charity	
	2022 £000	2021 £000	2022 £000	2021 £000
Internal audit	204	248	96	67
Fees payable to the group external auditor, net of VAT:				
Audit of financial statements	570	619	356	334
Other services	87	34	78	34
Fees payable to component external auditor, net of VAT:				
Audit of financial statements	115	–	–	–
Trustees' indemnity insurance	72	50	64	45

8. Staff costs

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Salaries and wages	13,468	13,713	4,740	3,305	5,915	4,248	24,123	21,266
Social security costs	1,333	1,280	324	210	558	399	2,215	1,889
Defined contribution scheme pension costs	1,271	1,273	311	234	417	333	1,999	1,840
Training and welfare	513	382	617	427	1	1	1,131	810
	16,585	16,648	5,992	4,176	6,891	4,981	29,468	25,805
Other pension costs (see note 30)	184	202	–	–	–	–	184	202
	16,769	16,850	5,992	4,176	6,891	4,981	29,652	26,007

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

Included within salaries and wages are redundancy and termination costs totalling £209k for the group and £199k for the charity (2021: £357k for both the group and the charity).

8. Staff costs (continued)

Employee numbers

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2022 Number	2021 Number	2022 Number	2021 Number	2022 Number	2021 Number	2022 Number	2021 Number
The average number of employees during the year was:								
Full-time and part-time employees	355	354	74	66	141	112	570	532
Full-time equivalent	338	325	74	53	134	110	546	488
Average number of full-time equivalent employees analysed by function:							2022	2021
Major donors							87	67
Regular givers							51	44
Companies							112	106
Financial and donation services							41	53
CAF Network							8	9
Grantmaking and sector support							38	45
Governance							1	1
Charity							338	325
CAF America and subsidiaries							74	53
CAF Bank and other trading subsidiaries							134	110
Group							546	488

8. Staff costs (continued)

Employee emoluments

Emoluments include gross salary, taxable benefits and one-off end-of-contract payments such as redundancy, but exclude employer pension contributions.

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

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2022 Number	2021 Number	2022 Number	2021 Number	2022 Number	2021 Number	2022 Number	2021 Number
£60,001 – £70,000	14	15	3	2	3	3	20	20
£70,001 – £80,000	5	6	5	4	3	1	13	11
£80,001 – £90,000	4	5	1	–	–	–	5	5
£90,001 – £100,000	3	1	–	1	1	–	4	2
£100,001 – £110,000	–	–	1	1	–	–	1	1
£110,001 – £120,000	3	1	–	–	–	2	3	3
£120,001 – £130,000	2	3	1	–	–	1	3	4
£130,001 – £140,000	–	–	–	1	2	–	2	1
£140,001 – £150,000	1	–	–	–	1	–	2	–
£150,001 – £160,000	–	1	–	–	1	–	1	1
£160,001 – £170,000	–	–	–	–	–	1	–	1
£170,001 – £180,000	–	1	–	–	–	–	–	1
£200,001 – £210,000	–	–	–	–	–	1	–	1
£210,001 – £220,000	1	–	–	–	–	–	1	–
£230,001 – £240,000	–	–	–	–	1	–	1	–
£250,001 – £260,000	1^	–	–	–	–	–	1	–
£260,001 – £270,000	–	–	–	1*	–	–	–	1
£300,001 – £310,000	–	–	1*	–	–	–	1	–
	34	33	12	10	12	9	58	52

* The highest paid role in the year ended 30 April 2022 and 30 April 2021 for the group is the President and CEO of CAF America and subsidiaries whose emoluments are paid in US dollars.

^The highest paid role in the year ended 30 April 2022 for the charity included a one-off end-of-contract payment and therefore does not reflect ongoing annual salary.

8. Staff costs (continued)

The Group Chief Executive received salary and benefits of £216k and employer pension contributions of £16k. In the prior year the position of Group Chief Executive was held by two individuals receiving combined salary and benefits of £221k and employer pension contributions of £10k.

Pension contributions and pension allowances were paid in respect of the employees included in the preceding table are as follows:

Pension contributions

	Charity		CAF America and subsidiaries		CAF Bank and other trading subsidiaries		Group	
	2022 Number	2021 Number	2022 Number	2021 Number	2022 Number	2021 Number	2022 Number	2021 Number
Number of employees	34	33	12	10	12	9	58	52
	£000	£000	£000	£000	£000	£000	£000	£000
The aggregate value of those contributions	155	203	96	102	72	84	323	389

The key management personnel of the group are the members of the Executive Committee. Total salary and employee benefits received by key management personnel during the year amounted to £1,516,141 (2021: £1,164,984) plus pension contributions and pension allowances of £118,703 (2021: £81,284). Employers' National Insurance contributions amounted to £162,860 (2021: £134,527). In addition, £201,250 (2021: £nil) was paid to third parties for management services during the year.

The Trustees receive no remuneration for their services, but may be reimbursed for out-of-pocket expenses in respect of attending meetings and carrying out duties on behalf of CAF. Expenses of £nil (2021: £218) were reimbursed during the year.

9. Taxation

CAF is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is exempt from taxation in respect of income or capital gains received within categories covered by Part 10 of the Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

For the year a tax charge of £389k (2021: credit of £14k) arose for the group which is attributable to CAF Bank Limited. This consists of corporation tax of £387k (2021: credit of £14k) and deferred taxation of £2k (2021: £nil).

10. Loans and advances to banks

Group	Unrestricted funds		Restricted funds		CAF Bank balances and donor client balances		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Repayable on demand	57,915	29,933	381,639	321,912	13,275	12,632	452,829	364,477
Remaining maturity of other loans and advances:								
Less than 6 months	–	–	230,050	156,050	–	–	230,050	156,050
Over 6 months to 1 year	–	–	70,025	20,026	–	–	70,025	20,026
Over 1 year to 5 years	–	–	25,000	147,500	–	–	25,000	147,500
	57,915	29,933	706,714	645,488	13,275	12,632	777,904	688,053

Charity	Unrestricted funds		Restricted funds		Donor client balances		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Repayable on demand	49,308	23,368	214,079	218,125	5,804	4,736	269,191	246,229
Remaining maturity of other loans and advances:								
Less than 6 months	–	–	230,050	156,050	–	–	230,050	156,050
Over 6 months to 1 year	–	–	70,025	20,026	–	–	70,025	20,026
Over 1 year to 5 years	–	–	25,000	147,500	–	–	25,000	147,500
	49,308	23,368	539,154	541,701	5,804	4,736	594,266	569,805

11. Loans and advances to customers

	Unrestricted funds		Restricted funds		CAF Bank balances and donor client balances		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Concessionary loans:								
CAF Venturesome loans to charities	42	346	2,259	2,159	-	-	2,301	2,505
CAF Charitable Trust loans to charities	-	-	20,686	20,880	-	-	20,686	20,880
Charity	42	346	22,945	23,039	-	-	22,987	23,385
CAF Bank loans to charities and social purpose enterprises	-	-	-	-	161,854	124,506	161,854	124,506
CAF Canada loans to charities	-	-	5,137	-	-	-	5,137	-
Group	42	346	28,082	23,039	161,854	124,506	189,978	147,891

