

Company number: SC197327

Charity number: SC012302

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

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

**SCOTTISH CATHOLIC INTERNATIONAL AID FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

CONTENTS	Page
Directors' Strategic Report	2
Independent Auditor's Report	16
Statement of Financial Activities	20
Balance Sheet	22
Statement of Cash Flows	23
Notes to the financial statements	24

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

Directors' Strategic Report for the year ended 31 December 2021

The Directors present their annual Directors' Strategic Report and the audited financial statements of the charity for the year ended 31 December 2021, which are prepared in accordance with the requirements for a Directors' report and accounts for Companies Act purposes and with the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013.

SCIAF'S OBJECTIVES AND ACTIVITIES

Our Mission

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

Our Objectives

SCIAF is the official aid agency of the Catholic Church in Scotland. Inspired by the Gospel, and guided by Catholic Social Teaching, we reach out with love to our global neighbours in need, regardless of gender, class, race or religion. We have development projects in 15 priority countries in Africa, Asia and Latin America, the Middle East, and respond to emergencies all over the world.

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

At home, we inspire the Scottish public, parishes and schools to come together so we can build a better future for all, and put pressure on governments and business to create a fairer, more peaceful world. We are proud to be part of Caritas Internationalis, the Catholic Church's international network of 165 development charities around the world, working tirelessly in more than 200 countries.

Strategies

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

Grants Policy

Development grants are made to approved Partners in our priority countries, for projects developed with input from SCIAF which fall within two of the strategic objectives in our Strategic Focus 2021 – 2025: Peaceful and Just Communities; and Sustainable Resilient Livelihoods and a Flourishing Environment for All. Additional grants are made in response to emergencies that are brought to our attention by the Caritas network or one of our other partners.

Statement of Directors' Responsibilities

The financial statements contained herein comply with the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006 and the Memorandum and Articles of Association. They also comply with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)" (effective 1 January 2015) (Charities SORP (FRS102)).

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. 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 its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website

The Directors confirm that:

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

Approved by the Directors and signed on their behalf by:

DocuSigned by:

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Rt. Rev. J.A. Toal

President

16th June 2022

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

ACTIVITIES AND ACHIEVEMENTS

1 REDUCING POVERTY & INJUSTICE OVERSEAS

- 1.1 Strategic Change
- 1.2 Working in Partnership
- 1.3 Institutional Funding
- 1.4 Best Practice & Accountability

2 COP26

3 EDUCATING FOR CHANGE

- 3.1 Reflect
- 3.2 Act
- 3.3 Give

1. REDUCING POVERTY & INJUSTICE OVERSEAS

1.1 Strategic Change

As part of our 2021 – 2025 Strategy, of which we are currently in Year 1, we are reducing the number of countries we work in to eight. For the seven countries we are ceasing to work in, the exit process will be completed during 2022. This change will allow us to focus our resources and attention on a smaller number of countries in order that we can maximise the quality and impact of our support there, although as before we will respond to emergencies in any country where it is appropriate.

In response to this, the Integral Human Development (IHD) Department was re-organised in 2021 to offer the best possible technical support to a smaller number of countries. In addition, for each country, a new strategy is currently being developed to guide this work moving forwards.

During 2021, we also worked as an organisation to review the previous strategic period, 2016 – 2020. This evaluation – conducted by an external consultant and based on a review of documentation and interviews with staff, stakeholders and partners – strongly endorsed our work, particularly praising our collaboration with partners overseas and the culture of adaptation and innovation that exists at SCIAF. A number of suggested recommendations for further improvement are being taken forward.

1.2 Working in Partnership

As a Catholic development agency, SCIAF draws its inspiration from the rich heritage of its religious tradition, including the Bible and Catholic Social Teaching. SCIAF is part of Caritas Internationalis, the second largest humanitarian organisation in the world, and a global church network with a presence in more than 160 countries. As such, SCIAF's work is guided by the Caritas Partnership Principles, and we are committed to a partnership-based model of working. In our development and emergency work we work with local partners, combining our skills and capacities with theirs to achieve the best possible results. Our partners are primarily the national or local Caritas, or other Church bodies. If these do not have the capacity or expertise to undertake our programmes we look for other suitable local partners.

During 2021 we began implementation of the Strategic Focus 2021 – 2025, which is referred later in this report. We continued to work with our partners in eight programme countries and seven exit countries, as well as on the Joint Syria Programme with CAFOD, to support development interventions and respond to emergency needs.

We worked with over 75 partners around the globe to address both the consequences and the causes of poverty, injustice and humanitarian crises. In total, over 900,000 people benefited directly and indirectly from SCIAF's international partnerships.

Development Projects

- We supported 91 development projects in 17 countries

SCOTTISH CATHOLIC INTERNATIONAL AID FUND (COMPANY LIMITED BY GUARANTEE)

- In addition to our 15 programme countries, we supported missionary projects and the Caritas International Regional Offices in an additional three countries
- Around 131,000 people (just over 55% female) participated directly in the development projects we supported and over 630,000 benefited indirectly.

Emergency Response

- We supported over 67 emergency response interventions in 18 countries, including specific COVID-19 emergency projects
- Around 109,000 people (over 50% women) participated directly in these emergency interventions, and more than 34,000 indirectly benefited
- SCIAF continued to work with CAFOD on our Joint Programme on Syria, supporting partners in Goutha, Homs, Hama, Aleppo and Idleb; in Beirut, Tripoli and the Beqaa Valley in Lebanon; and Amman in Jordan
- We continued our joint programme with CAFOD and Trocaire to provide ongoing support to our long-term partners to deliver aid, cash and protection services to thousands displaced and affected by the violence in northern Ethiopia
- We supported responses to the crisis in Yemen and emergencies in Afghanistan, Central African Republic, Colombia, the DRC, Eritrea, Haiti, India, Indonesia, Malawi, Nicaragua, Palestine, Pakistan and South Sudan.

COVID-19 Response

During 2021, SCIAF continued to adapt to the COVID-19 pandemic and the changing public health restrictions in Scotland, and largely worked remotely throughout the year. We continued our support to partners and the communities they work with as they responded to the pandemic.

Throughout, we actively monitored the changing situation with our partners, and worked with partners to reallocate funds and adjust project timeframes and implementation methods where necessary to address the new realities, public health regulations and the need to keep staff and communities safe. Two additional grants were made to partners for specific COVID-19 interventions during the year, and we also used a small part of our reserves to support partners during this difficult time.

With overseas visits not yet possible we continued to make use of digital platforms, social media, WhatsApp and the internet for communication and meetings with partners, as well as project monitoring and oversight. We took the opportunity to adapt and learn, hoping to deepen our relationships with partners and stakeholders while minimising our carbon footprint.

1.3 Institutional Funding

Institutional funders – which include organisations such as governments and trust funds – are important allies in our work, and allow us to maintain the scale and scope of our work. In 2021, we saw the start of several new Institutionally-Funded projects and the successful completion of existing grants across our project countries:

- **Democratic Republic of Congo (DRC):** our new UK Aid Match programme began, focused on supporting survivors of gender-based violence, as well as changing community attitudes on gender and violence.
- **Malawi:** the EU-funded Hope for Youth project came to an end, having assisted over 2,000 young people to gain new skills and enter the job market.
- **Colombia:** the Guardians of the River Atrato project began, as did Rugby4Peace, an innovative project aimed at young people on the Pacific coast, which uses sport as a means for improving lives.
- **Zambia and Uganda:** our advocacy pilot projects proved successful in different ways. The Zambia project, focused on green charcoal, was selected for the Caritas Europa Innovation Festival, and the Uganda project helped small-scale farmers to access government extension services to support agricultural improvement in the long-term.

