

CHARITY PROJECTS
(better known as Comic Relief)

Financial statements for the year ended 30 September 2007

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Reference and administrative information

Trustees

Peter Bennett-Jones (Chair of Trustees, UK Grants committee)
Richard Curtis CBE (Vice Chair of Trustees, International Grants committee)
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
Claudia Lloyd (International Grants committee)
Alec McGivan
Laurence Newman (Remuneration and Investment committees)
J K Rowling OBE
Michael Soutar (UK Grants committee)
Albert Tucker (International Grants committee)
Nalini Varma (UK Grants and Remuneration committees)

Secretary

Colin Howes

Chief Executive

Kevin Cahill CBE

Registered office

14 Hanover Square
London W1S 1HP

Principal address

5th Floor
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London SE1 7TP

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
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London WC1B 5LF

Bankers

National Westminster Bank plc,
Bloomsbury, Parr's Branch,
P.O. Box 158,
214 High Holborn,
London WC1V 7BX.

Adam & Company plc
22 Charlotte Square
Edinburgh EH2 4DF

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Reference and administrative information

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London
EC2V 7QN

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5 The North Colonnade
Canary Wharf
London E14 4BB

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TN11 9DZ

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Jupiter Unit Trust Managers Limited
PO Box 300
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Newton Investment Management
Limited
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Standard Life Investments (Global Liquidity Funds) plc
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Edinburgh
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Cazenove Capital Management Ltd
12 Moorgate
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EC2R 6DA

Invesco Asset Management Ltd
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EC2A 1AG

Schroder & Co Limited
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EC2V 7ER

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33 King William Street
London
EC4R 9AS

Bridges Communities Ventures Ltd
1 Craven Hill
London
W2 3EN

Artemis Fund Managers Limited
PO Box 9688
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CM99 2AE

Old Mutual Fund Managers Ltd
2 Lambeth Hill
London
EC4V 4AD

Honorary accountants

Ernst & Young LLP
Beckett House
1 Lambeth Palace Road
London SE1 7EU

Solicitors

Harbottle and Lewis LLP
14 Hanover Square
London W1S 1HP

Company number

1806414

Charity number

326568

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Report of the Trustees for the year ended 30 September 2007 (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 year ended 30 September 2007. This report also takes into account the provisions of the Companies Act including the Enhanced Business Review. The reference and administrative information 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

The principal objective of the charity and the group is to raise funds and awareness, and to distribute money for specific charitable purposes in support of the vision of 'a just world free from poverty', and the mission of 'positive change through the power of entertainment'. Comic Relief continues to seek to spend its money as effectively and professionally as possible, and to raise awareness of its operation both to grant applicants and the public.

Review of Activities

The trustees set 7 main objectives for 2007:

- 1 To organise Red Nose Day on 16 March 2007, and raise more than the total in 2005 of £65 million; and make detailed preparations for Sport Relief in 2008.
- 2 To devise and develop a social change project in the UK highlighting mental health issues and a social change project to support the Millennium Development Goal of education for all.
- 3 To make grants totalling £40 million internationally and c£20 million in the UK.
- 4 To continue to use new digital media to exploit fundraising and educational opportunities.
- 5 To continue to improve on internal processes and communication including developing a digital asset management strategy.
- 6 To seek to recruit and retain the most capable professionals, and to provide support and training for their personal and professional development.
- 7 To continue the introduction of a revised method to manage key relationships in a creative, consistent and professional manner.

