

ANNUAL REPORT AND FINANCIAL STATEMENTS

CAF Financial Solutions Ltd

company number 2771873, formerly CAF Marketing Services Ltd

For the year ended 30 April 2011

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Company information, directors and advisers

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Company Secretary

Ann Doan

Bankers

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Auditor

Deloitte LLP, Chartered Accountants and Statutory Auditor

Company number 2771873

FSA number 189450

Directors

Non-Executive Director

Dr John Low CBE, Chair

Executive Directors

Russell Prior, Chief Executive, resigned 3 July 2011

Peter Mitchell, appointed as Chief Executive 3 July 2011

CAF Financial Solutions Limited is authorised and regulated by the Financial Services Authority in the marketing of banking and investment products designed by Charities Aid Foundation (CAF) and available to organisations with charitable status under United Kingdom law.

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 April 2011.

On 26 November 2010, the company changed its name by written resolution to CAF Financial Solutions Limited from CAF Marketing Services Limited.

Principal activities

The principal activity of the company is to market the Charities Aid Foundation's ('CAF's') banking, savings and investment products to charities.

Business review

Development and performance of company during the year

The company acts as an introducer for CAF's banking, savings and investment products and earns fees and commissions from both new and on-going business.

The majority of the company's income is linked to the performance of CAF's investment products. Although slightly ahead of expectations, income was lower than last year due to a reduction in the value of deposits in CAF's savings products and a decrease in investments held in equity and bond funds. Operating costs were closely controlled during the year.

During the year, CAF undertook a review of its investment products. The CAF Equity Growth and CAF Bond Income Funds were replaced with a revised proposition, comprising a range of multi-asset/ multi-manager funds. These were launched at the end of the financial year in partnership with Octopus Investments Limited, an investment manager.

Unit-holders in the CAF Equity Growth and CAF Bond Income Funds were given the opportunity to transfer to the new proposition in March 2011 and the promotion of these funds ceased at this time.

Future developments

The company will continue to promote the range of banking and investment services offered by the CAF Group.

Principal risks and uncertainties

The company earns fees and commissions from its role as an introducer. The company seeks to minimise its overall risk by ensuring cost effective marketing. Promotion is delivered in a manner to increase proposition awareness and sales, but is nevertheless exposed to any significant change in the market for the products offered.

The directors have examined the major strategic, business and operational risks which the company faces and confirm that systems and reporting are in place to mitigate these risks.

Results and dividends

CAF Financial Solutions Limited donated a surplus to CAF of £18,000 (2010: £210,000) during the year. There was no retained profit for the year (2010: none).

Charitable and political donations

CAF Financial Solutions Limited paid charitable contributions of £60,000 (2010: £398,000) to CAF in the year. No political donations were made during the year (2010: none).

Going concern

The company's business activities, together with its financial position, and the factors likely to affect its future development and performance are set out in the Business Review.

The company's forecasts and objectives, taking into account a number of potential changes in trading performance, funding retention and availability of support from CAF, show that the company should be able to operate at adequate levels of both liquidity and capital to meet its financial obligations for the foreseeable future.

Consequently the Directors are satisfied that CAF Financial Solutions Limited should have sufficient resources to continue in business for the foreseeable future and have, therefore, continued to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The company's principal financial assets are bank balances and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company closely monitors its forecast and actual cashflows and the maturity profile of financial assets and liabilities.

Post balance sheet events

There are no significant post balance sheet events.

Auditors

A policy in relation to the provision of non-audit services has been approved by the CAF Group in order to ensure that the provision of such services does not impair the external auditors' independence or objectivity. The policy specifies the services that the auditors can provide and the limits above which specific approval is required for the auditors to undertake permitted non-audit work.

A resolution authorising the board to appoint auditors and to fix their remuneration, will be proposed at the forthcoming Annual General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- 1 so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 2 the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By order of the Board and signed on its behalf on 14 July 2011.

Dr John Low CBE

CAF Financial Solutions Limited
Company number 2771873

Independent auditor's report to the members of CAF Financial Solutions Limited

We have audited the financial statements of CAF Financial Solutions Limited for the year ended 30 April 2011 which comprise Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2011 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Stuart Barnett

Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
14 July 2011

Profit and loss account

for the year ended 30 April 2011

	Notes	2011 £000	2010 £000
Turnover		758	1,038
Administrative expenses	2	(840)	(828)
		<u>(82)</u>	<u>210</u>
Exceptional items	3	100	-
		<u>18</u>	<u>210</u>
Operating profit and profit on ordinary activities before interest			
Charitable donation to parent	4	(18)	(210)
		<u>-</u>	<u>-</u>
Profit on ordinary activities before and after taxation			
Profit and loss account balance brought forward		-	-
		<u>-</u>	<u>-</u>
Profit and loss account balance carried forward		<u>-</u>	<u>-</u>

There are no recognised gains or losses for either year other than those shown in the profit and loss account above. All income and expenses for the current and prior year are derived from continuing operations.