	Group		Charity	
Maturity	2022 £000	2021 £000	2022 £000	2021 £000
Amounts receivable in less than one year				
CAF Venturesome loans to charities	2,100	2,746	2,100	2,746
CAF Charitable Trust loans to charities	1,206	814	1,206	814
CAF Bank loans	7,543	7,347	-	-
CADF loans to charities	33	57	-	-
CAF Canada loans to charities	298	-	-	-
	11,180	10,964	3,306	3,560
Amounts receivable in one to five years				
CAF Venturesome loans to charities	2,809	2,359	2,809	2,359
CAF Charitable Trust loans to charities	20,180	20,759	20,180	20,759
CAF Bank loans	28,819	25,038	-	-
CADF loans to charities	-	7	-	-
CAF Canada loans to charities	1,486	-	-	-
	53,294	48,163	22,989	23,118
Amounts receivable in more than five years				
CAF Venturesome loans to charities	350	243	350	243
CAF Charitable Trust loans to charities	-	7	-	7
CAF Bank loans	126,570	95,552	-	-
CAF Canada loans to charities	3,353	-	-	-
	130,273	95,802	350	250
Less: Deferred income and provisions				
CAF Venturesome loans to charities	(2,958)	(2,843)	(2,958)	(2,843)
CAF Charitable Trust loans to charities	(700)	(700)	(700)	(700)
CAF Bank loans	(1,078)	(3,431)	-	-
CADF loans to charities	(33)	(64)	-	-
	(4,769)	(7,038)	(3,658)	(3,543)
Total loans	189,978	147,891	22,987	23,385

12. Debt securities

Restricted funds	Group				Charity			
	Book value		Market value		Book value		Market value	
	2022	2021	2022	2021	2022	2021	2022	2021
Listed:								
Multilateral financial institutions	18,637	18,909	18,612	19,145	18,637	18,909	18,612	19,145
Fixed coupon corporate bonds	58,147	59,226	59,906	59,046	58,147	59,226	55,096	59,046
	76,784	78,135	78,518	78,191	76,784	78,135	73,708	78,191
Unlisted:								
Certificates of deposit	4,810	1,665	4,810	1,665	-	-	-	-
	4,810	1,665	4,810	1,665	-	-	-	-
	81,594	79,800	83,328	79,856	76,784	78,135	73,708	78,191

CAF Bank balances and donor client balances

Listed:								
Multilateral financial institutions	679,925	758,564	663,350	760,657	-	-	-	-
Fixed coupon corporate bonds	23,723	24,093	22,508	24,399	-	-	-	-
Floating rate corporate bonds	63,497	83,398	63,978	84,458	-	-	-	-
	767,145	866,055	749,836	869,514	-	-	-	-
Unlisted:								
Certificates of deposit	10,000	19,821	9,922	19,983	-	-	-	-
	10,000	19,821	9,922	19,983	-	-	-	-
	777,145	885,876	759,758	889,497	-	-	-	-
Total debt securities	858,739	965,676	843,086	969,353	76,784	78,135	73,708	78,191

Maturity	Group		Charity	
	Book value		Book value	
	2022 £000	2021 £000	2022 £000	2021 £000
1 day to 8 days	-	-	-	-
Over 8 days to 3 months	33,976	67,382	2,007	-
3 months to 6 months	28,815	33,670	18,636	1,658
6 months to 1 year	75,720	240,253	5,196	1,604
	138,511	341,305	25,839	3,262
1 year to 5 years	672,976	499,924	41,604	57,065
	811,487	841,229	67,443	60,327
5 years and over	47,252	124,447	9,341	17,808
Total debt securities	858,739	965,676	76,784	78,135
Unamortised premiums	(5,778)	(8,372)	(3,294)	(4,535)

In accordance with FRS102 debt securities are measured at amortised cost using the effective interest method.

12. Debt securities (continued)

Group	Cost	Amortisation	Book value
	£000	£000	£000
Unrestricted funds			
At 1 May 2021	-	-	-
Acquisitions	14,539	-	14,539
Cancellations (see note 24)	(12,810)	-	(12,810)
Loss on cancellations	(1,729)	-	(1,729)
At 30 April 2022	-	-	-
Restricted funds			
At 1 May 2021	80,961	(1,161)	79,800
Acquisitions	7,986	(3)	7,983
Disposals	-	-	-
Redemptions	(5,192)	72	(5,120)
Amortisation	-	(1,386)	(1,386)
Foreign exchange gains	317	-	317
At 30 April 2022	84,072	(2,478)	81,594
CAF Bank balances and donor client balances			
At 1 May 2021	889,407	(3,531)	885,876
Acquisitions	228,835	(46)	228,789
Redemptions	(339,196)	2,800	(339,196)
Amortisation	-	(1,124)	(1,124)
At 30 April 2022	779,046	(1,901)	777,145
Total	863,118	(4,379)	858,739

Charity	Cost	Amortisation	Book value
	£000	£000	£000
Unrestricted funds			
At 1 May 2021	-	-	-
Acquisitions	14,539	-	14,539
Cancellations (see note 24)	(12,810)	-	(12,810)
Loss on cancellations	(1,729)	-	(1,729)
At 30 April 2022	-	-	-
Restricted funds			
At 1 May 2021	79,302	(1,167)	78,135
Acquisitions	3,212	-	3,212
Redemptions	(3,275)	75	(3,200)
Amortisation	-	(1,363)	(1,363)
At 30 April 2022	79,239	(2,455)	76,784

Transfers from restricted financial investments relate to investments formerly held in a CAF Charitable Trust, the trusts upon which the funds were held by CAF had failed. See note 25.1.

The following tables show the carrying amounts of investments held by the group at fair value and represent restricted funds held for CAF Charitable Trusts, CAF America and CAF Canada Donor Advised Funds and CAF American Donor Fund Trusts (collectively 'Trust funds'). They do not include fair value information for other financial assets and liabilities held by the group which are not measured at fair value.

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

13. Financial investments (continued)

Restricted funds	Group		Charity	
	2022 £000	2021 £000	2022 £000	2021 £000
At 1 May 2021	762,777	613,938	707,275	563,677
Additions	278,781	222,006	227,353	192,272
Disposal proceeds	(219,201)	(204,278)	(193,260)	(172,120)
Net investment gains	6,414	131,111	8,145	123,446
Transfer to unrestricted financial investments	(6,633)	–	(6,633)	–
	822,139	762,777	742,880	707,275
Investment portfolio cash and settlements pending	23,625	9,762	13,089	7,236
At 30 April 2022	845,763	772,539	755,969	714,511
Historical cost of investments	697,963	608,305	621,153	561,892

Measurement of fair values

The group uses the following hierarchy to estimate the fair value of investments held for Trust funds:

Level 1: The quoted price for an identical asset in an active market.

Level 2: When quoted prices are unavailable, the fair value is taken as the price of a recent transaction for an identical asset. No investments were held in this category as at 30 April 2022 or 30 April 2021.

Level 3: If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, a valuation technique is used to estimate the fair value. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the assets are valued at cost less impairment until a reliable measure of fair value becomes available. Level 3 investments held at 30 April 2022 of £10.9m include £8.5m in respect of an investment donated to CAF during the year. This investment has subsequently been disposed of and cash proceeds of £8.5m have been received by CAF.