SCOTTISH CATHOLIC INTERNATIONAL AID FUND (COMPANY LIMITED BY GUARANTEE)

We continued our successful record of raising funding from major institutional donors, allowing us to maintain the scale and scope of our work. We managed a total of 15 institutional grants over the course of 2021 working with the following groups:

- **Scottish Government:** We continued our long-term work with the Scottish Government in Malawi and Zambia, and secured new Scottish Government support for emergency projects in South Sudan and Ethiopia through the Humanitarian Emergency Fund. We continued to serve as a panel member of the Scottish Government's Humanitarian Emergency Fund, playing an active role, in partnership with other leading humanitarian organisations.
- **UK government:** We continued our work with the UK Government's Foreign, Commonwealth and Development Office (FCDO) completing a UK Aid Match project in Cambodia, beginning implementation of a UK Aid Match project in the DRC, and preparing to start a new project in South Sudan.
- **Jersey and Guernsey Governments:** The Jersey Government supported a project focused on dairy market systems in Ethiopia, and a Guernsey Government grant supported livelihood work in Rwanda.
- **EU:** We continued implementation of an EU project in Malawi to improve the rights of people with albinism.
- **University of Glasgow:** We continued our successful collaboration with the University of Glasgow/Global Challenges Research Fund, securing two small grants for the River Stories project in Colombia.

We continued to apply for new institutional funding during the year, with a 70% success rate by number of applications. The total value of grants won was relatively modest at £491,911, though one decision (for a grant of £1.2 million) was still pending at year end.

Our institutional funders remain important allies in our work, and we aim to develop and maintain effective partnerships with them. We hosted two virtual project visits for institutional funders in 2021: to the UK Aid Match Cambodia project in January, and the Scottish Government funded Climate Challenge Programme Malawi in September, attended by the Scottish Government Minister for the Environment.

In 2021, all reports to our institutional funders were submitted on time, were of good quality and were approved. We continue to build good working relationships with these important partners in our work.

1.4 Best Practice & Accountability

During 2021 we continued to support efforts to shift power and resources to organisations in the 'Global South' for development and emergency work. Notable in this was the collaboration with partner organisations for COP26 where representatives from Colombia, Malawi, and Zambia were able to play an active role in the conference.

We continued as a signatory of the Charter4Change (C4C) alliance, pushing for increased direct funding for southern-based emergency responders, and a greater role for them in policy-making for humanitarian action.

In 2021, we provided funding for the third year running for the C4C Secretariat, moving from India to Uganda in 2022. We aim to build this commitment into our country strategies, supporting partners to strengthen their ability to prepare for and respond to emergencies.

Nine capacity building grants were implemented in 2021, totalling £70,000. Three of these grants were specifically to support partners for whom SCIAF support was coming to an end to prepare their projects and organisations for the future. One grant was for the Syria Programme partners following a partner survey in 2021 that highlighted the partners' request for additional capacity- building support.

SCOTTISH CATHOLIC INTERNATIONAL AID FUND (COMPANY LIMITED BY GUARANTEE)

We continue to play an active role in the Caritas family through Caritas Internationalis and regionally with Caritas Europa. This gives us access to deep reserves of expertise and knowledge, as well as the global reach and local expertise of our confederation. SCIAF also provides financial support to regional Caritas bodies in the regions where we work.

We maintained our commitment to meeting International Development sector ‘best practice’ standards, implementing the actions set out in our improvement plan for our accreditation with the Core Humanitarian Standard on Quality and Accountability (CHS) – the leading international standard for humanitarian response.

Safeguarding has been a major focus during the year. We continued to emphasise the mainstreaming of safeguarding within our projects and by our partners, putting in place improved feedback and complaints procedures within SCIAF. All SCIAF volunteers working with children or other vulnerable groups are checked with Disclosure Scotland as part of our safeguarding policy.

SCIAF is registered with and regulated by OSCR, the Office of the Scottish Charity Regulator. Our fundraising activities are undertaken in line with the Codes of Fundraising Practice and our Supporter Promise is visible on our website, alongside our Complaints Procedure.

We received two complaints from supporters in 2021, which were resolved by us to the satisfaction of the complainants. We are aware of no complaints about SCIAF to external bodies. Apart from occasional negative feedback about our work and campaigning on climate change, feedback throughout the year was overwhelmingly positive.

2. COP26

COP26 was a major focus of work for 2021, for SCIAF and our supporters. SCIAF played a key role in civil society engagement in the lead up to and during the conference:

- **Climate Advocacy in the run-up to COP26:** Prior to COP26, the Scottish Government met three of the asks in our ‘election manifesto’ by agreeing to increase the International Development Fund from £10 to £15 million; double the Climate Justice Fund to £24 million (after COP this has now trebled); and bring forward a Wellbeing and Sustainable Development (Scotland) Bill which is now in the Programme for Government for 2021-2022.
- **Glasgow Dialogues:** As part of Stop Climate Chaos Scotland, SCIAF led a joint process with the Scottish Government called the Glasgow Climate Dialogues. This allowed our partners and other stakeholders from the ‘Global South’ to input their concerns directly to the Scottish Government around COP26. The First Minister credited this process with influencing a Scottish Government decision to commit funding to loss and damage during COP26. In the first week of negotiations, £1 million funding was announced, which subsequently increased to £2 million. Additional money for the Climate Justice Fund was also committed. The Scottish Government is now championing loss and damage in the lead up to COP27 in Egypt and has committed to a roundtable discussion on loss and damage during 2022.
- **International COP26 Attendance:** With funding from the ‘Mr & Mrs J M B Trust’ and CIDSE, we employed a professional event organiser to manage the travel and itineraries of the partners we brought over from Colombia, Malawi and Zambia. SCIAF staff also supported a number of pilgrims who walked to Glasgow from Sweden and Germany.
- **3 Asks, 2 Weeks, 1 Planet:** We ran a petition asking the Prime Minister, Boris Johnson, to deliver 3 specific asks at COP26. This campaign, which kicked off with a ‘Race Against Time’ video and well-covered PR stunt, encouraged engagement with individual supporters, parishes, schools and other interested groups. Over 4,000 supporters signed – and these signatures were ‘handed over’ to Boris Johnson at Downing Street, and presented during COP26 by a young person at an interfaith event in Glasgow.