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

Red Nose Day

Red Nose Day 2007 raised £67.7 million which met the objective of raising more than the total in 2005 of £65.1 million. This total was announced in the Red Nose Day highlights programme broadcast on BBC One on Christmas Day and such further income that will continue to be received will be brought into the total for the next Red Nose Day in 2009. The scale of this fundraising achievement should be seen in the context of an increasingly fragmented broadcasting landscape leading to reductions in audiences for the main terrestrial channels, and a challenging and competitive charity environment. The need for quality in all aspects of engagement with the public is an essential feature of a successful fundraising and awareness raising campaign such as Red Nose Day, and the trustees believe that this was the distinctive feature of this year's event. The look and feel of the campaign materials were overseen, pro bono, by Peter Souter, Deputy Chairman of AMVBBDO, and the trustees recognise the significant contribution this made to the success of Red Nose Day. The trustees have agreed that a

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Creative Communications Director be appointed to ensure that such standards continue to be achieved across all areas of Comic Relief's work.

There were over 60 hours of TV programming culminating in over 8 hours on the night of Red Nose Day itself. The main programme was generally acknowledged to be as good as any of the 11 so far, with many of Britain's best, and best loved, comedians producing some of their most inspired work. There was a peak audience of over 11 million, although this was down on previous years in line with the general trend, and a maximum audience share of 55%. The show generated over 700,000 phone calls to 140 call centres, the majority of which took donations direct through to our online processing application. This meant that most donations were received into our bank account within a week which is a significant improvement on the previous paper based process. Other programmes shown in the lead up to the night itself included another series of Comic Relief Does Fame Academy, and Comic Relief Does the Apprentice in which a 'boys' team competed against a 'girls' team to raise the most money and therefore avoid being fired by Sir Alan Sugar – the 'girls' won. The show was not only entertaining television but also raised £1 million which was then matched by a further £1 million from the Hunter Foundation. The trustees are pleased to have this opportunity to thank all those who took part and helped to make this show such a success.

In total 362 artists contributed to the campaign with 18 visiting projects in the UK and 9 travelling to Africa. In every case the artists gave their time free of charge and this support from the entertainment community remains at the heart of Comic Relief's ability to raise money and awareness of the issues of poverty and social injustice.

The media coverage for the campaign included over 800 pieces in the national print media, and the contribution of radio continued to grow. Radios 1, 2, 3, 4 and 5 Live, and most BBC Nations and Regions local stations, all carried varied and substantial amounts of programming including reports on the issues that Comic Relief seeks to highlight as well as their own fundraising initiatives.

Our corporate partners again were hugely significant both in terms of enabling the campaign and its message to be spread so widely across many areas of peoples' lives and also in raising very significant sums of money. Over 7.5 million pieces of Comic Relief merchandise were sold, raising £8.3 million, as well as £4.7 million being generated by Comic Relief endorsed products, and our partners also achieved the magnificent total of more than £1.6 million in staff fundraising.

The level of involvement by the British public is extraordinary, whether as viewers and listeners of all the BBC programming, or as employees, or through taking part in the huge number of fundraising activities in support of Comic Relief. The trustees recognise that this involvement and support is based to a significant extent on the trust that the public has that Comic Relief will be professional, fair and honest and will spend their money responsibly, wisely and effectively. The trustees recognise that this trust may have been affected by the fact that both this year's Red Nose Day and last year's Sport Relief TV programmes included competitions where the public were misled in the selection of the winners. Comic Relief is working closely with the BBC to ensure that future competitions, and other similar engagements with the public, will be conducted in accordance with both organisations' highest standards and expectations.

In last year's report the trustees acknowledged the public interest and debate around trust in charities, and believe that it is important that the public is informed how their donation is being used and how it is accounted.

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 Red Nose Day raises £50 million, Comic Relief will spend at least £50 million doing

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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 trustees believe that this Promise provides an important reassurance to the public. Comic Relief will continue to put the amounts raised by the fundraising campaigns directly into funds specifically designated to make grants and support work that transforms the lives of some of the most disadvantaged people in the UK and the world.

Social change projects

Comic Relief is a grant-making organisation, rather than an operational charity which works directly with beneficiaries.

Comic Relief can add tremendous value to the work of its grantees, by raising awareness of complex issues that can go unnoticed by mainstream media and the public. The organisation's relationships with specialist charities and knowledge of pressing social issues, combined with its access to innovative communications channels, makes Comic Relief well placed to help bring about changes in the public's understanding of poverty and injustice.