13. Financial investments (continued)

Group	Level 1		Level 3		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Represented by:						
Listed securities:						
UK Government fixed interest	7,208	7,081	–	–	7,208	7,081
Overseas Government fixed interest	2,295	2,346	–	–	2,295	2,346
Other fixed interest	7,181	8,967	–	–	7,181	8,967
UK equities	32,392	35,120	–	–	32,392	35,120
Overseas equities	54,825	33,738	–	–	54,825	33,738
CAF investment funds:						
IFSL CAF UK Equity Fund	62,475	67,686	–	–	62,475	67,686
IFSL CAF Fixed Interest Fund	20,494	29,183	–	–	20,494	29,183
CAF UK Equitrack Fund	41,991	37,625	–	–	41,991	37,625
IFSL CAF International Equity	17,987	17,404	–	–	17,987	17,404
IFSL CAF Alternative Strategies	9,250	7,432	–	–	9,250	7,432
Unit trusts and other pooled investments	525,725	486,785	–	–	525,725	486,785
Investment trusts	29,368	27,411	–	–	29,368	27,411
Unlisted investments:						
UK	–	–	10,947	1,999	10,947	1,999
	811,191	760,778	10,947	1,999	822,138	762,777
Investment portfolio cash and settlements pending	23,625	9,762	–	–	23,625	9,762
	834,816	770,540	10,947	1,999	845,763	772,539
Charity	Level 1		Level 3		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Represented by:						
Listed securities:						
UK Government fixed interest	7,208	7,081	–	–	7,208	7,081
Overseas Government fixed interest	1,886	1,616	–	–	1,886	1,616
Other fixed interest	7,181	8,967	–	–	7,181	8,967
UK equities	31,897	34,847	–	–	31,897	34,847
Overseas equities	38,814	28,919	–	–	38,814	28,919
CAF investment funds:						
IFSL CAF UK Equity Fund	62,475	67,686	–	–	62,475	67,686
IFSL CAF Fixed Interest Fund	20,494	29,183	–	–	20,494	29,183
CAF UK Equitrack Fund	41,991	37,625	–	–	41,991	37,625
IFSL CAF International Equity	17,987	17,388	–	–	17,987	17,388
IFSL CAF Alternative Strategies	9,250	7,432	–	–	9,250	7,432
Unit trusts and other pooled investments	463,833	437,566	–	–	463,833	437,566
Investment trusts	28,917	26,966	–	–	28,917	26,966
Unlisted investments:						
UK	–	–	10,947	1,999	10,947	1,999
	731,933	705,276	10,947	1,999	742,880	707,275
Investment portfolio cash and settlements pending	13,089	7,236	–	–	13,089	7,236
	745,022	712,512	10,947	1,999	755,969	714,511

14. Other investments

	Unrestricted funds		Restricted funds		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Group and charity						
Investment properties	650	509	4,600	3,820	5,250	4,329
Unlisted investments	3,490	3,452	520	505	4,010	3,957
At 30 April 2022	4,140	3,961	5,120	4,325	9,260	8,286

	Unrestricted funds		Restricted funds		Total	
	£000		£000		£000	
Group and charity						
As at 1 May 2021		3,961		4,325		8,286
Disposal proceeds		(21)		-		(21)
Revaluation		335		660		995
Reclassification		(135)		135		-
At 30 April 2022		4,140		5,120		9,260

The open market value of each investment property was reviewed between March and April 2022. For the two properties held in restricted funds, the valuations were carried out by an independent, qualified chartered surveyor. The one property held in unrestricted funds, has been sold on the open market since the balance sheet date. The accepted offer price has been used as the basis of valuation for this property.

15. Subsidiary and associate undertakings

	Trading subsidiaries	Total
	£000	£000
Charity		
At 1 May 2021	41,925	41,925
Impairment	-	-
At 30 April 2022	41,925	41,925

Details of the entities held as subsidiary undertakings are disclosed in note 2 of these financial statements.

16. Tangible fixed assets

	Long leasehold property & improvements	Other leasehold improvements	Furniture fittings & computer equipment	Total
	£000	£000	£000	£000
Group – unrestricted funds				
Cost or valuation				
At 1 May 2021	5,307	565	2,682	8,554
Disposals	-	-	(17)	(17)
Revaluation	18	-	-	18
Foreign exchange movements	-	11	5	16
At 30 April 2022	5,325	576	2,670	8,571
Depreciation				
At 1 May 2021	305	390	2,506	3,201
Charged in year	153	55	107	315
On disposal	-	-	(17)	(17)
On revaluation	(458)	-	-	(458)
Foreign exchange movements	-	5	10	15
At 30 April 2022	-	450	2,606	3,056
Net book value				
At 30 April 2022	5,325	126	64	5,515
At 30 April 2021	5,002	175	176	5,353

	Long leasehold property & improvements	Other leasehold improvements	Furniture fittings & computer equipment	Total
	£000	£000	£000	£000
Charity – unrestricted funds				
Cost or valuation				
At 1 May 2021	5,307	456	2,535	8,298
Disposals	-	-	(8)	(8)
Revaluation	18	-	-	18
At 30 April 2022	5,325	456	2,527	8,308
Depreciation				
At 1 May 2021	305	348	2,420	3,073
Charged in year	153	45	79	277
On disposal	-	-	(8)	(8)
On revaluation	(458)	-	-	(458)
At 30 April 2022	-	393	2,491	2,884
Net book value				
At 30 April 2022	5,325	63	36	5,424
At 30 April 2021	5,002	108	115	5,225

16. Tangible fixed assets (continued)

Long-leasehold property

The long-leasehold property consists of the lease to the year 2190 on the land and buildings occupied by CAF as its principal place of business. The property is held at valuation and was valued at 30 April 2022 by CBRE, Chartered Surveyors. The valuation was carried out in accordance with the guidelines of the Royal Institution of Chartered Surveyors. The open market value, on a vacant possession basis, at that date was estimated at £5.33m.

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

The historical cost carrying value of the property and improvements at the balance sheet date was £3.35m (2021: £3.44m).

17. Intangible fixed assets

	Total
Group – unrestricted funds	£000
Cost or valuation	
At 1 May 2021	1,194
Additions	3,482
At 30 April 2022	4,676
Amortisation	
At 1 May 2021	-
Charged in year	-
At 30 April 2022	-
Net book value	
At 30 April 2022	4,676
At 30 April 2021	1,194

Intangible fixed assets represent software development costs associated with the development of a banking system for CAF Bank Limited, which is currently expected to be available for use in late 2023. The development costs have been capitalised in accordance with FRS 102 Section 18, Intangible Assets other than Goodwill. Costs relate to those paid to suppliers for the new system and its project management.

18. Other debtors

Group	Unrestricted funds		Restricted funds		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Income tax recoverable	-	-	11,742	8,697	11,742	8,697
Other debtors	1,865	1,732	1,072	2,471	2,397	4,203
	1,865	1,732	12,814	11,168	14,679	12,900

Charity	Unrestricted funds		Restricted funds		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Amounts due from subsidiary undertakings	313	1,171	-	-	313	1,171
Income tax recoverable	-	-	10,195	7,498	10,195	7,498
Other debtors	1,601	338	1,009	2,471	2,610	2,809
	1,914	1,509	11,204	9,969	13,118	11,478

All balances fall due within one year.

