

Company number: 1806414
Charity number: 326568(England and Wales)
SC039730 (Scotland)

CHARITY PROJECTS
(better known as Comic Relief)

Financial Statements
31 July 2009

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Financial statements for the 10 month period ending 31 July 2009

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Reference and administrative information

Trustees

Peter Bennett-Jones (Chair of Trustees, UK & International Grants committees)

Richard Curtis CBE (Vice Chair of Trustees)

Duncan Bannatyne OBE

Jana Bennett OBE

Harry Cayton OBE

Emma Freud

Matthew Freud

Michael Harris (Finance, Remuneration and Investment committees)

Lenny Henry CBE

Colin Howes (Remuneration committee)

Jim Hytner (International Grants committee)

Claudia Lloyd (International Grants committee)

Alec McGivan

Laurence Newman (Remuneration and Investment committees)

Sir Steve Redgrave CBE

J K Rowling OBE

Michael Soutar (UK Grants committee)

Albert Tucker

Nalini Varma (UK Grants and Remuneration committees)

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Solicitors

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Company number

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Charity numbers

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SC039730 (Scotland)

Investment managers

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5 The North Colonnade
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Report of the Trustees for the 10 month period ending 31 July 2009 (incorporating the Directors' Report)

The trustees, who are also the directors of the company, submit their report and the financial statements of Charity Projects and its subsidiaries for the 10 month period ended 31 July 2009. This report also takes into account the provisions of the Companies Act including the Enhanced Business Review. The reference and administrative information shown on the previous pages forms part of this report.

Charity Projects is the registered name of the charity but it is better known as Comic Relief, and therefore all references to the organisation in this report and the financial statements will be in the name of Comic Relief.

Principal Objective and Public Benefit

The principal objective of the charity and the group is to raise funds and awareness, and to achieve public benefit through the distribution of money in the form of grants and social investments for specific charitable purposes. These grants aim to deliver real and lasting change to poor and vulnerable people in the UK and internationally with particular emphasis on Africa. In determining its grantmaking strategies, and in the administration of the charity generally, the trustees have paid due regard to the guidance published by the Charity Commission under Section 4 of the Charities Act 2006. Comic Relief continues to seek to spend its money as effectively and professionally as possible. It also aims to raise awareness of its operation both to grant applicants and the public in support of its vision of '*a just world free from poverty*' and the mission of '*positive change through the power of entertainment*'.

Review of Activities

The trustees set eight main objectives for 2009:

- 1 To protect and grow our Red Nose Day campaign within a difficult economic environment.
- 2 To prepare, in detail, for a Sport Relief campaign in 2010, continuing to build from a very successful campaign in 2008.
- 3 To make grants totalling c£15million internationally and c£19million in the UK and to continue to learn about the impact of those grants to change people's lives.
- 4 To continue to invest in learning, making time to develop our strategic intent and creating mechanisms to measure impact and the change we want to affect.
- 5 To develop a concerted plan to use all our assets to educate and influence the public and key stakeholders to help deliver on our vision and mission.
- 6 To take an increasingly strategic view of technology, ensuring we are set up operationally to deliver against our technology ambitions in all of our business areas.
- 7 To continue to invest in new business opportunities to help drive fundraising and other initiatives which deliver on our vision, and ensure we continue to make a lasting impact.
- 8 To ensure that we are operating efficiently and effectively, and responding appropriately to the challenging economic climate.

The progress in respect of each of these objectives is detailed below:

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Red Nose Day

Overall, the RND'09 campaign raised over £82.3million pounds (£5million of which will be accounted for as a grant from DFID in 2009/10) – a 22% increase on the previous Red Nose Day in 2007 and 18% over the internal target of £70million. This was achieved at the depth of the recession, in March 2009, and represents a more significant achievement than even the figures demonstrate. Comic Relief has worked hard over the years to establish and maintain its relationship with the British public by providing entertainment of the highest quality, from some of Britain's best and most admired comedians and entertainers, while offering the opportunity for people to donate their money in a safe, efficient and accessible way. It also raises public awareness of issues related to poverty and social justice. This combination came together particularly effectively in 2009.

The powerful broadcast schedule helped to develop a real momentum across the campaign – and the quality of output on the days before and after Red Nose Day emphasized the quality and scale of the campaign. The Night of TV on 13 March had a peak audience of 12.7million and both the numbers and share of the audience were higher than 2007 across each part of the evening. There were three other peak time programmes on BBC1, namely Let's Dance for Comic Relief, Comic Relief does the Apprentice, and Kilimanjaro the Big Red Nose Climb. All achieved high viewing figures and drove viewers towards the main Night of TV. There was further programming on CBBC and CBeebies, and on BBC3, that enabled the campaign to reach other, specific parts of the public. In addition the coverage across BBC Radio, both national and local, was very extensive and reflected the involvement and commitment of the BBC across all its areas of operation. The relationship with the BBC is of great importance to Comic Relief and the trustees acknowledge the role of the BBC in enabling Comic Relief to achieve its aims. The trustees would also like to thank the 410 artists who took part and contributed so much to the success of RND'09.

The BT Red Nose Climb, which saw a team of nine brave celebrities scale Mount Kilimanjaro to raise money, was of particular significance. The involvement of such high profile celebrities, and their engagement with the issue of malaria, gave a great impetus to one of the main aims of the campaign - to raise awareness about malaria, the impact it has on the lives of some of the poorest people and how that impact can be reduced. The fundraising target for the climb had been set at £1million, but a total of £3.5million was raised. There were two main factors behind the achievement of such a great total. First, the involvement of Radio 1, with Chris Moyles and Fearne Cotton both broadcasting live from the mountain, and second the use of text donations. Text donating has long been seen as a new and powerful source of charity funds but the operators' charges, VAT and difficulties in collecting Gift Aid data have acted as inhibitors to its successful use. Agreement was reached with the mobile phone operators to waive their charges, and the trustees wish to thank the companies for their active involvement and contribution. In addition, the VAT issues were clarified with the Treasury and HMRC, and Gift Aid data was able to be captured. Two text donation rates were agreed with the operators and the BBC, with £1 text donations via Radio 1 - which raised over £1million - and £5 donations on TV, which raised a further £1million following the broadcast of the Kilimanjaro climb documentary. Over £5million, from more than 930,000 individual donors on the Night of TV, was also raised through text donations. Comic Relief believes it has now enabled a whole new group of donors to be engaged and involved, although care will need to be taken to protect against fixed price text donating taking people away from the more traditional forms of fundraising via phone or online, both of which generate a significantly higher average donation.

All other areas of fundraising also saw an increase compared to 2007. Merchandise sales increased significantly with over 6.8million Red Noses being sold through Sainsbury's and Oxfam, and more than 350,000 T-shirts by TK Maxx, an increase of more than 50% over 2007. The T-shirts were designed by Stella McCartney and the trustees thank both her and TK Maxx for such a high quality, innovative and successful contribution to the campaign. The previous success of Wine Relief was developed in 2009 by the production of a Red Nose Red and a Red Nose White wine by the SAAM winery in South Africa. The wines were selected by Jancis Robinson and Nick Landier, and, in total, Wine Relief raised over £1million. Comic Relief's relationship with Sainsbury's is now in its 10th year and both agree that 2009 was the most successful so far. In addition to the Nose sales, Sainsbury's raised £4.2million through own brand promotions, other in-store product promotions and colleague activities and fundraising. In total Sainsbury's raised over £11million for RND'09, and the trustees are

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enormously grateful to Sainsbury's staff and management for the way this corporate partnership has grown and deepened.

Despite the recession and the financial constraints that brought, the British public yet again demonstrated their generosity. In addition to the purchases of the merchandise and the donations on the Night of TV, the amount raised by the public through their fundraising in offices, communities, schools and homes was higher than in 2007, with a total of £22.2million. Of all this campaign's achievements, this total is perhaps the most remarkable. Comic Relief has not been alone in experiencing a decline in this area of fundraising over the past few years. To be able to increase the total at a time of considerable financial strain is a testament to the support the British public gives to Comic Relief and the trustees welcome this opportunity to express their thanks.