SCOTTISH CATHOLIC INTERNATIONAL AID FUND (COMPANY LIMITED BY GUARANTEE)

- **Global Day of Action:** For the Global Day of Action, the large-scale climate march held during COP26, SCIAF was instrumental in rallying representatives from the religious communities in Scotland. 300 SCIAF supporters joined staff on Glasgow’s streets demanding action at the conference, including many young people and school students.
- **Bishops’ Conference of Scotland:** We provided the secretariat for the Bishops’ Conference of Scotland COP26 Committee, chaired by William Nolan, then Bishop of Galloway and Chairman of Justice & Peace. This enabled a number of Catholic organisations to co-ordinate a response to the opportunities provided by COP26.
- **Press and Communications:** SCIAF’s aim throughout the COP26 year was to inspire action, educate on climate issues, and amplify the voices of those people impacted most by climate change, through a co-ordinated communications campaign and media push.
 - **Inspire:** We produced communications materials to promote the COP26 campaign; SCIAF’s support for the Global Day of Action; content inside the Blue and Green Zones; a ‘chorus’ of quotes and stories from individuals involved in bringing about climate justice across the world; testimony from those impacted by climate change; a group of pilgrims walking from Europe to Glasgow. A mass was also organised for SCIAF supporters to pray for the delivery of climate justice during the conference.
 - **Educate:** We developed a high-profile ad campaign around Glasgow, “Climate change is killing the world’s poorest people. What now Scotland?”; we created a welcome video for visitors arriving in Glasgow for COP26; we produced a series of educational resources for adults and schools to encourage engagement with COP26, including a ‘Climate Craftivism’ pack, and a series of videos and PDFs around the Season of Creation. We arranged school visits for two of our partners during COP26; and, as a co-creator of the *Laudato Si* Schools Scotland (LSSS) programme, we supported schools with resources and promoted LSSS particularly during COP26.
 - **Amplify:** Through our PR, we put our partners at the heart of all our communications during COP26, and promoted their voices on national and international media platforms; partners featured prominently on TV news, radio and in newspaper columns.

Through all the activities indicated here, COP26 proved a successful occasion for SCIAF, helping further establish us as one of Scotland’s leading environmental voices, especially in the field of climate justice. However, with climate change continuing to accelerate and international policies lacking in terms of limiting warming to 1.5°C, our work here is far from done. We will continue to press for change at home and overseas, to deliver climate justice.

3. EDUCATING FOR CHANGE

We continued our work in Scotland to explain the realities of life in developing countries and how, as the official overseas development arm of the Catholic Church, we deliver our development and emergency work.

In 2021, much of this work remained online as schools, offices and churches were closed during lockdown. Nevertheless, we continued to support schools, teachers and pupils – as well as parishioners and other SCIAF supporters – through digital means, online activities and videos, ensuring our development education work could reach our audiences.

3.1 Reflect

We promoted our series of four CLPL modules (teachers’ equivalent to Continuous Professional Development) explaining Pope Francis’ encyclical *Laudato Si* in partnership with the Scottish Catholic Education Service and Justice & Peace Scotland.

SCOTTISH CATHOLIC INTERNATIONAL AID FUND (COMPANY LIMITED BY GUARANTEE)

We joined schools online for Q&As and presentations, as well as in-person visits when requested, including meetings with our partners during COP26. Our first online WEE BOX school assembly was premiered, and we built on this for 2022. We joined several diocesan meetings with teachers to present resources and give updates, and delivered a *Laudato Si* training day for teachers in the St Andrews and Edinburgh Archdiocese.

We continued to enhance our Development Education in Parishes with the creation of a specific resource on Integral Human Development, with workshops. We plan to promote and deliver in-person workshops in 2022. We held a successful *Laudato Si* reflection event online and also a Season of creation event that involved parish and school input.

For primary schools, we created a Right of the Child resource; for secondary, we produced new materials on Faith and Politics, as well as on Climate Justice for Geography classes.

3.2 Act

Prayer is a key form of action and we developed a number of prayer and reflection materials for Lent, Season of Creation and Advent in 2021. These included traditional forms (bidding prayers and read reflections) as well as more interactive options such as prayer walks and videos. Much of our prayer, reflection and campaigning also focused on COP26 delivering climate justice, as outlined above.

3.3 Give

Overall, our generous supporters gave us £4,785,000 to support our work. Approximately £800,000 is given each year through committed monthly Direct Debits with a further £800,000 through Gifts in Wills. The balance came from our Lent, Summer and Advent appeals, our Real Gifts at Christmas and general donations.

Our key fundraising campaign, our 2021 Lent campaign, focused on the exclusion and difficulties faced by children living with disabilities in one of the poorest parts of South Sudan – itself one of the poorest countries in the world. To communicate these challenges, we worked with a local photo-journalist in South Sudan. This campaign received UK Aid Match support, meaning every donation given was doubled by the UK Government.

We were taken by surprise when the lengthy 2020 Christmas lockdown continued into the summer, and parishes remained closed for a second Lent. Once again, the support and generosity of our supporters was humbling as people who were not on our database contacted us to give to the appeal.

We ran our first “Lent lunchtime launch” with staff from South Sudan: an eye-opening account of the complexities of their work and the difference our support makes. In all, our supporters gave an extraordinary £1.55m to the Lent campaign for our general work, raising a further £1.313m in UK Aid Match for a new project in South Sudan.

In addition to financial gifts, many volunteers across Scotland gave their time to support our work in 2021 – these volunteer hours are vital to our success. In Schools, while in-person visits were somewhat limited by the pandemic, volunteers offered their expertise in the development of the geography resource for secondary schools, and offered recordings for online video content.

In parishes, we have 86 representatives across all eight dioceses. Several priests and many of the Parish Representatives stepped in to help support the COP pilgrimage, and have been instrumental in encouraging fundraising across Scotland.

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

FINANCIAL REVIEW

Results for the year

The result for the year before gains on assets was net expenditure of £25,000 (2020 net income of £52,000).

Principal funding sources

The charity's main source of income is voluntary income from individuals. Total donations and legacy income totalled £4,785,000 (2020: £5,121,000). Donations were very similar to 2020, despite continued closure of churches once again affecting our Lent Appeal. Legacies were lower than the exceptional 2020 figure, but within our normal range. Restricted donations (given for a particular purpose or appeal) in the year totalled £768,000 (2020 £482,000). This was higher than 2020 as we dedicated our Summer Appeal to work in Ethiopia. There were also appeals for Afghanistan and Gaza.

SCIAF received £2,976,000 (2020: £2,721,000) of institutional funding for overseas relief and development. Our largest institutional donors were the UK Foreign Commonwealth and Development Office (formerly Department for International Development), the Scottish Government, and Jersey Overseas Aid, with smaller amounts from Guernsey and the European Union. This year we also received small grants from Glasgow University (for work in Colombia), and Rockefeller Philanthropies for work in Scotland and we benefitted from a small amount of staff furlough grant from HM Treasury.

Principal expenditure

The charity's main expenditure is on international programmes. Total expenditure was £7,910,000 (2020: £7,926,000) with international programmes making up £5,731,000 (2020: £6,012,000).

Reserves policy

The Board reviewed the Reserves Policy and agreed a new Policy in September 2019. The Policy is concerned with Free Reserves, which are defined as Unrestricted Reserves less the net value of Fixed Assets, since these are the reserves available to meet the general obligations and needs of the charity.

In the event of sudden fall in income, SCIAF requires a certain amount of reserves to allow for income to recover or, failing that, for a controlled reduction in expenditure, such as salaries, rent, grants, etc. over the following two-to-three years. As it is the income budget where this shock is felt, this is calculated as 50% of the subsequent year's fundraising income budget. This amount does not need to be in liquid assets. Operational liquidity for our own work is calculated by examining the budget for the subsequent year and calculating the peak net cumulative outflow of cash at a month end.