19. Prepayments and accrued income

Group	Unrestricted funds		Restricted funds		CAF Bank balances and donor client balances		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Prepayments	1,886	789	-	-	-	-	1,886	789
Accrued income:								
Legacy income	34	116	23,362	17,550	-	-	23,396	17,666
Investment income	4,465	6,322	305	261	2,845	3,443	7,615	10,026
Other income	929	357	638	2,856	-	-	1,567	3,213
	7,314	7,584	24,305	20,667	2,845	3,443	34,464	31,694

Charity	Unrestricted funds		Restricted funds		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Prepayments	700	518	-	-	700	518
Accrued income:						
Legacy income	34	116	23,362	17,550	23,396	17,666
Investment income	4,459	6,317	259	252	4,718	6,569
Other income	719	253	638	2,856	1,357	3,109
	5,912	7,204	24,259	20,658	30,171	27,862

All balances fall due within one year.

20. CAF Bank depositor balances

Group	CAF Bank balances and donor client balances	
	2022	2021
	£000	£000
Repayable on demand	1,492,078	1,379,691
Repayable within 30 days	15,558	17,166
	1,507,636	1,396,857

21. Donor client balances

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

Group and charity	At 1 May 2021	Amounts received from donors	Amounts received from CAF	Amounts paid to charities	Donations paid to CAF	At 30 April 2022
	£000	£000	£000	£000	£000	£000
CAF Give As You Earn	4,155	65,222	1,271	(23,781)	(41,763)	5,104
CAF Donate	389	45,388	-	(45,177)	-	600
	4,544	110,610	1,271	(68,958)	(41,763)	5,704

Group and charity	At 1 May 2020	Amounts received from donors	Amounts received from CAF	Amounts paid to charities	Donations paid to CAF	At 30 April 2021
	£000	£000	£000	£000	£000	£000
CAF Give As You Earn	4,168	70,468	1,445	(28,911)	(43,015)	4,155
CAF Donate	602	43,972	-	(44,185)	-	389
	4,770	114,440	1,445	(73,096)	(43,015)	4,544
Other donor client balances	22	-	-	(12)	(10)	-
	4,792	114,440	1,445	(73,108)	(43,025)	4,544

22. Amounts due to beneficiary charities

Group	Restricted funds	
	2022	2021
	£000	£000
Payable within 1 year	18,375	10,047
Payable after more than 1 year	3,984	265
	22,359	10,312

Charity	Restricted funds	
	2022	2021
	£000	£000
Payable within 1 year	16,667	8,588
Payable after more than 1 year	3,984	265
	20,651	8,853

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

23. Other creditors

Group	Unrestricted funds		Restricted funds		CAF Bank balances and donor client balances		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000	£000	£000
Payable on acquisition of investments	-	-	25	419	-	-	25	419
Trade creditors	2,137	457	-	-	-	-	2,137	457
Tax and social security	1,483	488	-	-	-	-	1,483	488
Other creditors	5,159	3,910	3,553	7,499	100	192	8,812	11,601
	8,779	4,855	3,578	7,918	100	192	12,457	12,965

Charity	Unrestricted funds		Restricted funds		Donor client balances		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000	£000	£000
Payable on acquisition of investments	-	-	25	419	-	-	25	419
Trade creditors	751	942	-	-	-	-	751	942
Tax and social security	866	-	-	-	-	-	866	-
Other creditors	1,060	1,297	3,553	7,458	100	192	4,713	8,947
	2,677	2,239	3,578	7,877	100	192	6,355	10,308

Included within other creditors are amounts totalling £1.1m (2021: £1.5m) repayable to seven (2021: seven) third party investors of CAF Venturesome. Amounts are repayable within three or six months from receipt of written instruction. These concessionary loans do not bear interest and amounts are repaid net of any losses which may be incurred as a result of onward lending by CAF Venturesome, on a concessionary basis to charities and social enterprises.

All other amounts are due within one year.

24. Long-term loans

	2026 Loan		2031 Loan		Total carrying value	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Group and charity						
Unrestricted funds						
At 1 May 2021	19,753	19,705	-	-	19,753	19,705
Loan advance	-	-	30,000	-	30,000	-
Capitalised costs	-	-	(524)	-	(524)	-
Amortisation of capitalised costs	209	50	16	-	225	50
Loan repayment	(12,810)	-	-	-	(12,810)	-
Interest payable for the year	768	1,020	424	-	1,192	1,020
Interest paid	(798)	(1,022)	-	-	(798)	(1,022)
At 30 April 2022	7,122	19,753	29,916	-	37,038	19,753

	2026 Loan		2031 Loan		Total carrying value	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Payable						
Within 3 months	-	-	424	-	424	-
3 months to 6 months	18	49	-	-	18	49
	18	49	424	-	442	49
Between 1 and 5 years	7,104	-	-	-	7,104	-
	7,122	49	424	-	7,456	49
5 years and over	-	19,704	29,492	-	29,492	19,704
	7,122	19,753	29,916	-	37,038	19,753

To support CAF's work to grow the impact of charitable donations from the donors we work with, in December 2021, RCB Bonds PLC (RCB) issued the CAF 3.5% bond due in 2031. RCB raised £30m from institutional and retail investors and the full amount has been loaned to CAF under the terms of a loan agreement between CAF and RCB. CAF retains the option to request the issue of further bonds. This may be bonds up to a maximum of a further £20m, with proceeds to be loaned by RCB to CAF.

In addition to supporting CAF's future growth and transformation plans, the proceeds arising in December 2021 were used in part to settle a tender offer under which CAF bought back £12.8m of the previously issued CAF 5% bonds due in 2026. These were issued by RCB in 2016 and raised £20m and the full amount raised was loaned to CAF under the terms of a loan agreement between CAF and RCB.

Loan payable 2031

The loan is repayable to RCB in full in December 2031. Interest is payable at a rate of 3.5% per annum.

Loan payable 2026

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

As a result of an arrangement with RCB and following a tender offer by CAF, in December 2021, CAF purchased £12.8m of the CAF 5% bonds due in 2026. The bonds were cancelled upon acquisition by CAF and the value of the loan payable in 2026 by CAF to RCB was reduced by £12.8m. CAF paid a premium of £1.7m to the holders of the bonds which were acquired and then cancelled (see note 12). The loss on cancellation, representing the premium paid, has been charged to the SOFA.

Associated costs

In respect of each of the above loans, bond-issue costs and other costs associated with the advance of the loans, including legal and accountancy fees, have been capitalised and are being amortised over the term of the relevant loan.

25. Statement of funds

		At 1 May 2021	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2022
	Notes	£000	£000	£000	£000	£000	£000
Group							
Unrestricted funds	25.1	68,481	44,871	(50,219)	13,578	(19)	76,692
Restricted funds	25.2	1,539,933	999,404	(870,251)	(13,578)	24,242	1,679,750
		1,608,414	1,044,275	(920,470)	-	24,223	1,756,442
Charity							
Unrestricted funds	25.1	64,048	19,916	(28,027)	13,578	(321)	69,194
Restricted funds	25.2	1,375,456	447,368	(412,474)	(13,578)	14,434	1,411,206
		1,439,504	467,284	(440,501)	-	14,113	1,480,400

		At 1 May 2020	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2021
	Notes	£000	£000	£000	£000	£000	£000
Group ¹							
Unrestricted funds	25.1	67,007	43,499	(45,494)	3,156	313	68,481
Restricted funds	25.2	1,332,244	964,981	(876,304)	(3,156)	122,168	1,539,933
		1,399,251	1,008,480	(921,798)	-	122,481	1,608,414
Charity ²							
Unrestricted funds	25.1	63,625	22,397	(25,769)	3,156	639	64,048
Restricted funds	25.2	1,170,302	520,748	(433,619)	(3,156)	121,181	1,375,456
		1,233,927	543,145	(459,388)	-	121,820	1,439,504

Notes:

1. The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances and on translation of group entities' results on consolidation. Expenditure on charitable activities in unrestricted funds has decreased by £330k to £45,494k and within restricted funds by £8,943k to £876,304k. Recognised gains and losses have decreased by £9,273k to £122,481k.
2. The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances. Expenditure on charitable activities in unrestricted funds has decreased by £4k to £25,769k and restricted funds have decreased by £2,265k to £433,619k. Recognised gains and losses have decreased by £2,269k to £121,820k.