Sport Relief 2010

The overall plan for SR 2010 has been agreed, and an internal fundraising target has been set. The marketing strategy has been agreed with a theme of 'Rise to the Challenge', which also reflects the number and variety of celebrity challenges that are being discussed in conjunction with the BBC. Despite the economic environment, recruitment of corporate partners is looking positive. Sainsbury's will again be the principal corporate partner and sponsor of the Sainsbury's Sport Relief Mile. 16 flagship mile locations are in place (down from 24 in 2008) and 270 local event applications have already been received with a target of 300 local events (250 in 2008). Discussions are underway with the City of Cape Town to hold a simultaneous Sport Relief South African event which will recognise the longstanding relationship with South Africa that Comic Relief has developed through its grantmaking, and it will tie in well with the World Cup which is being held there in June 2010.

Grantmaking

The major focus of the year was the four yearly review of the grant making strategy. The major outcomes of the review were 1) to create greater alignment between the UK and International strategies for 2009-12, with all of the work falling into three broad themes (Disadvantaged Children & Young People; Women and Girls experiencing violence; Vulnerable Communities); 2) to set out the aims and intent much more clearly in each of the programme areas for applicants/partners to understand and to further invest in learning and 3) to develop work already started in most of the programme areas in the 2005-8 strategy. One new programme was added to the portfolio across UK and International – Sport for Change – which plays a central role in the organisational Sport Relief strategy. Additionally it was also agreed to make a special investment in specific education and health interventions with an emphasis on Education for All (universal access to primary school education) and tackling malaria.

More particularly, it was agreed to continue the shift towards bigger and fewer grants overall (up to 25% of UK grants and 50% of International grants in value) aiming for lasting change, with a strong interest in smaller, local organisations through 'devolved' grant making both in the UK and in Africa. The strategy also includes a commitment to working with a range of partners with different approaches, including social enterprise/investment, companies and government, whilst retaining a strong focus on civil society. There will continue to be a sustained investment in learning to demonstrate & communicate the impact of the work we fund to the public, policy makers, the sector and other funders.

The trustees recognise that some investment will be required to deliver the strategy effectively, particularly in light of the amounts of money available for grantmaking raised by Red Nose Day 2009 and targeted for Sport Relief in 2010. The in-house grants team will be strengthened through some re-configured posts and some new posts, whilst ensuring appropriate governance and accountability through the continued use of advisers/assessors, peer review groups and specialist Committees. A new Grants Management System & Database, that delivers for the Grants Department and for the rest of the organisation, was specified during the year and work is underway to build and deliver it in 2010.

A total of £23million was awarded for grants in the UK and £13million for the international work. These totals are broadly in line with those set in the objectives for the period. The figures are lower than in

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most financial periods both because 2008/09 only covers a ten month period but also because of the planned impact of the grants review on the grantmaking cycles. The way the timing worked out meant there was only one international cycle in the period and therefore a lower total of grants than would usually be the case.

Learning and impact measurement

A number of evaluations and reviews were undertaken, covering both work in the UK and internationally. Trustees would particularly like to highlight the in depth studies to understand the impact of the work that has been funded under two of the International programmes since 1999 – 'Women and Girls' and 'People Affected by Conflict'. Follow up workshops were held in the UK, Ghana and South Africa, with both UK grantholders and their overseas partners to share findings and promote networking. In addition, five consultation workshops were carried out in Ghana, Kenya, Uganda, Ethiopia and Sierra Leone, to learn directly from African organisations about three things: what Comic Relief does well and what could be done better, what UK partners do well and what they could do better, and how the local operating environment is changing with particular relation to funding, and what are the implications of this for Comic Relief. A review of the education work that has been funded across all the programmes since 1999 was also commissioned, and of the funding to small and Diaspora organisations over the past 10 years. Reports from both the impact studies and from the education review have been widely disseminated, and findings from all studies and reviews have been used to inform the 2009-2012 International grants strategy.

The UK learning and impact work included the commissioning of five studies of phase 2 of research into elder abuse, focusing on care homes and hospitals, and a study of the impact on the lives of women & children from the work of the National Domestic Violence Helpline, which was published in October 2008. There was also the development and national roll out of the young carers outcome measuring tool which, for the first time, will allow consistent data to be collected on the extent of inappropriate caring undertaken by young people. It is hoped this data will contribute to securing changes in government policy.

Public education

Trustees believe that Comic Relief can combine a wide range of its organisational assets to achieve lasting social change beyond that which is delivered solely by grantmaking. Three organisational change priorities were identified; malaria and Millennium Development Goal 2 (Education for All) internationally, and mental health in the UK. These priorities are intended to be strategic, long term and will be the focus of Comic Relief's commitment, activities and resources both within and outside campaigns. Work on these priorities during the year has included working with the Time to Change mental health campaign to add value to the first phase of their social marketing campaign. The campaign reached 32-35 million people, which was more than double the target of 15 million, and a grant of £2million has been made for the 2nd phase which will target people already connected to mental health issues, as well as broadening the reach to others. Internationally, malaria was a particular focus within the Red Nose Day campaign, and Comic Relief has provided office space to Malaria No More UK in its infancy and created increased awareness around malaria (through Red Nose Day) in advance of its launch. The two organisations continue to plan joint messaging and moments of public awareness. Comic Relief was also involved in creating a film and organising a high level event at the United Nations to support the creation of a global alliance called the Class of 2015 to help achieve MDG2. Other work with the Global Campaign for Education has been to provide creative resource to help with digital, creative and broadcast aspects of the new FIFA supported One Goal campaign and support its soft launch, and the provision of office space and associated logistics support as well.

Trustees have been concerned for some time that reports and images about Africa are predominantly negative. This concern is also shared by other significant funders and Comic Relief has received a grant from the Bill and Melinda Gates Foundation to expand the work around positive communication. Comic Relief has developed cross organisational plans to seed 'Good News' across relevant Comic Relief activities and in particular created a See Africa Differently campaign and website to coincide with the G20 London meeting in April 2009 which included posters and a website containing films for adult and child audiences.

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Technology

Trustees believe that the technology operations contain some of our biggest areas of organisational risk. We have requirements for absolute security and reliability around the donation and e-commerce applications, as a means of communicating with our partners and the public, and internally to work as effectively as befits an organisation of Comic Relief's scale and reputation. Work took place during the period to restructure the internal-facing (IT) and external-facing (web) teams to benefit from new leadership, align to one strategy and drive towards the same goal with shared technology and infrastructure. Part of the restructure will be a move away from reliance on contract / consultant staff in key technology roles, and the appointment of permanent staff to preserve learning and improve delivery.

New business opportunities

There has been a substantial amount of activity in developing potential new income streams and business opportunities, despite the worsening economic environment. The work has concentrated on two areas; developing an international strategy for Red Nose Day and Sport Relief events in other territories, and the launch of a range of cooking sauces. The sauces have been developed by Gordon Ramsay specifically to benefit Comic Relief and have been on sale in supermarkets from September 2009. He has licensed the use of his name and image to Comic Relief, and will be receiving no royalties or other fee from these products. Comic Relief in turn has licensed all of its, and Gordon Ramsay's, rights to the manufacturer of the range and will be receiving at least 10p from the sale of every jar. The trustees are very grateful to Gordon Ramsay for his generosity and are hopeful that this will be the first of other year-round income generating initiatives.

The involvement in this, very different, form of trading operation has led the trustees to consider the appropriate corporate structure for this venture. Comic Relief is not using any of its own funds to support the launch of this new range of products but has received a donation of £2million which can be used to pay for the advertising and promotion of the sauces. The trustees have put in place a wholly owned subsidiary of the charity, Brand Relief Ltd, to carry out this trading activity and have invested, in August 2009, the donation of £2million in redeemable preference shares into the company.