In addition, SCIAF requires reserves to allow sufficient working capital to meet the cash flow deficit caused by the arrears funding of institutionally funded (IF) projects, which will generally peak at 50% of the annual income. The reserves target includes 50% of the following year's IF income budget.

The reserves target therefore consists of two parts: that for SCIAF to sustainably maintain its operations (contingency & liquidity, the latter reduced by 15% to allow for the element that would not coincide with the former), and the working capital required by SCIAF to implement Government-funded projects. Based on the approved budget for 2022, the general operations target is £3,194,000 (2020 £2,627,000) and the government-funding target is £543,000 (2020 £1,311,000). This is a total of £3,737,000 (2020 £3,937,000), which is £3,000 higher (2020 £487,000 lower) than the General Fund of £3,735,000.

Free Reserves excludes the value of the fixed assets and the unrealised increase in value of our investments.

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

Financial risk

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

- a) Price risk: SCIAF is exposed to price risk as a result of its operations. However, given the size of its operations, the cost of managing exposure to price risk exceeds the potential benefits.
- b) Credit risk: SCIAF's income is mainly either from donations, which do not have a credit risk, or from public bodies that are viewed overall by the directors as being low credit risk. Included within this are some non-government bond investments as part of the investment portfolio that have a medium credit risk. The amount of exposure is reassessed regularly by the Board.
- c) Liquidity risk: SCIAF maintains short-term cash that is designed to ensure that it has sufficient funds for its operations.
- d) Variable interest-rate risk: placement of cash is regularly monitored.
- e) SCIAF's development and relief work is funded by donations received in sterling but the costs incurred are in local currency in the countries in which we work. As a result, the amount of support we can give to partners is subject to foreign exchange risk.

Risk Management

SCIAF's risk register identifies the major risks by area of activity, the nature of those risks, the likelihood of the risks, and the measures taken to manage them. The Directors review this risk register at least annually at their meetings. The aim of this review is to ensure Directors are satisfied that the main risks have been identified, and systems are in place, or arrangements are in hand, to mitigate all significant risks. SCIAF's current key risks include: a major disaster affecting one of the areas where we deliver projects; the generation of institutional income in the context of Government cuts, and the subsequent costs of compliance and governance. This year we have highlighted financial reporting as a higher risk than usual, as we are changing our accounting system. This will be complete before the middle of the year, and the risk will then reduce.

Qualifying third party indemnity provision for the Directors is in force during the year; as permitted by Company and Charity Law, SCIAF has purchased an insurance policy so that the Directors will not be financially liable for problems unless they have behaved culpably or recklessly.

Investment policy

SCIAF's investment policy was developed by the Board of Directors to enable SCIAF to maximise the potential income from funds held at any time, while minimising the risk of loss of value. Funds are split between interest bearing current accounts, and medium-term stock exchange investments. The latter are managed for SCIAF by abrdn Investments are required to meet strict ethical guidelines, consistent with the work and beliefs of SCIAF. At the end of 2021, the funds invested had a market value of £3,047,000 (2020: £2,758,000).

The investment objective is to achieve a balanced return from income and capital growth over the long term. The Board compare the performance of the fund against cash – the LIBID 7- day Index +3% and a composite of the following indices: FTA Government All Stocks Index (49%), FTSE All Share Index (49%) and Cash (2%). Over the year the portfolio outperformed its benchmark by 4% and the portfolio return for the year to 31 December 2021 was 10.5%.

Partners Overseas

In 2021 SCIAF worked with and provided funding for the following partners:

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

Cambodia

Development & Partnership in Action
Caritas Cambodia

Central African Republic

Caritas Centrafrique

Colombia

Caritas Colombiana (SNPS)
Siembre
Pastoral Social Diocesis de Quibdó (SEPAS-
Quibdó)
Secretariado Diocesano de Pastoral Social,
Diócesis de Apartadó (SEPAS-Apartadó)
Fundacion Buen Punto

Democratic Republic of the Congo

Bureau Diocesain des Oeuvres Medicales
Commission Diocesan Justice et Paix Bukavu
Judicial Support Association for Victims of
Violence (AJV)
Popoli Fratelli
Centre Olame

El Salvador

Asociacion Servicio Solidario CVX
Centro Salvadoreno de Tecnologia Apropriada
(CESTA)

Ethiopia

CAFOD, SCIAF & Trocaire Working Together
(joint office)

Gaza, Palestine

Caritas Jerusalem

Haiti

Centre D'Appui Pedagogique
Institute of Technology & Animation (ITECA)

India

Caritas India
Humanitarian Aid International
Indo Global Social Service Society
IGSSS
Mana Vikas Seva Sangha

Indonesia

Caritas Karina

Italy

Association Terra Sancta

Lebanon

Caritas Lebanon

Malawi

CADECOM Malawi
CCJP Malawi
Episcopal Conference of Malawi
Trocaire Malawi

Nicaragua

Centro de Comunicacion y Educacion Popular
(Cantera)
Familias Especiales de Santa Julia Billiart

Pakistan

Caritas Pakistan

Rwanda

CDJP Cyangugu
CDJP Kigali
CEJP Rwanda

South Sudan

CAFOD South Sudan
Mundri Relief & Development Association
(MRDA)
Sudan Evangelical Mission (SEM)

Uganda

Caritas Lugazi
Caritas Uganda
Comboni Samaritans of Gulu
Sustainable Agriculture for Rural Development
Network (SARD-Net)

United Kingdom

Catholic Agency for Overseas Development
(CAFOD)
ABColumbia
Survive Miva

United States of America

Catholic Relief Services (for Yemen)

Zambia

Caritas Livingstone
Caritas Mongu
Caritas Zambia

JCTR

Kasisi Agricultural Training Centre

International

Caritas Internationalis
Caritas Africa

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

PLANS FOR THE FUTURE

If SCIAF is to continue its work with people living in the poorest parts of the world, we need to continue investing in fundraising. We hope to increase the number of people in Scotland who support us, and persuade more of them to do so on a regular basis, if they can.

After many decades which saw a decline in global poverty, world events are now pushing millions more people into hunger – including the impact of COVID-19, changes to the weather caused by climate change which severely impact small-scale farmers, and an increase in conflict, including the war in Ukraine. Hunger will, therefore, be a priority theme for fundraising appeals in the near future.

We also need to persuade more people to volunteer for SCIAF, and this will be a key activity in the strategic period 2021-25. We have a number of volunteers who help in the office (1,241 hours in 2021), and several who help with our schools programme (delivering 56 hours of educational support in 2021, despite restrictions). But we need to focus on increasing support in parishes. Our Parish Volunteers (86 in 2021) work within their parish and with their priest to ensure that all SCIAF-related information is passed on to parishioners, either in person or via social media. When they are able to, they hold coffee mornings and lunches to fundraise for SCIAF, sell Real Gifts on behalf of SCIAF during Advent, and deliver Lent talks.