25. Statement of funds (continued)

25.1 Unrestricted funds

	At 1 May 2021	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2022
	£000	£000	£000	£000	£000	£000
Group						
General funds	66,923	44,871	(50,219)	13,631	(495)	74,711
Property revaluation reserve	1,558	-	-	(53)	476	1,981
	68,481	44,871	(50,219)	13,578	(19)	76,692
Charity						
General funds	62,490	19,916	(28,027)	13,631	(797)	67,213
Property revaluation reserve	1,558	-	-	(53)	476	1,981
	64,048	19,916	(28,027)	13,578	(321)	69,194

	At 1 May 2020	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains & losses	At 30 April 2021
	£000	£000	£000	£000	£000	£000
Group ¹						
General funds	65,396	43,499	(45,494)	3,209	313	66,923
Property revaluation reserve	1,611	-	-	(53)	-	1,558
	67,007	43,499	(45,494)	3,156	313	68,481
Charity ²						
General funds	62,014	22,397	(25,769)	3,209	639	62,490
Property revaluation reserve	1,611	-	-	(53)	-	1,558
	63,625	22,397	(25,769)	3,156	639	64,048

Notes:

1. The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances and on translation of group entities' results on consolidation. Expenditure on charitable activities decreased by £330k to £45,494k and recognised gains and losses have decreased by £330k to £313k.
2. The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances. Expenditure on charitable activities decreased by £4k to £25,769k and recognised gains and losses have decreased by £4k to £639k.

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

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

Transfers from restricted funds to unrestricted funds – transfers from restricted funds include £3.2m from donor accounts dormant for over 5 years and £10.2m from a CAF Charitable Trust, including one of £6.9m where the trusts upon which the funds were held by CAF had failed. All transfers from restricted funds are applied for the general charitable purposes of CAF, in support of CAF's transformation plans.

25. Statement of funds (continued)

25.2 Restricted funds

Group	At 1 May 2021	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains and losses	At 30 April 2022
	£000	£000	£000	£000	£000	£000
Growing philanthropy						
Major donors						
CAF Charitable Trusts	1,166,671	235,803	(196,306)	(10,921)	14,440	1,209,687
Regular givers						
CAF Charity Accounts	98,021	76,865	(74,755)	1,336	–	101,467
CAF Give As You Earn Charity Accounts	39,009	37,345	(35,644)	(397)	–	40,313
	137,030	114,210	(110,399)	939	–	141,780
Companies						
CAF Company accounts	57,388	86,344	(84,356)	(14,766)	119	44,729
Charity	1,361,089	436,357	(391,061)	(24,748)	14,559	1,396,196
CAF America	66,382	448,347	(380,883)	(5,756)	7,724	135,814
CAF American Donor Fund	87,088	94,580	(64,068)	(3,596)	1,486	115,490
CAF Canada	11,007	18,845	(13,210)	–	598	17,240
CAF America and subsidiaries	164,477	561,772	(458,161)	(9,352)	9,808	268,544
Financial and donation services						
CAF Venturesome accounts	8,767	35	(590)	892	(125)	8,979
CAF Network						
CAF Russia grant programmes	22	784	(806)	–	–	–
Grant-making and sector support						
CAF Coronavirus Emergency Fund	23	45	(68)	–	–	–
Community Match Challenge	–	–	(19,108)	19,579	–	471
CAF discretionary funds	5,187	2	(228)	332	–	5,293
Other funds	368	409	(229)	(281)	–	267
	5,578	456	(19,633)	(19,630)	–	6,031
	1,539,933	999,404	(870,251)	(13,578)	24,242	1,679,750

25. Statement of funds (continued)

25.2 Restricted funds continued

Charity	At 1 May 2021	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains and losses	At 30 April 2022
	£000	£000	£000	£000	£000	£000
Major donors						
CAF Charitable Trusts	1,166,671	239,519	(196,616)	(14,327)	14,440	1,209,687
Regular givers						
CAF Charity Accounts	98,021	76,885	(74,779)	1,340	-	101,467
CAF Give As You Earn Charity Accounts	39,009	37,345	(35,644)	(397)	-	40,313
	137,030	114,230	(110,423)	943	-	141,780
Companies						
CAF Company accounts	57,388	92,344	(84,406)	(20,716)	119	44,729
CAF Venturesome						
CAF Venturesome accounts	8,767	35	(590)	892	(125)	8,979
CAF Network						
CAF Russia grant programmes	22	784	(806)	-	-	-
Grant-making						
CAF Coronavirus Emergency Fund	23	45	(68)	-	-	-
Community Match Challenge	-	-	(19,108)	19,579	-	471
CAF discretionary funds	5,187	2	(228)	332	-	5,293
Other funds	368	409	(229)	(281)	-	267
	5,578	456	(19,633)	19,630	-	6,031
	1,375,456	447,368	(412,474)	(13,578)	14,434	1,411,206

25. Statement of funds (continued)

25.2 Restricted funds (continued)

Group	At 1 May 2020	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains and losses	At 30 April 2021
	£000	£000	£000	£000	£000	£000
Growing philanthropy						
Major donors						
CAF Charitable Trusts	974,137	222,338	(155,628)	4,625	121,199	1,166,671
Regular givers						
CAF Charity Accounts	102,221	70,409	(79,497)	4,888	-	98,021
CAF Give As You Earn Charity Accounts	36,067	37,422	(34,284)	(196)	-	39,009
	138,288	107,831	(113,781)	4,692	-	137,030
Companies						
CAF Company accounts	40,991	149,971	(138,409)	4,857	(22)	57,388
Charity¹	1,153,416	480,140	(407,818)	14,174	121,177	1,361,089
CAF America ²	75,600	362,802	(364,792)	(4,965)	(2,263)	66,382
CAF American Donor Fund ³	75,469	83,557	(62,245)	(11,957)	2,264	87,088
CAF Canada ⁴	10,873	15,123	(15,975)	-	986	11,007
CAF America and subsidiaries	161,942	461,482	(443,012)	(16,922)	987	164,477
Financial and donation services						
CAF Venturesome accounts	7,745	525	20	477	-	8,767
CAF Network						
CAF Russia grant programmes	3	989	(974)	-	4	22
Grant-making and sector support						
CAF Coronavirus Emergency Fund	3,879	1,462	(5,072)	(246)	-	23
Community Match Challenge	-	19,833	(19,357)	(476)	-	-
CAF discretionary funds	5,008	2	(10)	187	-	5,187
Other funds	251	548	(81)	(350)	-	368
	9,138	21,845	(24,520)	(885)	-	5,578
	1,332,244	964,981	(876,304)	(3,156)	122,168	1,539,933

Notes:

- The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances. Expenditure on charitable activities have decreased by £2,265k to £407,818k and recognised gains and losses have decreased by £2,265k to £121,177k.
- The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances and on translation of CAF America's results on consolidation. Expenditure on charitable activities have decreased by £5,030k to £364,792k and recognised gains and losses have decreased by £5,030k to a loss of £2,263k.
- The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances. Expenditure on charitable activities have decreased by £1,977k to £62,245k and recognised gains and losses have decreased by £1,977k to £2,264k.
- The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances and on translation of CAF Canada's results on consolidation. Expenditure on charitable activities have increased by £329k to £15,975k and recognised gains and losses have increased by £329k to £986k.