Economic environment

The period under review has seen the economy move into recession, interest rates fall dramatically and the whole economic environment change radically. As a result, trustees have concentrated heavily on the immediate impact of this change on Comic Relief but more specifically on the implications for the near and mid term future. Further detail on the reserves and investment policies can be found later in this report but the trustees' approach has been to retain existing policies at least until the future for the economy becomes clearer. In some cases, decisions have been taken to override the policy for the time being in order to resolve immediate issues but no fundamental changes have yet been agreed. The trustees believe this approach will best enable Comic Relief to achieve its aims and objectives over the next few years.

The fall in interest rates has struck at the heart of Comic Relief's business model. The Comic/Sport Relief Promise states *"In order to run itself in a professional and effective way Comic Relief incurs necessary costs. Raising funds, making grants and organisational overheads cost real money. Despite these costs, Comic Relief is still able to promise that for every pound the charity gets directly from the public, a pound goes to helping transform the lives of people living with poverty and social injustice. If Sport Relief raises £25million, Comic Relief will spend at least £25million doing just that. It can make this promise because its operating budget is covered in cash or in kind from all types of supporters like corporate sponsors and donors, suppliers, generous individuals and government (including Gift Aid), as well as from investment income and interest."*

The fall in interest rates to 0.5%, generating c£5million less income per annum, has and will mean that insufficient income can be raised on the cash balances held by Comic Relief. The trustees have hitherto had a policy whereby the amount of funds that could be used for medium term investment in instruments, other than cash, was limited to one half of the total funds available at the lowest point of

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the cash flow. Recently this has broadly equated to a low point of cash and investments of c£130million and therefore an investment portfolio limit of £65million. When it became apparent that rates were falling, and insufficient income could be generated to cover Comic Relief's operations in 2010, trustees agreed to override the policy limitation and to increase the amount available for investment to £100million. They have also overridden the investment policy of having capital preservation as the principal objective and have set an income target of £5million per annum, equivalent to a 5% yield. The trustees recognise that this has changed the risk profile of the portfolio but believe that the new target can be achieved whilst still also meeting the overall investment portfolio target of outperforming the return available on cash.

The near collapse of the banking system in October 2008 also highlighted that the cash management processes in place at that time were not sufficient to handle the level of dislocation in the markets. The trustees established a Cash Management Advisory Group consisting of money market specialists to advise on the future management of cash and on their advice appointed C Hoare & Co to manage Comic Relief's cash balances. Over the past period the trustees have reset the limits that can be held with each counterparty and the range of counterparties has been increased, although there has been no change to ratings limits. The structure of the cash balances has also been changed to take advantage of the better rates available at the long end of the fixed term range.

Financial Review

The confirmation with the BBC that Sport Relief would henceforth continue to be held in March has led the trustees to reconsider Comic Relief's planning cycle. The lead times to arrange the Sport Relief Mile events has meant that a year end of 30 September, and the budget approval process associated with that year end, is no longer appropriate. The trustees decided to move the end of the financial year to 31 July, and therefore this financial report covers the 10 month period from 1 October 2008 to 31 July 2009. The particular concentration of both income and expenditure into the period covered by the fundraising campaign, broadly January through May, does mean that it should not be assumed that the figures in these financial statements represent 10/12ths of a full year's income or expenditure.

The results for the period for the group are set out in the consolidated statement of financial activities on page 16. The position of the group at the end of the period is shown in the consolidated balance sheet on page 17. There remains a substantial difference between a Red Nose Day year and a Sport Relief year in the annual income and expenditure for the group, and therefore reference to the comparative figures for the previous year's operation will not always prove informative.

The group received £97.2million (2008: £45.5million) from events, trading, donations, investment income and corporate support. 227 grants totalling £36.2million have been approved in the period (2008: 411 grants totalling £47.5million in the year).

The split of the incoming resources of £97.2million between the unrestricted general funds, funds designated for grant-making under the "Comic Relief Promise" and other purposes, and restricted funds are shown in note 3. Grants awarded of £36.2million (including grants from restricted funds) and other resources expended are shown in note 7. The balances on the respective funds are set out in notes 20 and 21.

The trustees regularly monitor the balance of, and movements on, the General Fund in accordance with the reserves policy set out on page 10. The balance in the fund at 31 July 2009 is £6.6million whereas the policy states that the trustees are seeking a balance of £2.5million at the close of a Red Nose Day year. However the budget for 2009/10 and the initial estimates for 2010/11 and 2011/12 show that the very substantial changes to the economic environment, including the historically low level of interest

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rates, will have a significant impact on Comic Relief's financial model. The trustees have therefore decided to retain the full balance of £6.6million in the General Fund, without making any transfers to other funds, in order to protect the General Fund during this difficult financial period.

The Future Fund has been established to allow work to continue on new grant-making models and programmes and also on developments of new fundraising ideas and initiatives, irrespective of the financial outcome in any year. In this way, Comic Relief will seek to continue to remain innovative, effective and bold in all areas of its work. The trustees are pleased to record that the initiatives supported by the Future Fund during the period have included Comic Relief's contribution to the Global Campaign for Education, support for other Millennium Development Goal initiatives at the G20 in London, and on the development of the Gordon Ramsay sauce project. The trustees established the Future Fund on the basis that the balance in the Fund would be re-instated to £2million at the end of each financial year. However the experience since the Fund was set up has been that the balance could be held at £1million without endangering the work the Fund is there to support. The trustees have therefore decided to transfer £0.6million from the Future Fund to the General Fund in order to reduce the Future Fund balance to £1million at 31 July 2009. The other designated fund is the Comic Relief Foundation - the concept of which is to help Comic Relief fulfil its mission of '*positive change through the power of entertainment*' independent of its current fundraising model. It is not intended that the Foundation would become active until the funding has reached at least £20million. The balance at 30 September 2008 stood at £19.4million, and in the light of the uncertain economic climate no transfer has again been made into the Foundation in this financial period. The use of the funds in the Foundation will continue to be discussed during the forthcoming year.

In 2004 the trustees decided to split out the movements arising from the charity's operating activities from those arising from changes in the valuation and holding of investments. They considered that this approach would show more clearly the reserves of the charity available for general use, as changes in investment valuations (which do not form part of the general activities of the charity) do not affect the general reserves. The net investment gains of £0.2million in the financial year have been transferred to the Investment Equalisation Fund through which all investment gains and losses (realised and unrealised) are recognised. In 2006 the Investment Committee reviewed the level of the Equalisation Fund in relation to the volatility of the portfolio as measured against historical data for the given asset allocation. The review showed that the worst case (measured at the 95th percentile) return across a five year period would result in a loss of value of c£11million, and the trustees were able to use investment gains to put that amount into the Equalisation Fund. The balance in the Fund at the beginning of this financial period had been reduced by £8.4million to £2.6million by the falls in the markets but the gains in the financial period covered by this report have allowed the balance on the Fund at 31 July 2009 to recover slightly to £2.8million.

Investment policy

New funds come in with each annual event and are scheduled for payment as grants within five to six years. Therefore there is permanent core capital which can prudently be held in longer term assets to achieve an enhanced level of return.

The overall objectives of the investment policy are:

1. To maintain the value of the portfolio as part of the commitment to the "Comic Relief Promise".
2. To maximise the return consistent with the first objective, with an expectation that the return on investments over a rolling five year period will exceed the expected return on balances held in cash only.

The trustees aim to minimise risk as far as possible, in line with the above objectives, but recognise that some risks are necessary in order to achieve the optimum return. The investment of core capital will be assessed over a time span of at least five years.

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The Investment Committee, which comprises City professionals whose expertise covers the range of relevant knowledge and skills, monitors the asset allocation of the portfolio and the performance of individual fund managers on an on-going basis and recommends to trustees such changes as they may consider appropriate.

As stated earlier in the report this policy is still in place, but trustees have overridden it for the time being and set in place an income target of £5million which will present a different risk profile to that envisaged by the policy as set out above. However the expectation remains that the return on investments over a rolling five year period will exceed the expected return on balances held in cash only.