Our overseas programme team have begun to work on the Country Strategies for SCIAF's eight programme countries. This offers an opportunity to build on the successes of the period 2016 – 2020, deepen our relationships with partners, and strengthen the integration of service delivery and advocacy work which aims to increase structural influencing in our overseas work.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

Organisational structure

The Directors (who are also the Trustees) are responsible for the overall control of the charity. Those who served during the year and up to the date of this report are detailed below. The Directors give their time free of charge and receive no remuneration or other financial benefits. The Directors appoint three Committees of independent non-executive members. Each is chaired by a Director and has a remit as outlined below.

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

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

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

Recruitment and appointment of Directors

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

Induction and training of Directors

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

Finance and Audit Committee

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

Public Engagement Committee

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

Integral Human Development Committee

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

Pay policy for senior staff

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

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

Related parties

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

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

REFERENCE AND ADMINISTRATIVE DETAILS

Company Name: Scottish Catholic International Aid Fund

Charity registration number: SC012302

Company registration number: SC197327 (Scotland)

Registered Office and operational address: Third Floor, 7 West Nile Street, Glasgow, G1 2PR

Website: www.sciaf.org.uk

OUR ADVISORS:

Auditors: Wylie & Bisset (Audit) Limited, 168 Bath Street, Glasgow G2 4TP

Solicitors: McSparran McCormick, Waterloo Chambers, 19 Waterloo Street, Glasgow, G2 6AH

Investment advisors: abrdn, 1 George Street, Edinburgh, EH2; Flagstone, Clareville House, 26-27 Oxendon Street, London SW1Y 4EL

Bankers: Royal Bank of Scotland, Glasgow Charing Cross Branch, 9 Clifton Place, Glasgow, G3 7JU

KEY MANAGEMENT PERSONNEL

Board of Directors

Right Rev Joseph. A. Toal (President)

Right Rev Brian McGee

Right Rev John Keenan

Prof Jim Gallagher

Lorraine McMillan

Right Rev William. Nolan

Most Rev Leo. Cushley

Prof Mike. Mannion

Thérèse Mapenzi

Secretary

McSparran McCormick, Solicitors

Senior Management Team

Alistair Dutton, Executive director

Lorraine Currie, Director of Integral Human Development

Robert Swinfen, Director of Central Services

Penelope Blackwell, Director of Public Engagement

Finance & Audit Committee

Prof Jim Gallagher (Chair)

Iain Marley

Joseph Hughes

Lorraine McMillan (Trustee)

Public Engagement Committee

Prof Mike Mannion (Chair)

Rt Rev John Keenan (Trustee)

Eric Grounds

Philippa Bonella

Diane Burke*

Marie Hendry*

Lisa McGraith*

**Integral Human Development
Committee**

Therese Mapenzi (Chair)

Jane Salmonson

Alison O'Connell

Fr. Leonard Chiti

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF SCOTTISH CATHOLIC
INTERNATIONAL AID FUND FOR THE YEAR ENDED 31 DECEMBER 2021**

Opinion

We have audited the financial statements of The Scottish Catholic International Aid Fund (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities (incorporating and Income & Expenditure Account), Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021, and of its incoming resources and application of resources, for the year 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 Charities and Trustees Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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.

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 entity'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 of going concern are described in the relevant sections of this report.

Other information

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

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report incorporating the Strategic Report and the Director's Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 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.

Responsibilities of trustees

As explained more fully in the Directors' responsibilities statement set out on page 2-3, 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 directors 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 Directors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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.

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

- The nature of the charity, the environment in which they operate and the control procedures implemented by management and the trustees; and
- Our enquiries of management and trustees about their identification and assessment of the risks of irregularities.

Based on our understanding of the charity and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the charity's operations; and
- UK tax and employment legislation

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks of the charity were related to;

- Posting inappropriate journal entries;
- Management bias in accounting estimates;

Audit response to the risks identified:

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates;
- Reviewing 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, trustees and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating 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, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware

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

of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Wylie & Bisset (Audit) Limited.

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Jenny Simpson (Senior Statutory Auditor)

For and on behalf of Wylie & Bisset (Audit) Limited, Statutory Auditor

168 Bath Street

Glasgow

G2 4TP

16th June 2022

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

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds £'000	2021 Restricted Funds £'000	Total Funds £'000	Unrestricted Funds £'000	2020 Restricted Funds £'000	Total Funds £'000
Income							
<i>Donations and legacies</i>							
Lenten donations		1,547	-	1,547	1,449	-	1,449
Other donations		1,649	768	2,417	1,848	482	2,330
Legacies		821	-	821	1,342	-	1,342
Total donations and legacy income		4,017	768	4,785	4,639	482	5,121
<i>Income from charitable activities</i>							
Institutional funding – international programmes	1	180	2,796	2,976	150	2,571	2,721
Institutional funding – UK staffing	1	-	36	36	-	55	55
<i>Income from trading activities</i>							
Sale of goods & resources		10	-	10	6	-	6
<i>Investment income – dividends and interest received</i>							
		78	-	78	75	-	75
Total income		4,285	3,600	7,885	4,870	3,108	7,978
Expenditure							
<i>Total Expenditure on raising funds</i>	2	1,277	63	1,340	1,079	35	1,114
<i>Expenditure on charitable activities</i>							
International programmes	4a	2,481	3,250	5,731	3,012	3,000	6,012
Advocacy	4c	249	-	249	197	-	197
Information & education	4b	560	30	590	582	21	603

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

Total Charitable expenditure	3,290	3,280	6,570	3,791	3,021	6,812
Total expenditure	4,567	3,343	7,910	4,870	3,056	7,926
<i>Net (expenditure)/income for the year before transfers and other gains and losses</i>	(282)	257	(25)	-	52	52
Net gain on investments	236	-	236	179	-	179
<i>Net income</i>	(46)	257	211	179	52	231
Transfer between funds	47	(47)	-	-	-	-
<i>Net movement in funds</i>	1	210	211	179	52	231
<i>Reconciliation of funds</i>						
Total funds brought forward	4,863	671	5,534	4,684	619	5,303
Total funds carried forward	15	4,864	881	5,745	671	5,534

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

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

BALANCE SHEET

As at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed Assets			
Tangible assets	9	243	269
Investments	10	3,047	2,758
		<u>3,290</u>	<u>3,027</u>
Current Assets			
Stock	11	5	20
Debtors	12	395	598
Cash on deposit and on hand	2	3,368	2,173
		<u>3,768</u>	<u>2,791</u>
Current liabilities: amounts falling due within one year	13	<u>(1,313)</u>	<u>(284)</u>
Net Current Assets		<u>2,455</u>	<u>2,507</u>
Net Assets		<u>5,745</u>	<u>5,534</u>
Reserves			
Unrestricted Reserves	15	3,977	4,144
Restricted Reserves	15	881	671
Investment Revaluation Reserve	15	887	719
		<u>5,745</u>	<u>5,534</u>

Approved and authorised for issue by the Board of Directors on 16th June 2022 and signed on its behalf by

DocuSigned by:

Bishop Joseph Toal

ECDFC5B7917C4C3...