25. Statement of funds (continued)

25.2 Restricted funds (continued)

Charity	At 1 May 2020	Income and donations received	Expenditure on charitable activities	Transfers	Recognised gains and losses	At 30 April 2021
	£000	£000	£000	£000	£000	£000
Major donors ¹						
CAF Charitable Trusts	974,137	232,820	(155,628)	(5,857)	121,199	1,166,671
Regular givers						
CAF Charity Accounts	102,221	70,409	(79,497)	4,888	–	98,021
CAF Give As You Earn Charity Accounts	36,067	37,422	(34,611)	131	–	39,009
	138,288	107,831	(114,108)	5,019	–	137,030
Companies ²						
CAF company accounts	40,991	156,738	(138,409)	(1,910)	(22)	57,388
CAF Venturesome						
CAF Venturesome accounts	7,745	525	20	477	–	8,767
CAF Network						
CAF Russia grant programmes	3	989	(974)	–	4	22
Grant-making						
CAF Coronavirus Emergency Fund	3,879	1,462	(5,072)	(246)	–	23
Community Match Challenge	–	19,833	(19,357)	(476)	–	–
CAF discretionary funds	5,008	2	(10)	187	–	5,187
Other funds	251	548	(81)	(350)	–	368
	9,138	21,845	(24,520)	(885)	–	5,578
	1,170,302	520,748	(433,619)	(3,156)	121,181	1,375,456

Notes:

- The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances. Expenditure on charitable activities have decreased by £2,247k to £155,628k and recognised gains and losses have decreased by £2,247k to £121,199k.
- The values in the table above reflect a reclassification in respect of foreign exchange losses arising on fund balances. Expenditure on charitable activities have decreased by £22k to £138,409k and recognised gains and losses have decreased by £22k to £22k.

Restricted funds comprise:

- CAF Charitable Trusts** - consist of capital gifted to CAF and the related investment income. The capital is held in accordance with CAF's investment policy for CAF Charitable Trusts and investment gains or losses are credited or charged to the funds. These funds may only be used to make payments to other charities as suggested by the donor
- CAF Charity Accounts, CAF Company Accounts and CAF Give As You Earn Charity Accounts** – represent amounts gifted to CAF by individual and corporate donors which are held in accounts until disbursed to charities as suggested by the donor
- CAF Venturesome accounts** – represent funds set aside by CAF donors to complement the funds assigned by the Trustees for CAF Venturesome
- CAF America, CAF American Donor Fund and CAF Canada** – represent undistributed donations received by each of these charities. The boards of these entities review, validate and approve donors' suggestions for distributions to charities worldwide
- CAF Russia grant programmes** – represent funds managed by CAF's former branch in Russia. CAF began the process of closing its branch in Russia in 2021 and it was formally closed in March 2022.

25. Statement of funds (continued)

25.2 Restricted funds (continued)

- f. **CAF Coronavirus Emergency Fund** – represents funds set aside by and gifted to CAF by individual and corporate donors in response to the Coronavirus pandemic. Grants from the fund were awarded to small charities
- g. **Community Match Challenge** – represents funds received by CAF from DCMS in 2020/21 and transferred from CAF Company accounts in 2021/22 in respect of the Community Match Challenge created in response to the Coronavirus pandemic. Grants from the fund are awarded to small charities
- h. **CAF discretionary funds** – represent funds available to support the sector at Trustees' discretion

Transfers between restricted funds

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

26. Cash flow statement

26.1 Reconciliation of net income to net cash flows from operating activities

	Group		Charity	
	2022 £000	2021* £000	2022 £000	2021* £000
Net income for the year	131,338	217,601	36,047	207,011
Adjustments for:				
Depreciation	315	302	277	261
Gains on financial investments	(6,538)	(130,919)	(8,269)	(123,254)
Gains on other investments	(994)	-	(994)	-
Gain on disposal on other investments	(1)	-	(1)	-
Amortisation and other revaluations of debt securities	2,192	23,504	1,363	431
Amortisation of capitalised costs of borrowing	225	50	225	50
Non-cash transactions:				
In specie transfers and share gifts	(69,459)	(54,930)	(42,835)	(45,965)
Defined benefit pension plan expense	184	202	184	202
Interest on long-term loans	1,192	1,022	1,192	1,022
Investment income receivable on Trust Funds	(11,562)	(10,875)	(10,088)	(9,881)
(Increase)/decrease in loans and advances to customers	(42,087)	(38,686)	398	(17,805)
	(4,654)	(12,129)	(4,034)	(10,085)
Increase/(decrease) in amounts due to beneficiary charities	12,047	(4,190)	11,798	(5,248)
Increase/(decrease) in other liabilities and accruals	832	3,704	(3,904)	3,727
Pension deficit reduction plan payments	-	(104)	-	(104)
Increase/(decrease) in donor client balances	1,160	(248)	1,160	(248)
Increase in CAF Bank depositor balances	110,779	240,384	-	-
Net cash provided by/(used in) operating activities	124,969	234,688	(17,481)	114

*The comparatives for 2021 reflect a reclassification in respect of foreign exchange losses within the Statement of Financial Activities. Net income has increased by £9,273k for group to £217,601k and by £2,269k to £207,011k for charity.

26.2 Analysis of changes in net debt

Group	At 1 May 2021 £000	Cash flows £000	Foreign exchange movements £000	Other non-cash charges £000	At 30 April 2022 £000
Total cash and cash equivalents	779,939	254,835	17,395	-	1,052,169
Loans falling due within one year	(49)	798	-	(1,191)	(442)
Loans falling due after more than one year	(19,704)	(16,666)	-	(226)	(36,596)
Net cash and cash equivalents	760,186	238,967	17,395	(1,417)	1,015,131

Charity	At 1 May 2021 £000	Cash flows £000	Foreign exchange movements £000	Other non-cash charges £000	At 30 April 2022 £000
Total cash and cash equivalents	246,229	17,408	5,554	-	269,191
Loans falling due within one year	(49)	798	-	(1,191)	(442)
Loans falling due after more than one year	(19,704)	(16,666)	-	(226)	(36,596)
Net cash and cash equivalents	226,476	1,540	5,554	(1,417)	232,153

Cash and cash equivalents represent cash in both the group and the charity. There are no cash equivalents or overdrafts.

27. Operating lease commitments

At the balance sheet date the group and CAF had total commitments under non-cancellable operating leases as set out below:

Group	Land and Buildings		Other		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Operating lease payments falling due:						
Within one year	608	589	335	160	943	749
Between one and five years	984	1,256	193	253	1,177	1,509
After more than five years	171	382	–	–	171	382
	1,763	2,227	528	413	2,291	2,640

The amounts charged to the SOFA totalled £0.71m (2021: £0.81m) in respect of land and buildings and £0.23m (2021: £0.07m) in respect of other assets.