Investment performance

The investment policy target of outperforming cash has meant that the portfolio has always been constructed in a risk averse way. That construction has served its purpose in the period under review. The portfolio had suffered losses in the year to 30 September 2008 but a small gain was achieved in the 10 months to 31 July 2009 despite the continuing volatility in the markets. The Investment Equalisation Fund which had been established by trustees to protect the General Fund from investment losses had fallen to £2.6million by 30 September 2008. At 31 July 2009 the balance in the Fund had increased to £2.8million. This balance is still a long way off the target figure but it does continue to afford a degree of protection to the General Fund.

The performance of the portfolio is monitored by WM Company (WM) and is included in their survey of c260 charity investment portfolios. In their quarterly report to 30 June 2009 WM reported that the portfolio had achieved an annualised return of 0.5% over a three year period with an absolute risk factor of 5.7. By way of comparison the WM survey of all the charities they measure achieved an annualised loss of 3% over the period with a risk factor of 13. This performance put Comic Relief in the top 5% of charities measured by WM over the period. The trustees were also pleased to note that the performance was both a higher return and a lower risk than the strategic asset allocation the portfolio is measured against, and that therefore the advice of the Investment Committee to move away from the benchmark had improved performance while taking less risk. Over the five year rolling period to 30 June 2009 which is the period referred to in the investment policy, the portfolio achieved a return of 5.1% against a return of 4.5% for cash and therefore continued to achieve its target.

The portfolio changed considerably over the 10 months, both to reach the income target now set by trustees and also to take advantage of some particular investment opportunities. In broad terms investments in equities rose from 40% of the portfolio in September 2008 to 48% in June 2009, bonds have risen from 26% to 43%, while property and fund of hedge fund investments have fallen from 10% and 18% respectively to 6% and nil. The delivery of the investment policy and targets, together with the diversified nature of the portfolio and the use of managed retail funds to achieve them, are such that the use of screening for environmental or ethical purposes is not used.

The trustees are very grateful to the Investment Committee for their advice, work, time and commitment to help steer Comic Relief through one of the most volatile and difficult investment periods ever faced by the charity.

Reserves policy

Comic Relief is in the unusual and fortunate position whereby, if there was a deficit on the General Fund in any particular year, there is a very limited risk of it affecting the charity's ability to continue its operations as the positive cash flow generated by the annual fundraising event will assist in financing the deficit. The trustees believe they will be able to plan the recovery of the organisation's finances, should they need to do so, over a reasonably extended timeframe without threatening the grants commitments to the charity's beneficiaries.

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However the significantly greater level of unrestricted income to cover the organisation's costs that is generated in a Red Nose Day year than in a Sport Relief year does give rise to a difference in risk terms to the level of reserves at the end of each year. The trustees have decided to retain the policy that they will set the balance on the General Fund at the end of a Red Nose Day year at c£2.5 million and at c£1.5 million at the close of a Sport Relief year. However the policy has been temporarily over-ridden for the reasons described in the financial review earlier in this report and the balance on the General Fund at 31 July 2009 stands at £6.6million.

Grants policy

The trustees apply all the funds designated for grant-making in pursuit of the vision of a just world free from poverty, and allocate these funds against clear, published criteria which are reviewed regularly.

As stated in Note 1(h), grants made for charitable purposes are included as an expense once the trustees have approved them.

The trustees' intention is to allocate (either by way of grant or for further development of specific areas for future support) the total designated from each event over an approximate two year period.

Copies of the current strategy and criteria are available on the website or by post from Comic Relief, 89 Albert Embankment, London SE1 7TP.

Tangible fixed assets

The changes in tangible fixed assets during the period are shown in note 13 to the financial statements.

Plans for Future Periods

The trustees have set the priorities for the coming year. The extent of Comic Relief's ambitions remains substantial and, following the most successful Red Nose Day ever and with positive indications for Sport Relief 2010, trustees decided this planning cycle would not be the time arbitrarily to cut back on costs. However in the light of the uncertain economic climate and the wide range of activities in the past period, these priorities are deliberately fewer and more focussed than in previous reports, and all activities will be kept closely under review as further information and knowledge of the economic outlook becomes clearer.

1. Deliver a fantastic Sport Relief campaign (fundraising target is an increase over 2008) which builds the brand towards 2012
2. Launch the Gordon Ramsay sauce project, and develop new income streams to enable us to spend more money affecting change
3. Finalise and implement the technology roadmap, develop the associated processes and manage the change programme
4. Implement the changes from the grants review in terms of programme areas, organisational changes and the implementation of the Grants Management System
5. Finalise the change strategies and realise the ambitions against the priorities: Education for all, Malaria and UK mental health

Structure, Governance and Risk Management

The charity does not have a share capital and is a company limited by guarantee. It is constituted by its Memorandum and Articles of Association.

The ultimate control of Comic Relief is vested in the trustees. Each trustee is a member of the charity and, in the event of the charity being wound up, is liable to contribute a maximum of £1. New trustees are selected and appointed by existing trustees to maintain an appropriate balance of skills and experience. New trustees are given a programme of induction and training is available when required and relevant. A third of the trustees are due for re-election each year and the number of times each trustee is available for re-election is not limited.

CHARITY PROJECTS

(better known as Comic Relief)

Report of the Trustees for the 10 month period ending 31 July 2009 (incorporating the Directors' Report)

The trustees are advised by a committee structure including three Grants Committees (including the Robbie Williams' Give It Sum Committee), Finance, Investment and Remuneration Committees, all of which meet regularly. In addition, a series of Advisory Groups meet to discuss specific issues or opportunities. Decisions of the trustees are implemented by the Chief Executive and his executive team who are appointed by the trustees.

The trustees continue to identify and review the major risks to which the group is exposed and they consider that reputational damage is the charity's most significant risk. A Reputation Risk Management Group, comprising trustees and others with substantial and appropriate reputation management experience, advise trustees when matters arise requiring their input. Comic Relief is a member of the Fundraising Standards Board (FRSB), and subscribes to its fundraising charter.

The trustees have established appropriate systems to anticipate the major risks and to consider further risks that may arise, and believe that implementation of agreed actions and procedures will significantly reduce the probability and the impact of these risks.

The trustees

The following held office as trustees during the period:

Peter Bennett-Jones (Chair of trustees)
Richard Curtis CBE (Vice Chair of trustees)
Duncan Bannatyne OBE
Jana Bennett OBE
Harry Cayton OBE
Emma Freud
Matthew Freud
Michael Harris
Lenny Henry CBE
Colin Howes
Jim Hytner
Claudia Lloyd
Alec McGivan
Laurence Newman
J K Rowling OBE
Sir Steve Redgrave CBE (appointed January 2009)
Michael Soutar
Albert Tucker
Nalini Varma

Auditor

A resolution to re-appoint Chantrey Vellacott DFK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

CHARITY PROJECTS

(better known as Comic Relief)

Report of the Trustees for the 10 month period ending 31 July 2009 (incorporating the Directors' Report)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

In so far as the trustees are aware:

There is no relevant audit information of which the charitable company's auditor is unaware; and

The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Chantrey Vellacott DFK LLP has indicated its willingness to continue as auditor, subject to reappointment at the next annual general meeting.

BY ORDER OF THE BOARD

COLIN HOWES
Secretary

Date: 27th January 2010

CHARITY PROJECTS

(better known as Comic Relief)

Independent auditor's report to the members of Charity Projects

We have audited the financial statements of Charity Projects and its subsidiaries for the period ended 31 July 2009 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Charity Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you under those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's statement of account is not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charitable company's circumstances, consistently applied and adequately disclosed.