Rt Rev J A Toal (President)
Director

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

Company registration number: SC197327

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
Net cash released by operating activities	1	1,188	63
Cash flows from investing activities			
Dividends and interest from investments		78	75
Purchase of property, plant and equipment		(18)	(17)
Purchase of investments		(430)	(328)
Decrease/(increase) in investment cash deposits		177	843
Proceeds from sale of investments		200	433
Net cash released by investing activities		7	1,006
Increase/(Decrease) in cash and cash equivalents in the reporting period		1,195	1,069
Cash and cash equivalents at the beginning of the reporting period		2,173	1,104
Cash and cash equivalents at the end of the reporting period	2	<u>3,368</u>	<u>2,173</u>

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

	2021 £'000	2020 £'000
Net movement in funds	211	231
Depreciation charges	44	42
(Gain)/Loss on investment assets	(236)	(179)
Investment income	(78)	(75)
Decrease/(Increase) in stock	15	-
Decrease/(Increase) in debtors	203	94
Increase/(Decrease) in creditors	1,029	(50)
Net cash released by operating activities	<u>1,188</u>	<u>63</u>

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

2. Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	3,368	2,173
	<u>3,368</u>	<u>2,173</u>

3. Changes in Net Debt

	At start of year £'000	Cashflows £'000	Non-cash changes £'000	At end of year £'000
Cash	2,173	1,195	-	3,368
Loans falling due within one year	-	(1,000)	-	(1,000)
TOTAL	2,173	195	-	2,368

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Incoming resources from charitable activities

	Unrestricted £'000	Restricted £'000	2021 Total £'000	2020 Total £'000
Government Grants				
Foreign Commonwealth and Development Office				
Ethiopia – Aid Match	-	-	-	6
Cambodia – Aid Match	35	339	374	559
DR Congo – Aid Match	23	322	345	-
HM Revenue & Customs. Furlough	-	9	9	39
Scottish Government				
Zambia	40	260	300	300
Malawi Contract	50	1,214	1,264	1,397
Humanitarian Emergency Fund	7	226	233	16
Guernsey Overseas Aid Commission				
Rwanda	-	23	23	46
States of Jersey				
Ethiopia	10	282	292	283
Government Grants Total	165	2,675	2,840	2,646
European Commission Malawi	15	70	85	114
Glasgow University Colombia	-	60	60	-
Rockefeller Philanthropies	-	27	27	16
Total	180	2,832	3,012	2,776

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

2. Expenditure on Raising Funds

	Direct Costs £'000	Support Costs £'000	Total 2021 £'000	Total 2020 £'000
Fundraising appeals	435	-	435	357
Salaries and other staff costs	579	148	727	590
Travel	5	-	5	40
Professional fees	-	2	2	1
Office costs	-	72	72	47
Administration costs	-	66	66	59
Governance costs	-	15	15	9
Total cost of fundraising	1,019	303	1,322	1,099
Investment management	18	-	18	15
	1,037	303	1,340	1,114

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

3. Grant expenditure

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

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2021 £'000	Total 2020 £'000
AFRICA				
Ethiopia				
Joint office with CAFOD and Trocaire – for distribution to partners	21	422	443	577
Democratic Republic of Congo				
Justice et Paix Bukavu				
Diocese	132	-	132	58
Centre Olame	24	86	110	-
AJV	6	110	116	25
BDOM	-	124	124	-
Malawi				
Cadecom Mangochi	-	-	-	65
CCJP Malawi	39	82	121	112
National Cadecom	60	-	60	61
Trocaire	2	1,136	1,138	1,451
Rwanda				
Justice et Paix, Kabgayi	-	-	-	75
Justice et Paix, Kigali	-	110	110	-
South Sudan				
Sudan Evangelical Mission	4	122	126	65
Uganda				
Caritas Lugazi	-	-	-	64
Zambia				
KATC Kassisi	29	-	29	149
Caritas Zambia	-	268	268	163

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

Grant expenditure (continued)

ASIA

Cambodia

DPA	58	191	249	528
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India

Caritas India	22	4	26	53
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IGSSS	45	-	45	69
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Bangladesh

Caritas Bangladesh	-	-	-	52
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Indonesia

Caritas Karina	-	107	107	-
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Syria

CAFOD/SCIAF	20	100	120	170
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Gaza

Caritas Jerusalem	-	74	74	-
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LATIN AMERICA

Colombia

Diocese of Quibdo	60	60	120	59
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Haiti

Institute of Technology & Animation	-	10	10	50
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Other grants less than £50,000 paid in the year	620	239	859	809
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Total Grant Expenditure	1,142	3,245	4,387	4,656
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Represented by:

International development grants	1,142	3,245	4,387	4,635
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Advocacy grants	-	-	-	21
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	1,142	3,245	4,387	4,656
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Grant expenditure represents grants paid or approved to partner organisations responding to a wide range of humanitarian needs in the communities in which they work.

Restricted grants totalling £188,394 for FCDO Aid Match Cambodia and £415,801 for FCDO Aid Match DR Congo are included within the figures above.

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

4. Costs of charitable activities

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

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

	Direct Costs £'000	Support Costs £'000	Total 2021 £'000	Total 2020 £'000
International programmes (4a)	5,375	356	5,731	6,012
Information and education (4b)	418	172	590	603
Advocacy (4c)	188	61	249	197
	<u>5,981</u>	<u>589</u>	<u>6,570</u>	<u>6,812</u>

a) International programmes

	Direct Costs £'000	Support Costs £'000	Total 2021 £'000	Total 2020 £'000
Grant expenditure	4,387	-	4,387	4,635
Salaries and other staff costs	801	152	953	992
Travel	20	1	21	32
Professional fees	87	2	89	86
Office costs	-	95	95	93
Administration costs	80	86	166	159
Governance costs	-	20	20	15
	<u>5,375</u>	<u>356</u>	<u>5,731</u>	<u>6,012</u>

b) Information and education

	Direct Costs £'000	Support Costs £'000	Total 2021 £'000	Total 2020 £'000
Materials and activities	57	-	57	47
Salaries and other staff costs	361	79	440	467
Office costs	-	44	44	45
Administration costs	-	40	40	37
Governance costs	-	9	9	7
	<u>418</u>	<u>172</u>	<u>590</u>	<u>603</u>

c) Advocacy

	Direct Costs £'000	Support Costs £'000	Total 2021 £'000	Total 2020 £'000
Grant expenditure	-	-	-	21
Events & publication	52	-	52	6
Salaries and other staff costs	136	27	163	143
Office costs	-	16	16	13
Administration costs	-	15	15	12
Governance costs	-	3	3	2
	<u>188</u>	<u>61</u>	<u>249</u>	<u>197</u>

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

5. Governance costs

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

	2021	2020
	£'000	£'000
Costs of Board meetings and overseas travel	-	2
Professional fees	35	21
Auditor's remuneration	12	11
	<u>47</u>	<u>34</u>

6. Net expenditure for the year

This is stated after charging:	2021	2020
	£'000	£'000
Depreciation	44	43
Realised (gain)/loss on foreign exchange	1	5
Auditor's remuneration	12	11

7. Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	1,866	1,720
Social security costs	183	177
Pension costs	151	143
	<u>2,200</u>	<u>2,040</u>

Included in the above staff costs are costs paid during the year relating to redundancy and compensation for loss of office, including at the end of fixed term contracts, of £83,000 (2020 £24,000).