Charity	Land and Buildings		Other		Total	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Operating lease payments falling due:						
Within one year	383	391	335	160	718	551
Between one and five years	22	405	193	253	215	658
	405	796	528	413	933	1,209

The amounts charged to the SOFA totalled £0.43m (2021: £0.43m) in respect of land & buildings and £0.23m (2021: £0.07m) in respect of other assets.

28. Financial commitments and contingent liabilities

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

	2022 £000	2021 £000
CAF Venturesome loans	1,986	2,491
Charity	1,986	2,491
CAF Bank:		
Commitments to customers	22,608	36,779
Group	24,594	39,270

CAF Venturesome loans to charities

At the balance sheet date CAF Venturesome was committed to provide concessionary loans to charities, subject to certain conditions being met. No liability has been recorded in the balance sheet for these loans. The commitments become due or expire within one year (if the charity no longer needs the funding).

CAF Bank commitments to customers

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

CAF Bank contingent liabilities

A supplier has made a £1.9m demand for additional licenses which it claims the Bank has been using. Having taken legal advice, the Bank refutes this claim, but it is possible, but not probable, that a settlement will be made. No provision for any liability has been made in these financial statements. It has been estimated that any potential settlement could be between nil and the full amount of the claim.

29. Contingent assets

At the balance sheet date, the charity had been notified of a number of legacies for which probate was not yet granted or other factors indicated that these legacies should not be recognised as income. The aggregate value of those legacies was £8.45m for the group and £8.02m for the charity (2021: £8.1m for both the group and charity).

30. Pension obligations

During the year CAF participated in the following pensions.

a. Hargreaves Lansdown

The Hargreaves Lansdown scheme is a defined contribution self-invested group pension. New employees are enrolled into this scheme and from 1 May 2016 all current employees contributed to this scheme only.

From 1 April 2019, upon auto-enrolment the employee contribution rate is 2.67% of basic salary and CAF contributes 5.33%. After three months employees are able to elect to increase their contribution rate to either 3% or 5.67% of basic salary, with CAF contributing 6% or 11.33% respectively.

b. The Charities Aid Foundation Pension Scheme

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

The results of the actuary's estimate of the scheme's assets and liabilities at 30 April 2022, based on assumptions used for FRS 102 are as follows:

i) Amounts recognised in the balance sheet:

	2022	2021
	£000	£000
Present value of liabilities	(15,235)	(17,308)
Fair value of assets	17,418	19,127
Net defined benefit asset	2,183	1,819

ii) Amounts included in the SOFA under FRS 102:

	2022	2021
	£000	£000
Scheme expenses	219	218
Interest on asset	(35)	(16)
Total expense recognised in the SOFA	184	202

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

	2022	2021
	£000	£000
Net defined benefit asset at 1 May 2021	1,819	1,082
Pension cost in SOFA	(184)	(202)
Employer contributions	-	104
Actuarial gains	548	835
Net defined benefit asset at 30 April 2022	2,183	1,819

30. Pension obligations (continued)

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

	2022	2021
	£000	£000
Defined benefit obligation at 1 May 2021	17,308	18,235
Interest on obligation	341	286
Actuarial losses	(1,934)	(448)
Benefits paid	(480)	(765)
Defined benefit obligation at 30 April 2022	15,235	17,308

v) Movement in fair value of scheme assets:

	2022	2021
	£000	£000
Fair value of the scheme assets at 1 May 2021	19,127	19,317
Interest on scheme assets	376	302
Actuarial experience gains/(losses)	(1,386)	387
Contributions by the employer	-	104
Scheme expenses	(219)	(218)
Benefits paid	(480)	(765)
Fair value of scheme assets at 30 April 2022	17,418	19,127

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

	2022	2021
	Allocation	Allocation
Equities	13%	13%
Corporate bonds	24%	24%
Government bonds	42%	11%
Cash	2%	24%
Property	6%	4%
LDI funds	0%	10%
Annuity policies	13%	14%
	100%	100%

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

30. Pension obligations (continued)

(vii) Principal assumptions at the balance sheet date

	2022	2021
Discount rate	3.1% pa	2.0% pa
Inflation measured by Retail Price Index (RPI)	3.6% pa	3.2% pa
Inflation measured by Consumer Price Index (CPI)	3.1% pa	2.6% pa
Pension increases in deferment	0.0% pa	0.0% pa
Pension increases in payment:		
CPI capped at 5% pa	3.1% pa	2.6% pa
CPI capped at 2.5% pa	2.4% pa	2.2% pa
Exchange of pension for cash on retirement	50% of members assumed to exchange 25% of their pension sum for a cash sum	50% of members assumed to exchange 25% of their pension sum for a cash sum
Base mortality table	90% of rates implied by S3PXA	90% of rates implied by S3PXA
Mortality projection basis	CMI (Core) 2021 projection with a long-term rate of improvement of 1.5% p.a. for males and 1.0% p.a. for females	CMI (Core) 2020 projection with a long-term rate of improvement of 1.5% p.a. for males and 1.0% p.a. for females
Life expectancy of a male aged 65 at accounting date	87.9 yrs	87.8 yrs
Life expectancy of a male aged 65 20 years from accounting date	89.5 yrs	89.5 yrs
Life expectancy of a female aged 65 at accounting date	89.9 yrs	89.8 yrs
Life expectancy of a female aged 65 20 years from accounting date	91.0 yrs	91.0 yrs

31. Transactions with related parties

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

One of CAF's trustees is the Chair of NCVO. Donations paid by CAF, during the year, included £927,834 (2021: £2,124,234) to NCVO under the terms of CAF's Declaration of Trust. The amount due to NCVO at 30 April 2022 was £232,280 (2021: £584,123).

32. Post balance sheet events

There have been no events since the balance sheet date that are required to be adjusted for, or to be disclosed.

33. CAF Bank financial instruments and risk management

CAF Bank is a wholly-owned subsidiary of CAF and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The group's risk management framework and principal risks, including those applicable to CAF Bank, are set out in the Risk Management Report within the Trustees' Report. CAF Bank's exposure to its principal risks, which are those associated with holding financial instruments, is further described below:

33.1 Credit Risk

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

	2022		2021	
	Book Value £000	Market Value £000	Book Value £000	Market Value £000
Treasury assets by class:				
Listed:				
Multilateral financial institutions	679,925	663,350	758,564	760,657
Fixed coupon corporate bonds	23,723	22,508	24,093	24,339
Floating rate corporate bonds	63,497	63,978	83,398	84,458
	767,145	749,836	866,055	869,514
Unlisted:				
Certificates of deposit	10,000	9,922	19,821	19,983
Debt securities	777,145	759,758	885,876	889,497
Balances at Bank of England	602,553	602,553	417,756	417,756
Loans and advances to banks	7,471	7,471	7,897	7,897
	1,387,169	1,369,782	1,311,529	1,315,150
Treasury assets by credit rating:				
Category (Fitch equivalent credit rating)	2022		2021	
	Book Value £000	% of Book	Book Value £000	% of Book
UK government	602,553	43.44%	417,756	31.87%
AAA	740,515	53.38%	752,985	57.41%
AA+	26,631	1.92%	83,071	6.33%
AA-	5,401	0.39%	25,485	1.94%
A+	2,069	0.15%	22,351	1.70%
A	10,000	0.72%	9,881	0.75%
	1,387,169	100.00%	1,311,529	100.00%

33. CAF Bank financial instruments and risk management (continued)

33.1 Credit risk (continued)

Treasury assets by exposure value:

	2022	2021
	£000	£000
UK Government and multilateral financial institutions	93%	89%
Financial & non-financial institutions up to £10m	6%	11%
Financial & non-financial institutions up to £10m – £20m	1%	0%
	100%	100%

Lending

CAF Bank's policies include maximum exposure values, and limits to manage concentration risk by sector. Exposure to geographical area is monitored. At 30 April 2022, the largest loan was £7.0m (2021: £4.8m). The maximum aggregate exposures to any one sector (social housing) and geographical area were 59% and 31% respectively (2021: 53% and 29% respectively).