CHARITY PROJECTS

(better known as Comic Relief)

Independent auditor's report to the members of Charity Projects

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

SALLY JAYNE BONNER (Senior Statutory Auditor)
for and on behalf of CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
LONDON

Date: 27th January 2010

Chantrey Vellacott DFK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

CHARITY PROJECTS
(better known as Comic Relief)

**Consolidated statement of financial activities
(incorporating an Income and Expenditure Account)
for the 10 month period ending 31 July 2009**

	Unrestricted funds			Restricted funds	10 months to 31 July 2009	12 months to 30 Sept 2008
	General £000	Grants £000	Other £000	£000	£000	£000
Incoming resources (1e)						
Incoming resources from generated funds						
Voluntary income	6,741	63,306	3,080	5,004	78,131	30,213
Activities for generating funds	1,836	11,420	-	-	13,256	6,356
Investment income (5)	5,769	-	-	38	5,807	8,952
Total incoming resources (3)	<u>14,346</u>	<u>74,726</u>	<u>3,080</u>	<u>5,042</u>	<u>97,194</u>	<u>45,521</u>
Resources expended (1g)						
Costs of generating funds						
Costs of generating voluntary income	7,276	-	776	28	8,080	8,491
Fundraising trading and other costs	1,060	-	117	-	1,177	1,389
Investment management costs	21	-	-	-	21	6
	<u>8,357</u>	<u>-</u>	<u>893</u>	<u>28</u>	<u>9,278</u>	<u>9,886</u>
Charitable activities						
Tackling poverty and social injustice:						
UK grant-making	982	22,271	-	318	23,571	13,675
International grant-making	1,610	12,579	-	1,071	15,260	36,231
Global awareness, education and social change	1,964	-	45	-	2,009	2,073
	<u>4,556</u>	<u>34,850</u>	<u>45</u>	<u>1,389</u>	<u>40,840</u>	<u>51,979</u>
Governance costs	61	-	-	-	61	66
Total resources expended (6)	<u>12,974</u>	<u>34,850</u>	<u>938</u>	<u>1,417</u>	<u>50,179</u>	<u>61,931</u>
Net incoming/(outgoing) resources for the period	1,372	39,876	2,142	3,625	47,015	(16,410)
Realised (losses) gains on investment assets	-	-	(1,971)	-	(1,971)	11
Net incoming/(outgoing) resources for the period before transfers	1,372	39,876	171	3,625	45,044	(16,399)
Net transfers between funds (20)	642	2,016	(642)	(2,016)	-	-
Net income/(expenditure) for the period	<u>2,014</u>	<u>41,892</u>	<u>(471)</u>	<u>1,609</u>	<u>45,044</u>	<u>(16,399)</u>
Unrealised gains/(losses) on investment assets (14b)	-	-	2,171	-	2,171	(8,410)
Net movement in funds	<u>2,014</u>	<u>41,892</u>	<u>1,700</u>	<u>1,609</u>	<u>47,215</u>	<u>(24,809)</u>
Total funds brought forward at 1 October 2008	4,581	46,878	24,010	1,394	76,863	101,672
Total funds carried forward at 31 July 2009 (20/21)	<u>6,595</u>	<u>88,770</u>	<u>25,710</u>	<u>3,003</u>	<u>124,078</u>	<u>76,863</u>

All amounts relate to the continuing activities of the group. The group has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented. The reference to the notes, which form part of these financial statements, is shown on each line, as appropriate. The notes are shown on pages 20 to 35.

Total unrestricted funds of £121,075,000 are detailed in note 20 on page 33.

CHARITY PROJECTS

(better known as Comic Relief)

Consolidated balance sheet as at 31 July 2009

	Notes	31 July 2009 £000	30 Sept 2008 £000
Fixed assets			
Intangible assets	12	31	37
Tangible assets	13	846	1,008
Investments	14a	97,993	63,041
		<u>98,870</u>	<u>64,086</u>
Current assets			
Investments	15	104,727	100,905
Debtors	16	12,428	6,143
Cash at bank and in hand		3,344	4,051
		<u>120,499</u>	<u>111,099</u>
Creditors: amounts falling due within one year	17a	<u>41,428</u>	<u>58,625</u>
Net current assets		<u>79,071</u>	<u>52,474</u>
Total assets less current liabilities		177,941	116,560
Creditors: amounts falling due after more than one year	17b	<u>53,863</u>	<u>39,697</u>
Net assets	19	<u>124,078</u>	<u>76,863</u>
Funds			
Unrestricted funds			
General funds	20	6,595	4,581
Designated funds	20	114,480	70,888
		<u>121,075</u>	<u>75,469</u>
Restricted funds	21	<u>3,003</u>	<u>1,394</u>
		<u>124,078</u>	<u>76,863</u>

Approved by the trustees on 27th January 2010 and signed and authorised for issue on their behalf by:

)	
)	
PETER BENNETT-JONES)	
)	Trustees
)	
)	
)	
MICHAEL HARRIS)	

The notes on pages 20 to 35 form part of these financial statements.

CHARITY PROJECTS

(better known as Comic Relief)

Charity balance sheet as at 31 July 2009

	Notes	31 July 2009 £000	30 Sept 2008 £000
Fixed assets			
Tangible assets	13	846	1,008
Investments	14a	97,993	63,041
		<u>98,839</u>	<u>64,049</u>
Current assets			
Investments	15	94,354	96,280
Debtors	16	23,549	11,741
Cash at bank and in hand		2,309	2,926
		<u>120,212</u>	<u>110,947</u>
Creditors: amounts falling due within one year	17a	<u>40,925</u>	<u>58,441</u>
Net current assets		<u>79,287</u>	<u>52,506</u>
Total assets less current liabilities		178,126	116,555
Creditors: amounts falling due after more than one year	17b	<u>53,863</u>	<u>39,697</u>
Net assets		<u><u>124,263</u></u>	<u><u>76,858</u></u>
Funds			
Unrestricted funds			
General funds		6,780	4,576
Designated funds	20	114,480	70,888
		<u>121,260</u>	<u>75,464</u>
Restricted funds	21	3,003	1,394
		<u>124,263</u>	<u>76,858</u>

Approved by the trustees on 27th January 2010 and signed and authorised for issue on their behalf by:

)	
)	
PETER BENNETT-JONES)	
)	
)	Trustees
)	
)	
MICHAEL HARRIS)	

The notes on pages 20 to 35 form part of these financial statements.

CHARITY PROJECTS
(better known as Comic Relief)

**Consolidated cash flow statement
for the 10 month period ending 31 July 2009**

a) Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities	Notes	10 months to 31 July 2009 2009 £000	12 months to 30 Sept 2008 £000
Net incoming/(outgoing) resources		47,015	(16,410)
Depreciation and amortisation		532	486
Investment income		(5,807)	(8,952)
(Increase)/decrease in debtors		(6,285)	5,319
Decrease in creditors		(3,031)	(2,508)
Net cash inflow/(outflow) from operating activities		<u>32,424</u>	<u>(22,065)</u>
b) Cashflow Statement			
Net cash inflow/(outflow) from operating activities		<u>32,424</u>	<u>(22,065)</u>
Returns on investments and servicing of finance:			
Investment income		<u>5,807</u>	<u>8,952</u>
Capital expenditure and financial investment			
Receipts from sale of fixed asset investments		22,663	21,478
Payments to acquire fixed asset investments		(57,416)	(26,013)
Payments to acquire tangible and intangible fixed assets		(363)	(970)
		<u>(35,116)</u>	<u>(5,505)</u>
Management of liquid resources	23	<u>(3,822)</u>	<u>16,618</u>
Decrease in cash in the period	24	<u>(707)</u>	<u>(2,000)</u>
c) Reconciliation of net cash flow			
Decrease in cash in the period		(707)	(2,000)
Cash used in management of liquid resources		3,822	(16,618)
Change in net funds resulting from cash flows		<u>3,115</u>	<u>(18,618)</u>
Net funds at 1 October 2008		<u>104,956</u>	<u>123,574</u>
Net funds at 31 July 2009	24	<u>108,071</u>	<u>104,956</u>

The notes on pages 20 to 35 form part of these financial statements.

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements for the 10 month period ending 31 July 2009

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Companies Act 2006, applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (2005). The accounting policies below have been adopted for material items.

b) Consolidation

These financial statements consolidate the results of Charity Projects and its subsidiaries up to 31 July 2009, on a line by line basis.

c) Fixed Assets

Intangible fixed assets (Trademarks)

Intangible fixed assets are stated at historical cost. Amortisation is provided on all intangible fixed assets at 10% on a straight-line basis. This is calculated to write down each trademark over the length of the period for which it is valid.