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

	2021	2020
	No	No
Integral Human Development	19	21
Education and information	8	9
Cost of generating funds	15	12
Support costs & governance	11	11
	<u>53</u>	<u>53</u>
Full time equivalent	<u>48</u>	<u>48</u>

The key management personnel of the charity comprise the Board, the Executive director, Director of Public Engagement, Director of Integral Human Development and Director of Central Services. The total employee benefits of the key management personnel of SCIAF were £313,000 (2020: £310,000). One employee's total employee benefits were between £90,000 and £100,000 and two were between £60,000 and £70,000 (2020: one employee between £90,000 and £100,000 and two between £60,000 and £70,000).

SCIAF operates a Group Personal Pension Scheme, the assets of which are held separately in an independently administered fund. The charity's contribution is between 4.5 per cent and 10 per cent of salary with staff making contributions between 2.5 per cent and 4 per cent of salary to the scheme. 53 staff are members of the scheme (2020: 52 staff). Included in staff costs are contributions paid or payable by SCIAF to the fund which amounted to £151,000 (2020: £143,000).

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

8. Taxation

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

9. Tangible fixed assets

	Leasehold property £,000	Furniture £,000	Computer equipment £,000	Total 2021 £,000
Cost:				
At 1 January 2021	203	33	121	357
Additions	5	-	13	18
Disposals	-	-	(6)	(6)
At 31 December 2021	<u>208</u>	<u>33</u>	<u>128</u>	<u>369</u>
Depreciation:				
At 1 January 2021	19	4	65	88
Disposals	-	-	(6)	(6)
Charge for the year	19	3	22	44
At 31 December 2021	<u>38</u>	<u>7</u>	<u>81</u>	<u>126</u>
Net book value				
At 31 December 2021	<u>170</u>	<u>26</u>	<u>47</u>	<u>243</u>
At 31 December 2020	<u>184</u>	<u>29</u>	<u>56</u>	<u>269</u>

There are no capital commitments at the year-end (2020: £Nil)

10. Investments

	2021 £'000	2020 £'000
Valuation at 1 January	2,758	3,527
Acquisitions	430	328
Disposals	(205)	(491)
Market valuation movement in year	<u>241</u>	<u>237</u>
	3,224	3,601
Cash deposits movement in year	<u>(177)</u>	<u>(843)</u>
Valuation at 31 December	<u>3,047</u>	<u>2,758</u>

Net cash invested during the year was £230,000 (2020: net cash released £105,000).

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

The main risk to SCIAF from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and market sentiment favouring lower risk investments, the yield on bonds has been abnormally low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels. Although rising interest rates resulting from a stronger economy and improved economic

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

Investments (continued)

activity should be indicative of improving dividend yields and equity values, there is a concern that the abnormal availability of 'cheap money' to the banking sector has led to wider over-valuation of traded assets (an 'asset bubble') that may depress equity values once economic conditions ease. SCIAF is not dependent on income from its investments to continue its work.

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

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

Analysis of investments at market value	2021	2020
	£'000	£'000
Listed investments	2,988	2,522
Cash deposits	59	236
	<u>3,047</u>	<u>2,758</u>
Historic cost	<u>2,160</u>	<u>2,039</u>

11. Stock

	2021	2020
	£'000	£'000
Printed fundraising materials	5	20
	<u>5</u>	<u>20</u>

Fundraising material specific to the Lent campaign for the following year is treated as Stock at the year end

12. Debtors

	2021	2020
	£'000	£'000
Gift Aid	58	142
Accrued Income	242	370
Prepayment	70	63
Other Debtors	25	23
	<u>395</u>	<u>598</u>

13. Current liabilities: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	58	88
PAYE & NIC	48	46
Accrued expenses	207	150
Coronavirus Business Interruption Loan	1,000	-
	<u>1,313</u>	<u>284</u>

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

14. Analysis of net assets between funds

Analysis of net assets between funds 2021

	Unrestricted	Restricted	Total
	£'000	£'000	£'000
Tangible fixed assets	243	-	243
Investments	3,047	-	3,047
Stock	5	-	5
Debtors	259	136	395
Cash	2,623	745	3,368
Current Liabilities	(1,313)	-	(1,313)
Net current assets	<u>1,574</u>	<u>881</u>	<u>2,455</u>
Total net assets	<u>4,864</u>	<u>881</u>	<u>5,745</u>

Analysis of net assets between funds 2020

	Unrestricted	Restricted	Total
	£'000	£'000	£'000
Tangible fixed assets	269	-	269
Investments	2,758	-	2,758
Stock	20	-	20
Debtors	232	366	598
Cash	1,868	305	2,173
Current Liabilities	(284)	-	(284)
Net current assets	<u>1,836</u>	<u>671</u>	<u>2,507</u>
Total net assets	<u>4,863</u>	<u>671</u>	<u>5,534</u>

15. Movement in funds

Fund Name	At 1 Jan 2021 £'000	Income £'000	Expenditure £'000	Transfer £'000	Gains/ Losses £'000	At 31 Dec 2021 £'000
Unrestricted:						
Fixed Assets Fund	269	-	-	(26)	-	243
Investment Reserve	719	-	-	-	168	887
General Fund	<u>3,875</u>	<u>4,285</u>	<u>(4,567)</u>	<u>73</u>	<u>68</u>	<u>3,734</u>
Total unrestricted	<u>4,863</u>	<u>4,285</u>	<u>(4,567)</u>	<u>47</u>	<u>236</u>	<u>4,864</u>
Restricted Funds						
Refugees Indonesia	210	8	(100)	-	-	118
Tsunami	107	-	(107)	-	-	-
Afghanistan	-	42	(24)	-	-	18
Gaza	-	82	(82)	-	-	-
Beirut Explosion	10	-	(10)	-	-	-
Emergency Response Fund	104	38	(46)	52	-	148
Other Emergencies	11	41	(23)	-	-	29

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

Movement in Restricted Funds (continued)

Development Projects	-	113	(113)	1	-	1
Michael & Joseph McCabe	76	-	(10)	-	-	66
Summer Appeal	-	150	(150)	-	-	-
Real Gifts	315	294	(215)	(100)	-	294
<i>Institutional Funds</i>						
EU Albanism	(3)	70	(82)	-	-	(15)
HMRC Furlough	-	9	(9)	-	-	-
FCDO AM DR Congo	-	322	(416)	-	-	(94)
FCDO AM Cambodia	(162)	339	(189)	-	-	(12)
Guernsey Overseas Aid	-	23	(50)	-	-	(27)
States of Jersey Ethiopia	-	282	-	-	-	282
SG Kabwe	138	260	(268)	-	-	130
SG CCP Malawi	(135)	1,214	(1,136)	-	-	(57)
SG HEF	-	226	(226)	-	-	-
Glasgow University	-	60	(60)	-	-	-
Colombia Rockefeller	-	27	(27)	-	-	-
Total Restricted	671	3,600	(3,343)	(47)	-	881
Total funds	5,534	7,885	(7,910)	-	236	5,745