Loans, overdrafts and BACS facilities are subject to regular monitoring of loan performance and individual annual review. Administration of the loan book is outsourced to BCM Mortgage Services Ltd who provide regular management information on a loan by loan and aggregated basis. A provision of £902k has been made at 30 April 2022 reflecting losses that may have been incurred but not yet identified (2021: £802k) and £176k has been provided for specific loan provisions (2021: £1,376k). No overdrafts were written off during the year (2021: none).

One loan was in arrears at 30 April 2022 (2021: one).

Secured and unsecured lending

	2022	2021
	£000	£000
Gross loans and advances to customers	162,932	127,937
Contingent liabilities and commitments	22,608	36,779
	185,540	164,716
Amounts included within the above:		
Secured property	185,540	164,716
Unsecured:		
Loans	-	-
Overdrafts	-	-
	185,540	164,716

As at 30 April 2022 the average loan to value ratio across the lending portfolio was 53% (2021: 53%).

33.2 Liquidity and Funding Risk

CAF Bank holds liquidity buffer eligible assets of £1,279m (2021: £1,174m), excluding assets pledged as security under repurchase agreements. Liquidity buffer assets comprise amounts held in the Bank of England Reserve Account, and investments in multilateral development banks, UK Gilts and Treasury Bills.

33. CAF Bank financial instruments and risk management (continued)

33.3 Market and Interest Rate Risk

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

Non-maturity (on-demand) deposits are behaviourally adjusted as follows:

Current accounts

£0-£249,999	2-3 years
£250,000 – £999,999	1-2 years
Over £1m	6-12 months

Assets and liabilities analysed by interest rate pricing time periods:

At 30 April 2022	Next day	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Other items	Total
	2022 £000	2022 £000	2022 £000	2022 £000	2022 £000	2022 £000	2022 £000	2022 £000
Assets								
Balances at Bank of England	599,340	3,213	-	-	-	-	-	602,553
Loans and advances to banks	7,471	-	-	-	-	-	-	7,471
Loans and advances to customers	145,065	-	-	4,662	10,680	-	-	160,407
Debt securities	-	266,297	-	65,911	406,503	37,911	523	777,145
Prepayments and accrued income	-	-	-	-	-	-	3,792	3,792
Intangible fixed assets	-	-	-	-	-	-	4,676	4,676
	751,876	269,510	-	70,573	417,183	37,911	8,991	1,556,044
Liabilities								
Customer accounts	800,165	-	-	108,571	600,196	-	5	1,508,937
Other liabilities	-	-	-	-	-	-	4,178	4,178
Shareholders' funds	-	-	-	-	-	-	42,929	42,929
	800,165	-	-	108,571	600,196	-	47,112	1,556,044
Interest rate sensitivity gap	(48,289)	269,510	-	(37,998)	(183,013)	37,911	(38,121)	-
Impact of 2% change in interest rates	-	(553)	-	546	4,329	(3,496)	-	826

33. CAF Bank financial instruments and risk management (continued)

33.3 Market and Interest Rate Risk (continued)

At 30 April 2021	Next day	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Other items	Total
	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000
Assets								
Balances at Bank of England	415,461	2,295	-	-	-	-	-	417,756
Loans and advances to banks	7,897	-	-	-	-	-	-	7,897
Loans and advances to customers	115,004	-	-	-	9,502	-	-	124,506
Debt securities	-	337,166	32,012	207,175	202,453	106,641	429	885,876
Prepayments and accrued income	-	-	-	-	-	-	4,067	4,067
Intangible fixed assets	-	-	-	-	-	-	1,194	1,194
	538,362	339,461	32,012	207,175	211,955	106,641	5,690	1,441,296
Liabilities								
Customer accounts	788,350	-	-	84,088	525,704	-	4	1,398,146
Other liabilities	-	-	-	-	-	-	1,848	1,848
Accruals and deferred income	-	-	-	-	-	-	13	13
Shareholders' funds	-	-	-	-	-	-	41,289	41,289
	788,350	-	-	84,088	525,704	-	43,154	1,441,296
Interest rate sensitivity gap	(249,988)	339,461	32,012	123,087	(313,749)	106,641	(37,464)	-
Impact of 2% change in interest rates	-	(234)	(236)	(1,809)	13,479	(11,310)	-	(110)

33.4 Other categories of risk

- Operational risk
- Conduct risk
- Operational resilience
- Financial crime
- Covid-19

The group approach to exposure to and management of each of the above risks is described in the group Risk Management Report and includes particular reference to CAF Bank in respect of regulatory and operational risk.

33.5 Capital Management

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

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

The capital plan takes the following into account:

- current and anticipated future regulatory capital requirements;
- increases in demand for capital due to business development, including planned lending growth;
- potential demand for capital from market shocks or stresses;
- available supply of capital and capital raising options;
- achieving a minimum required leverage ratio; and
- internal controls and governance for managing CAF Bank's risk, operations and capital.

33. CAF Bank financial instruments and risk management (continued)

33.5 Capital Management (continued)

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

CAF Bank's capital resources comprise:

	2022	2021
	£000	£000
Ordinary share capital	29,350	29,350
Distributable reserves	1,000	1,000
Additional tier 1 capital	11,000	11,000
Profit and loss account	1,579	(61)
	42,929	41,289

BOARD OF TRUSTEES

Chair

The Hon Sir James Leigh-Pemberton, CVO

Cyrus Ardalan

Roger Perkin FCA

Janet Pope

The Rt Hon Sir Ernest Ryder TD DL

David Shalders

Dr Priya Singh, Chair NCVO

Susannah Storey CB

Matt Hammerstein (resigned 29 September 2021)

Tiina Lee (resigned 28 April 2022)

Sabine Everaet (appointed 28 April 2022)

Meredith Niles (appointed 28 April 2022)

Owen Valentine Pringle (appointed 28 April 2022)

EXECUTIVE COMMITTEE AT THE DATE OF SIGNING

Group Chief Executive

Neil Heslop, OBE

Group Chief Financial Officer

Liz Rylatt FCA

Group Chief Operating Officer

Ian Cohen

Group Director of Brand and Marketing

Nora Sakaan

Managing Director of Philanthropy Services

Mark Greer

CEO, CAF Charity Services and CAF Bank

Alison Taylor

CEO, CAF America and CAF Canada

Ted Hart

Executive Director of People and Purpose

David Jessop

AUDITORS

Deloitte LLP, Statutory Auditor

1 New Street Square
London EC4A 3BZ

Mazars LLP, Internal Auditor

30 Old Bailey
London
EC4M 7AU

PRINCIPAL BANKERS

National Westminster Bank PLC

214 High Holborn
London
WC1V 7BX

Charities Aid Foundation

25 Kings Hill Avenue

Kings Hill

West Malling

Kent ME19 4TA

T: 03000 123 000

E: enquiries@cafonline.org

W: www.cafonline.org

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Registered charity number 268369



CONTACT US

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