Tangible fixed assets

Tangible fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

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

Individually purchased software is written off in the year of acquisition.

d) Investments

Investments are included at market value at the balance sheet date which gives rise to unrealised gains and losses at the end of the financial period which are included in the statement of financial activities. Realised gains and losses arising on disposal of investments are separately identified in the statement of financial activities. The realised gains are calculated as the difference between valuation, including accrued interest, at the beginning of the financial year or the cost of purchase during the year and the subsequent sale proceeds.

e) Incoming resources

Voluntary income represents monies received by the charity from charitable donations, fundraising events and grants. This is recognised in the statement of financial activities in the period that it is received unless there is an unequivocal obligation to donate, in which case it is recognised in the period in which it falls due. Where a donation is made with a valid Gift Aid declaration, the Gift Aid is recognised in the period in which the original donation was made.

The income from "Activities for generating funds" is derived from the activities of the charity's subsidiary Comic Relief Limited and is included in the consolidated statement of financial activities when receivable.

Investment income and its related tax credit is stated on a receivable basis.

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the 10 month period ending 31 July 2009

1. Accounting policies (continued)

f) **Donated goods and services**

Where the charity receives donations of goods and services in kind and where there is a measurable value to the charity, which can be ascertained with reliability, they are included as both income and expenditure.

g) **Resources expended**

Resources expended are accounted for on an accruals basis. Where expenditure does not fall clearly into one category, it is allocated to appropriate headings on the basis of time spent by staff on each cost area.

Costs of generating voluntary income comprise fundraising and event costs.

Fundraising trading and other costs comprise the operating costs of the charity's trading subsidiaries.

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

Support costs represent staff and overhead costs which have been apportioned to each expenditure heading on the basis of staff time as detailed in note 6b.

Governance comprises costs in relation to statutory and regulatory compliance and a proportion of support costs, as shown in note 6c.

h) **Grants payable**

Grants are recognised in the statement of financial activities when they have been approved by the trustees, and are apportioned between amounts due within one year and after more than one year as appropriate. The charity monitors the usage to which a grant is put and reports are required from beneficiaries before the next annual instalment is paid. However, the beneficiary would have a valid expectation that they would receive the grant as offered and accepted. Cancelled grants are credited to the statement of financial activities when the cancellation has been ratified by the trustees.

i) **Operating leases**

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

j) **Unrestricted general funds**

The unrestricted general funds are available to cover the costs of the organisation other than the grants payable from the designated and restricted funds. Income that is credited to this fund includes sponsorship and corporate support, Gift Aid, investment income, interest and donations given specifically to cover running costs, as shown in note 3.

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the 10 month period ending 31 July 2009

1. Accounting policies (continued)

k) Designated funds

The trustees have designated for grant-making all the unrestricted income raised from Sport Relief and Red Nose Day, and certain income received from other activities, as shown in notes 3 and 20. Investment gains and losses are accounted for in the Investment Equalisation Fund which has been designated to cover future investment movements. The Future Fund has been established by the trustees to allow work to continue, irrespective of the financial outcome in any year, on new grant-making models and programmes and also on developments of new fundraising ideas and initiatives. The Comic Relief Foundation has been established by the trustees to allow Comic Relief to continue to fulfil its mission independently of the current fundraising model.

l) Restricted funds

These funds can only be used for purposes as specified by the donor and are listed in note 21.

m) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the surplus/deficit for the year.

2. Charity statement of financial activities

No separate statement of financial activities or income and expenditure account has been presented for the charity alone as permitted by section 230 of the Companies Act 2006 and paragraph 397 of the 2005 Charities SORP. Net movement in funds for the charity was a surplus of £47,405,000 (2008: deficit of £24,809,000).

3. Total incoming resources

					10 months to	12 months to
					31 Jul 09	30 Sept 08
	Unrestricted funds			Restricted	Total	Total
	General	Grants	Other	funds	funds	funds
	£000	£000		£000	2009	2008
					£000	£000
Voluntary income						
Fundraising events	-	60,584	-	973	61,557	23,027
Grant income	-	-	1,080	452	1,532	987
Voluntary donations	-	2,722	2,000	3,568	8,290	1,677
Gift Aid	6,552	-	-	11	6,563	3,675
Contributions to operating costs	189	-	-	-	189	847
	<u>6,741</u>	<u>63,306</u>	<u>3,080</u>	<u>5,004</u>	<u>78,131</u>	<u>30,213</u>
Activities for generating funds						
Trading income from Comic Relief Limited (note 4)	1,836	11,420	-	-	13,256	6,356
Investment income (note 5)	<u>5,769</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>5,807</u>	<u>8,952</u>
	<u><u>14,346</u></u>	<u><u>74,726</u></u>	<u><u>3,080</u></u>	<u><u>5,042</u></u>	<u><u>97,194</u></u>	<u><u>45,521</u></u>

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the 10 month period ending 31 July 2009

3. Total incoming resources (cont'd)

2009 was a Red Nose Day year whereas the comparative 2008 year was a Sport Relief year.

In 2009, grant income of £1,532,000 comprised of funding from the Bill & Melinda Gates Foundation of £1,080,000, Sainsbury's plc of £187,500 for the Sainsbury's Fair Development Fund, T K Maxx £215,075 and The A S Hornby Educational Trust £50,000. Donated goods and services are included within contributions to operating costs.

Activities for generating funds comprise the turnover of Comic Relief Limited, a trading subsidiary of Charity Projects. Turnover consists of income from fundraising events organised by the company £11.4million, (2008 £3.4 million), and income of £1.8million from licensing activities and sponsorship received to help to cover costs (2008 £3.0 million).

4. Comic Relief Limited and Brand Relief Limited

The results for Comic Relief Limited and Brand Relief Limited, the wholly owned trading subsidiaries of Charity Projects, are as follows:

	Comic Relief Ltd 10 months to 31 July 2009 £000	Brand Relief Ltd 10 months to 31 July 2009 £000
Turnover	13,256	-
Overhead expenditure	(987)	(190)
Operating profit	12,269	(190)
Interest receivable	135	-
Profit/(loss) on ordinary activities before and after taxation	12,404	(190)
Payment under Gift Aid	(12,404)	-
Retained profit/(loss) for the period	-	(190)
Assets and liabilities	2009 £000	2008 £000
Fixed assets	31	-
Current assets	13,382	
Current liabilities	(13,408)	(190)
Net current (liabilities)	(26)	(190)
Net assets/(liabilities)	5	(190)

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the 10 month period ending 31 July 2009

5.	Investment income	10 months to 31 July 2009 £000	12 months to 30 Sept 2008 £000
	Dividends	2,944	4,456
	Other interest receivable	2,863	4,496
		5,807	8,952

6. (a) Analysis of total resources expended

	Grant costs (Note 7) £000	Staff costs (Note 8) £000	Support costs (Note 6b) £000	Other direct costs £000	10 months to 31 July 2009 Total £000	12 months to 30 Sept 2008 Total £000
Costs of generating funds						
Costs of generating voluntary income	-	3,292	901	3,887	8,080	8,491
Fundraising trading and other costs	-	640	197	340	1,177	1,389
Investment management costs	-	-	21	-	21	6
	-	3,932	1,119	4,227	9,278	9,886
Charitable activities						
Tackling poverty and social injustice:						
UK grant-making	22,566	690	208	107	23,571	13,675
International grant-making	13,650	755	203	652	15,260	36,231
Global awareness, education and social change	-	1,426	374	209	2,009	2,073
	36,216	2,871	785	968	40,840	51,979
Governance costs (note 6c)	-	9	49	3	61	66
Total resources expended	36,216	6,812	1,953	5,198	50,179	61,931

Resources expended include:

	10 months to 31 July 2009 £000	12 months to 30 Sept 2008 £000
Auditor's remuneration:		
Audit fee (group)	48	44
Accountancy, taxation and other services	51	30
Operating lease rentals - land and buildings, and other	491	491
Depreciation and amortisation	532	486
	1,152	1,075