Balance sheet

as at 30 April 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investment in joint venture	5	-	-
Current assets			
Cash at bank and in hand		183	310
Debtors: amounts due within one year	6	101	225
		<u>284</u>	<u>535</u>
Creditors: amounts due within one year	7	(209)	(460)
Net current assets		<u>75</u>	<u>75</u>
Total assets less current liabilities		<u>75</u>	<u>75</u>
Capital and reserves			
Called up share capital	8	75	75
Profit and loss account		-	-
Equity shareholders' funds	9	<u>75</u>	<u>75</u>

The financial statements were approved by the Board of Directors and authorised for issue on 14 July 2011 and signed on its behalf by

Peter Mitchell

CAF Financial Solutions Limited
Company number 2771873

Notes to the financial statements

for the year ended 30 April 2011

1 Accounting policies

The financial statements, which should be read in conjunction with the Directors' Report, have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

The going concern basis was adopted in preparing the annual report and accounts. The Directors' Report sets out the grounds for this approach.

The principal accounting policies adopted are described below, and have been applied consistently throughout the year and the preceding year.

1.1 Income recognition

Interest and fee income and expenditure is recognised in the profit and loss account on an accruals basis.

1.2 Segmental information

In the opinion of the directors, the company carried on one principal class of business, the marketing of CAF's savings and investment products. The company operates in one geographical segment, the United Kingdom.

1.3 Joint venture

Investments in joint ventures are stated at cost less any impairment. Impairment reviews are carried out if there is an indication that the recoverable amount of an asset is below the asset's net book value.

2 Administrative expenses

Other administrative expenses include amounts paid to CAF in respect of indirect staff costs, marketing costs and management charges relating principally to the occupancy of premises and the use of information systems equipment.

2.1 Staff and other costs	2011	2010
	£000	£000
Staff costs		
Wages and salaries	68	64
Social security costs	7	6
Other pension costs	3	3
Overtime	2	-
PPI & Life Assurance	1	1
Recruitment	1	-
	<u>82</u>	<u>74</u>
Other administrative expenses	758	754
	<u>840</u>	<u>828</u>

Other administrative expenses include amounts paid to CAF in respect of indirect staff costs, marketing costs and management charges relating principally to the occupancy of premises and the use of information systems equipment.

2.2 Employees

During the year three employees (2010: three) of Charities Aid Foundation (CAF) were directly assigned to duties relating to the activities of the company. The cost which is recharged to the company by CAF, is shown as staff costs in note 2.1 above.

2.3 Directors' emoluments

No directors (2010: none) who served during the year were remunerated directly by the company.

2.4 Auditor's remuneration	2011	2010
	£000	£000
Auditor's remuneration included in other administrative expenses consist of the following:		
Audit fees payable to the company's auditor for the audit of the company's financial statements	3	3

3 Exceptional items

During the year ended 30 April 2011 the company disposed of its 30% share of Charities and Social Enterprise Insurance Management LLP (CaSE Insurance). The investment which had a book value of nil was sold for £100,000.

4 Charitable donations

The company donated a surplus to CAF of £18,000 (2010: £210,000) during the year.

5 Fixed asset investments	2011	2010
	£000	£000
Cost		
At 1 May	80	80
Additions	-	-
Disposal of CaSE	(80)	-
At 30 April	-	80
Provisions for impairment		
At 1 May	80	80
Provision for the year	-	-
Disposal of CaSE (see note 3)	(80)	-
At 30 April	-	80
Net book value	-	-

6 Debtors – amounts due within one year

	2011	2010
	£000	£000
Trade debtors	75	84
Fees receivable	26	141
Sundry debtors	-	-
	<u>101</u>	<u>225</u>

7 Creditors – amounts due within one year

	2011	2010
	£000	£000
Accruals and deferred income	177	30
Amounts due to CAF	28	418
Sundry creditors	4	12
	<u>209</u>	<u>460</u>

8 Called up share capital

	2011	2010
	£000	£000
Authorised:		
250,000 ordinary shares of £1 each	250	250
100,000 redeemable preference shares of £1 each	100	100
	<u>350</u>	<u>350</u>

	2011	2010
	£000	£000
Allotted, issued and fully paid:		
75,100 ordinary shares of £1 each	<u>75</u>	<u>75</u>

Preference shares

These are redeemable at par upon one month's written notice being given by the company. The shares confer the right in a winding up of the company to the capital paid up on them in priority to ordinary shares. The holders of these shares have no rights to participate in the profits or assets of the company, receive any dividends nor to attend or vote at general meetings. None of these shares were in issue during the current or previous year.

9 Reconciliation of shareholders' funds

	2011	2010
	£000	£000
Opening shareholders' funds	75	75
Retained profit for financial year	-	-
Closing shareholders' funds	<u>75</u>	<u>75</u>

10 Parent trust

CAF Financial Solutions Limited is a wholly owned subsidiary of Charities Aid Foundation (CAF), registered charity number 268369.

The company's financial statements are consolidated into those of the CAF group, which is the only group into which the company's results are consolidated. A copy of the CAF group's financial statements can be obtained from CAF Financial Solutions Limited registered office and at www.cafonline.org

11 Cash flow statement

The company has taken advantage of the exemption from the requirement to prepare a cash flow statement under Financial Reporting Standard 1, as it is a small company as defined by the small companies regime per the Companies Act 2006.

12 Related party transactions

The company has taken advantage of the exemptions available under paragraph 3(c) of FRS 8 not to disclose transactions with other group entities.