Movement in funds 2020

Fund Name	At 1 Jan 2020 £'000	Income £'000	Expenditure £'000	Transfer £'000	Gains/ Losses £'000	At 31 Dec 2020 £'000
Unrestricted:						
Fixed Assets Fund	295	-	-	(26)	-	269
Investment Revaluation Reserve	539	-	-	-	180	719
General Fund	3,850	4,870	(4,870)	26	(1)	3,875
Total unrestricted	4,684	4,870	(4,870)	-	179	4,863
Restricted Funds						
Refugees	232	2	(25)	-	-	209
Syria	72	4	(76)	-	-	-
Coronavirus	-	15	(15)	-	-	-

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

Movement in Restricted Funds (continued)

Indonesia						
Tsunami	107	-	-	-	-	107
Rohingya	52	-	(51)	-	-	1
Cyclone Idai	(2)	1		1	-	-
Beirut						
Explosion	-	88	(78)	-	-	10
Emergency						
Response Fund	56	44	(71)	75	-	104
Other						
Emergencies	5	10	(-)	(4)	-	11
Development						
Projects	-	19	(20)	1	-	-
Michael & Joseph						
McCabe	86	-	(10)	-	-	76
Real Gifts	245	299	(156)	(73)	-	315
<i>Institutional Funds</i>						
EU Malawi	(20)	20	-	-	-	-
EU Albanism	-	86	(89)	-	-	(3)
HMRC						
Furlough	-	39	(39)	-	-	-
DFID AM						
Cambodia	(198)	522	(486)	-	-	(162)
GOAC Rwanda	-	46	(46)	-	-	-
States of						
Jersey Ethiopia	-	273	(273)	-	-	-
SG Kabwe	-	276	(138)	-	-	138
SG CCP Malawi	(16)	1,332	(1,451)	-	-	(135)
SG HEF	-	16	(16)	-	-	-
Rockefeller	-	16	(16)	-	-	-
Total						
Restricted	619	3,108	(3,056)	-	-	671
Total funds	5,303	7,978	(7,926)	-	179	5,534

a) Unrestricted Reserves

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

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

b) Restricted Reserves

Restricted Reserves represent funds held for projects or programmes specified by the donors and not yet disbursed at 31 December 2021.

The Reserves for Refugees, Indonesia Tsunami, Gaza, Beirut Explosion and Afghanistan arose from specific appeals made to our supporters in 2016 to 2021. The funds are being applied in a planned manner to meet humanitarian needs.

The Summer Appeal in 2021 was for our work in Ethiopia. Past Summer Appeals have often been more general than this.

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

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

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

The Michael & Joseph McCabe Fund is the result of a generous donation in the course of 2019 from the winding up of the Michael & Joseph McCabe Trust. The donation is to be applied to our work overseas at the rate of 10% of the fund each year until it is extinguished.

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

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

The EU funded one project in Malawi aimed at improving the lives of persons with albinism in Malawi by promoting and protecting their human rights to access healthcare and justice.

FCDO funded an Aid Match project in Cambodia Increasing household income, food and livelihood security; strengthening community response and resilience to disasters; improving access to water and sanitation; and sustainably managing and protecting natural resources. FCDO also funded another Aid Match project in Democratic Republic of Congo assisting survivors of gender-based violence

The Guernsey Overseas Aid Fund funded a project to help vulnerable Rwandan small-scale farming households through small livestock and cash crop production, and improved savings, competence and collective support through self-help groups.

The States of Jersey are funding a project in southern Ethiopia developing inclusive and profitable dairy market systems for pastoralist communities.

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

Glasgow University funded a project in the Diocese of Quibdo in Colombia.

In common with many other organisations, we received "furlough" grant from HM Revenue and Customs which covered part of the cost of staff who were unable to work due to pandemic-related restrictions

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

Rockefeller Philanthropies provided a grant to cover the costs of one member of staff working on civil society preparations for COP 2020 Glasgow, which was postponed to 2021.

16. Company status

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

17. Operating lease agreements

At 31 December 2021 the minimum future payments under non-cancellable operating leases for leasehold property and office equipment is set out below:

	2021	2020
	£'000	£'000
In the next year	52	52
During years 2 to 5	171	264
In more than 5 years	-	-
	<u>223</u>	<u>316</u>

18. Commitments

At the year end, forward commitments in respect of signed grant funding agreements with overseas partner organisations amounted to £144,000 (2020:£543,000). These grants are conditional on receipt of satisfactory reports, and are subject to SCIAF having the appropriate funds available at the time when the grants fall due for payment. Because of these conditions, the grants have not been treated as creditors.

Forward Commitments at 31/12/20	543
Commitments expended in 2021	(443)
Forward commitments entered into 2021	44
	<u>144</u>
Forward Commitments at 31/12/21	
Commitments relate to the following years:	
2022	94
2023	50
	<u>144</u>

There are no capital commitments at the year end (2020: £Nil).

19. Trustees and Related parties

No Director (Trustee) or Committee Member received remuneration for their services, and they do not claim expenses except for international travel. No Directors claimed expenses in the year (2020: £Nil). No Expenses were paid directly by SCIAF in relation to travel by board members in the year (2020: £Nil).

Donations totalling £13,000 (2020 £23,000) were received from Directors and Senior Management. No other transactions were made with Related Parties.

SCIAF is an agency of the Bishops Conference of Scotland which has a controlling interest in SCIAF. The Bishops Conference has the power to appoint or remove the charity trustees of SCIAF. There are no financial transactions between the Bishops Conference of Scotland and SCIAF in the year (2020: £Nil).

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

20. Contingent Liabilities

We have been notified that one of our projects has been selected for a full review by the funder's auditors. This could take place at any time up until 2026. We have undertaken an exercise to review the project in question and believe that there is a possibility that funding of approximately £60,000 may be clawed back as a result of records supporting expenditure which might be deemed to be unsatisfactory. No provision has been included in these financial statements for this amount.

21. Securities over Assets

In February 2021 SCIAF took out a loan for £1 Million, under the Government-backed Coronavirus Business Interruption Scheme.

The Government provides the Royal Bank of Scotland with a guarantee covering 80% of the value of the loan. The remainder of the loan was covered by a fixed charge over our investment securities and a floating charge over the remainder of SCIAF's assets.

The loan was repaid in full in February 2022, with no interest due, and the charges over SCIAF's assets are being discharged by the bank.

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

22. Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

Going concern

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

Fund structure

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

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

Income

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

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

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

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

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

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

Grant expenditure

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

Expenditure

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

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

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

Allocation of support and governance costs

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

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

The allocation of support and governance costs is analysed in notes 4 and 5.

Operating lease agreements

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

Pensions

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

Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £500 are not capitalised. Depreciation is provided at the following rates to write off assets over their estimated useful life. No depreciation is provided in the year of acquisition and a full year of depreciation is provided in the year of disposal.

Leasehold improvements (over the life of the lease)	10% straight line
Furniture	10% straight line
Computer & electronic equipment	25% straight line

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

Financial Instruments (investments)

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

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

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

Stock

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Foreign currency

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

Employee Benefits

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

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

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

21. Judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect the reported income, expenditure, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from each estimate.

The Trustees are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Depreciation of fixed assets – fixed assets are depreciated over the useful life of the asset. The useful lives of fixed assets are based on the knowledge of senior management, with reference to assets expected life cycle.

Allocation of expenditure between activities – Support costs are allocated between charitable activities and governance based on the time spent by senior management on undertaking the charity's activities.