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b) Analysis of support costs

	Premises £000	Depreciation £000	IT & Office £000	HR, Finance & Management £000	10 months to 31 July 2009 Total £000	12 months to 30 Sept 2008 Total £000
Costs of generating funds						
Costs of generating voluntary income	257	252	304	88	901	1,209
Fundraising trading and other costs	49	55	49	44	197	215
Investment management costs	-	-	-	21	21	6
Charitable activities						
Tackling poverty and social injustice:						
UK grant-making	60	59	59	30	208	263
International grant-making	58	57	57	31	203	211
Global awareness, education and social change	108	105	107	54	374	344
Governance costs	3	3	9	34	49	55
Total support costs	535	531	585	302	1,953	2,303

All support costs are allocated on the basis of staff time.

c) Analysis of governance costs

	10 months to 31 July 2009 £000	12 months to 30 Sept 2008 £000
Internal audit	3	7
External audit (charity only)	28	28
Trustee Indemnity Insurance	6	8
Legal & professional fees	1	1
Trustees' and committees' meeting costs	3	1
Apportionment of staff & other costs	20	21
Total governance costs	61	66

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7. Charitable activities - grants awarded	10 months to 31 July 2009 £000	12 months to 30 Sept 2008 £000
Tackling Poverty and Social Injustice - UK		
Unrestricted		
Young People		
Young People with Mental Health Problems	878	1,549
Young People with Alcohol Problems	2,864	1,524
Sexually Exploited Young People	1,719	761
Young Carers	15	-
Refugees and Asylum Seekers	1,358	980
Domestic Violence	1,689	1,863
Disadvantaged communities	135	411
Older People	1,363	2,323
Mental Health	3,500	1,336
Elder Abuse Initiative	13	-
Other grants	123	415
Cancellations	(608)	(528)
Learning & Evaluation direct costs	58	32
Total Red Nose Day UK grants	13,107	10,666
Sport Relief UK Grants	9,392	479
Sport Relief cancellations	(244)	(7)
Learning & Evaluation direct costs	15	28
Total Sport Relief grants	9,163	500
Total UK grants - Unrestricted	22,270	11,166
Restricted		
Give it Sum		
Total approvals	296	880
Total cancellations	-	-
Total Give It Sum	296	880
Sport Relief	-	250
Steve Redgrave Fund	-	80
Total UK grants - Restricted	296	1,210
Total UK grants (note 6a)	22,566	12,376

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7. Charitable activities - grants awarded (cont'd)

	Red Nose Day £000	Sport Relief £000	10 months to 31 July 2009 Total £000	12 months to 30 Sept 2008 Total £000
Tackling Poverty and Social Injustice - International				
Unrestricted				
Climate Change	422	-	422	279
Health	6,223	-	6,223	-
People Affected by Conflict	899	-	899	5,061
People Living in Urban Slums	-	-	-	5,888
People Affected by HIV/AIDS	259	867	1,126	9,910
Sport for Change	-	722	722	-
Street and Working Children and Young People	1,034	-	1,034	8,015
Trade	391	-	391	1,149
Women & Girls	3,863	-	3,863	3,241
Cancellations	(2,014)	(299)	(2,313)	-
Learning & Evaluation direct costs	183	29	212	157
Total International Grants – Unrestricted	11,260	1,319	12,579	33,700
Total International Grants – Restricted	1,071	-	1,071	1,385
Total International Grants (Note 6a)	12,331	1,319	13,650	35,085
Total Grants expenditure – Unrestricted			34,849	44,866
Total Grants expenditure – Restricted			1,367	2,595
Total Grants expenditure (note 6a)			36,216	47,461

A full analysis of these grants is available from Comic Relief, 89 Albert Embankment, London SE1 7TP, or on our website comicrelief.com.

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For the 10 month period ending 31 July 2009

8.	Staff	10 months to 31 July 2009 Full time equivalent N°	12 months to 30 Sept 2008 Full time equivalent N°
	The average weekly number of persons employed by the group during the period was:		
	Fundraising	45	49
	Operations	33	31
	Education/Communications	30	23
	Grant-giving	33	32
	Red Nose Day staff team	29	4
	Sport Relief staff team	4	25
	Innovation team	6	5
		<u>180</u>	<u>169</u>
		10 months to 31 July 2009 £000	12 months to 30 Sept 2008 £000
	Staff costs for the above persons comprised:-		
	Wages and salaries	5,398	5,663
	Social security costs	549	573
	Pension costs	477	487
		<u>6,424</u>	<u>6,723</u>
	Agency staff	388	350
		<u>6,812</u>	<u>7,073</u>
	The number of employees earning over £60,000 per annum, including taxable benefits, was:		
		10 months to 31 July 2009 N°	12 months 30 Sept 2008 N°
	£60,001 - £70,000	-	1
	£70,001 - £80,000	-	4
	£80,001 - £90,000	6	-
	£110,001 - £120,000	1	1
		<u>1</u>	<u>1</u>
	Pension contributions made on behalf of the above totalled £115,730 (2008: £109,927).		
	The remuneration for the 10 month period, excluding pensions, for Kevin Cahill, Chief Executive, was £99,290 (2008: £111,381).		
9.	Pension contributions		
	Charity Projects operates a group personal pension scheme open to all employees after a qualifying period. Contributions payable to the pension scheme are charged to the Statement of Financial Activities as they become due. The company makes a contribution, dependent on length of service, which is supplemented by an employee contribution. The number of staff taking part in the scheme was 120 (2008: 115) and the pension charge for the period was £476,508 (2008: £487,000).		
10.	Trustees		
	Expenses of £656 were incurred in the period for 2 trustees (2008: £77). Harbottle and Lewis LLP, a firm of solicitors in which Colin Howes is a partner, provided legal and professional services of £99,007 (2008: £42,903) to the group. Trustees received nil remuneration in the period (2008: £nil).		

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11. Taxation

The company is a registered charity and as such, for taxation purposes, is entitled to exemption from United Kingdom taxation under the Income and Corporation Taxes Act 1988. The charity's trading subsidiaries donate to Charity Projects an amount equal to any taxable profits under Gift Aid. Consequently there is no taxation charge for the period (2008: £nil).

12. Intangible fixed assets - group

£000

Trademarks

Cost

At 1 October 2008	75
Creation of trademarks in period	1
	<hr/>

At 31 July 2009	76
	<hr/>

Amortisation

At 1 October 2008	38
Charged in the period	7
	<hr/>

At 31 July 2009	45
	<hr/>

Net book value

At 31 July 2009	31
	<hr/> <hr/>

At 1 October 2008	37
	<hr/> <hr/>

13. Tangible fixed assets

Group and charity

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost			
At 1 October 2008	1,945	984	2,929
Additions	22	341	363
Disposals in period	-	(68)	(68)
	<hr/>	<hr/>	<hr/>
At 31 July 2009	1,967	1,257	3,224
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 October 2008	1,149	772	1,921
Charged in the period	299	226	525
Disposals in period	-	(68)	(68)
	<hr/>	<hr/>	<hr/>
At 31 July 2009	1,448	930	2,378
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 July 2009	519	327	846
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 October 2008	796	212	1,008
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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For the 10 month period ending 31 July 2009

14. Fixed asset investments	2009	2008
	£000	£000
Group and charity		
a)		
Absolute Return Trust for Charities	-	10,765
Artemis Equity Income Fund	16,505	4,646
Barclays Global Investors Commodities Note	3,528	3,617
BlackRock Charinco Fund	18,115	9,570
Bridges Trust	915	800
Charities Property Fund	-	471
Fidelity FIF Managed International Fund	-	6,787
F & C Commercial Property Trust	5,694	5,730
Invesco Perpetual High Income Fund	15,427	-
Invesco Perpetual Corporate Bond Fund	13,417	4,547
Jupiter Income Trust	4,435	4,727
M & G Corporate Bond Fund	8,580	-
Newton Overseas Equity Fund	-	6,597
Old Mutual Corporate Bond Fund	2,312	2,420
Schroders Private Equity Fund	2,339	2,364
Veritas Global Equity Income Fund	6,726	-
	<u>97,993</u>	<u>63,041</u>
	<u><u>97,993</u></u>	<u><u>63,041</u></u>
b)		
Reconciliation of opening and closing market value	2009	2008
	£000	£000
Market value at 1 October 2008	63,041	66,605
Additions at cost	57,416	26,013
Disposals at opening market value	(24,635)	(21,167)
Net unrealised investment gains/(losses)	2,171	(8,410)
	<u>97,993</u>	<u>63,041</u>
Market value of listed investments at 31 July 2009	97,993	63,041
Portfolio cash	-	-
	<u>97,993</u>	<u>63,041</u>
Market value of portfolio at 31 July 2009	97,993	63,041
	<u><u>97,993</u></u>	<u><u>63,041</u></u>
Cost of listed investments at 31 July 2009	100,632	66,399
	<u><u>100,632</u></u>	<u><u>66,399</u></u>

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14. Fixed asset investments (continued)

c)	Reconciliation of movements in unrealised gains/(losses) on investment assets	2009	2008
		£000	£000
	Group and charity		
	Unrealised (losses)/gains at 1 October 2008	(3,357)	6,688
	Adjust: in respect of disposals in the period	(1,453)	(1,635)
		(4,810)	5,053
	Net gains/(losses) arising on revaluations in the period (note 14b)	2,171	(8,410)
	Unrealised (losses) at 31 July 2009	(2,639)	(3,357)

Charity

- d) The charity also holds unlisted investments costing £103 (2008: £102) in the following subsidiary undertakings:

	Country of incorporation	Principal activity	Class of shares	Percentage of share capital held
House of Fun Limited	England	Dormant	Ordinary £1	100%
Comic Relief Limited (note 4)	England	Trading	Ordinary £1	100%
Brand Relief Limited (note 4)	England	Trading	Ordinary £1	100%

15.	Current asset investments	2009	2008
		£000	£000
	Fixed Term Deposits	73,958	74,230
	Global Liquidity Funds – Charity Projects	20,396	22,050
	Market value at 31 July 2009 - charity	94,354	96,280
	Global Liquidity Funds - Comic Relief Limited	10,373	4,625
	Market value at 31 July 2009 - group	104,727	100,905

16.	Debtors	2009		2008	
		Group	Charity	Group	Charity
		£000	£000	£000	£000
	Amounts due from subsidiary undertaking	-	12,910	-	5,899
	Other debtors	2,212	877	1,985	1,759
	Loan	3,040	3,040	-	-
	Prepayments and accrued income	7,176	6,722	4,158	4,083
		12,428	23,549	6,143	11,741

The loan of £3,572,000 (\$5million) to Kuapa Kokoo Farmers Union Ltd is for a period of 10 years with repayments starting in the 6th year. There is security for the loan and interest is payable. The loan has been revalued at the year end at £3,040,000.

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20. Unrestricted funds – Group

	Balance 1 October 2008 £000	Incoming resources £000	Resources expended £000	Net investment gains £000	Transfers £000	Balance 31 July 2009 £000
General Fund	4,581	14,346	(12,974)	-	642	6,595
Designated funds						
Grants	46,878	74,726	(34,850)	-	2,016	88,770
Other						
Investment Equalisation Fund	2,601	-	-	200	-	2,801
Comic Relief Foundation	19,409	-	-	-	-	19,409
Future Fund	2,000	-	(358)	-	(642)	1,000
Bill & Melinda Gates Foundation	-	1,080	(580)	-	-	500
Brand Relief	-	2,000	-	-	-	2,000
	24,010	3,080	(938)	200	(642)	25,710
Designated funds – total	70,888	77,806	(35,788)	200	1,374	114,480
Unrestricted funds	75,469	92,152	(48,762)	200	2,016	121,075

The transfer of £2,016,000 into unrestricted from restricted funds represents prior year grant expenditure that is considered appropriate to be allocated against restricted funds (see note 21).

The grants funds represent all unrestricted income received from events and certain income from other activities, and are used to support work tackling poverty and social injustice.

All investment gains and losses (whether realised or unrealised) are transferred to the Investment Equalisation Fund.

The Comic Relief Foundation has been established by the trustees to allow Comic Relief to continue to fulfil its mission independently of the current fundraising model. It is not intended that the Foundation would become active until the funding has reached at least £20million.

The Future Fund received an initial transfer of £2million in 2005/6. In 2008/9 £358,000 was spent against this fund. As expenditure on this Fund has not exceeded £1million in recent years the trustees have decided to maintain the balance on the Future Fund at £1million, and therefore £642,000 has been transferred to the General Fund.

The Bill and Melinda Gates Foundation are funding Comic Relief to help create Red Nose Day in The US, to develop creative ways of demonstrating success stories from Africa and to raise awareness of the need for global support to deliver the health-based Millennium Development Goals.

Comic Relief has received a donation which can be used to pay for the advertising and promotion of the cooking sauces by Brand Relief.

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21. Restricted funds

Group and charity	Balance	Incoming	Resources	Transfers	Balance
	1 October 2008	resources	expended		31 July
	£000	£000	£000	£000	2009
					£000
Give It Sum Fund	1,169	57	(318)	-	908
The A S Hornby Educational Trust	-	50	(250)	-	(200)
The Hunter Foundation	750	-	(379)	-	371
The No.1 Ladies Detective Agency	4	-	-	-	4
Sainsbury's Fair Development Fund	(408)	188	-	-	(220)
Schools Choose	-	896	(446)	-	450
Sing Fund	(206)	234	(19)	-	9
Steve Redgrave Fund	85	26	(5)	-	106
TK Maxx	-	215	-	(215)	-
Working Title	-	75	-	-	75
Other Restricted Fund	-	3,301	-	(1,801)	1,500
Restricted funds	1,394	5,042	(1,417)	(2,016)	3,003

These restricted balances will be used to support future projects in accordance with Comic Relief's grant-making principles and the wishes of the respective donors.

Comic Relief manages the Robbie Williams Give It Sum Fund in partnership with Robbie Williams and his team. Grants of £296,000 were awarded in the period.

The AS Hornby Educational Trust, The Hunter Foundation, The No.1 Ladies Detective Agency, TK Maxx and Working Title balances will be used to fund specified International Grants. Grants of £250,000 (AS Hornby Educational Trust) and £379,000 (The Hunter Foundation) were awarded in the period.

£188,000 was donated in the period from Sainsbury's from their Fair Trade income to finance the Fair Development Fund. The Fund expects to raise at least £1 million in total over 4 years. If not, this grant expenditure will be covered from unrestricted funds.

Schools Choose was a Red Nose Day fundraising initiative where schools were able to choose how the money they raised will get spent to try and gets kids in Africa into school. £446,000 was spent against this fund in the period.

The Sing Fund was set up to support projects tackling HIV/AIDS in Africa.

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

The other Restricted Fund includes income from an anonymous donor who has chosen to support specific areas of our grant making.

The transfer of £2,016,000 represents grant expenditure awarded in the prior year which donors have wished to fund and from whom restricted income has been received.

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22.	Commitments under operating leases	2009 £000	2008 £000
	At 31 July 2009, the group had annualised operating commitments under non-cancellable operating leases expiring as follows:		
	Land and buildings:		
	2 to 5 years	482	482
	Other:		
	2 to 5 years	9	9
	Total	<u>491</u>	<u>491</u>
23.	Management of liquid resources - group	2009 £000	2008 £000
	Purchase of current asset investments	-	-
	Receipts from sales of current asset investments	3,822	16,618
		<u>3,822</u>	<u>16,618</u>
24.	Analysis of the changes in net funds - group		At 31 July 2009 £000
		At 1 October 2008 £000	
	Cash at bank and in hand	4,051	3,344
	Current asset investments	100,905	104,727
	Total	<u>104,956</u>	<u>108,071</u>