For example, mental health issues have often struggled to get media coverage. As part of this year's Red Nose Day TV programming Comic Relief helped to obtain the commissioning of a 40 minute documentary, called 'It's a Mad World', on BBC One. In addition Comic Relief got coverage for mental health discussions on BBC Breakfast, Richard & Judy, GMTV, This Morning and on Radios 1 & 2, 5 Live and Woman's Hour. All of this work will build into a longer term organisational commitment to tackling the stigma and discrimination that surrounds mental health, in the coming years.

In a similar way Comic Relief contributed to the Global Campaign for Education's "Join Up" initiative by establishing satellite communications between schools in Ghana, Kenya and Malawi with UK schools, and by travelling with Gordon Brown and 2 London schoolchildren to Mozambique to meet Nelson Mandela to highlight the need for greater efforts to be made to meet Millennium Development Goal N^o 2 to provide primary education for all by 2015. The trip resulted in coverage across most of the national print media.

The issue of fair trade has been a continuing feature of Comic Relief's work. There has been a long-standing relationship with the Divine Chocolate Company and its Dubble bar and this year saw the first Red Nose Day t-shirt made with 100% Fairtrade cotton. Sainsbury's has engaged Comic Relief to run its Fair Development Fund which is designed to promote fairer trade and to enable more producers in the developing world to sell their produce as Fairtrade. Sainsbury's has made an initial commitment to the Fund of £1 million over four years. Additionally, through a £5 million special initiative grant to the Fairtrade Foundation, Comic Relief is working to help develop the African Fairtrade Network, to strengthen the sector in Africa.

Grant-making

The grants awarded in the year totalled £43 million internationally and £24 million for the UK, substantially exceeding the objective as outlined above.

They included the first significant awards in a new proactive programme of grant-making, which covers strategic grants to support key organisations with longer term secure funding, usually over 5 years, to enable them to scale up or replicate their work and have greater influence in their sectors. Some special initiatives have also been funded which are designed to have an impact not only on individual people's lives but also on infrastructural capacity and government policy over time. One of these special initiatives involved the establishment of a £10 million collaboration with the Children's Investment Fund

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Foundation (CIFF), The Diana, Princess of Wales Memorial Fund and the Elton John Aids Foundation, to work in Malawi with orphans and vulnerable children affected by AIDS.

Trustees expect a growing proportion of the funds raised by the campaigns to be spent on these strategic grants and special initiatives both internationally and in the UK.

Comic Relief received an "Excellence in Grant-making Award 2007" which recognised the long term work and commitment that Comic Relief has given to the area of domestic violence, and the trustees particularly wish to record their appreciation of the work that Gilly Green OBE, Head of UK Grants, has led on this issue.

The trustees continue to give great emphasis to the monitoring of the grants whilst a project is in operation and are increasing the resources for evaluating outcomes and effectiveness. Most grants are paid in instalments over the life of the grant with payments being made following receipt and review of progress reports.

Integration of new technology and move to new website hosting partner

Comic Relief has continued with its pioneering use of digital technology by adopting an integrated marketing approach, across education and awareness raising, and fundraising. Specifically, websites were created to support the Global Campaign for Education's "Join Up" campaign, the Charity Projects Entertainment Fund "Idol Gives Back" event and, of course, Red Nose Day 2007. Within these projects the use of Flash, rich-media journeys, supporters' tools (like online fundraising resources), social networking, user generated content and mobile-based interactions into new areas have all continued to be developed, with great success and good learning coming from the work. The online income for Red Nose Day increased by just over 100%, 70% of all donations were processed via a digital platform (with over 7,000 volunteer telephone operators using the web-based process), and over £2 million was raised from mobile / telephony platforms. Hundreds of thousands of young people were enabled to connect to the issues of the Millennium Development Group related to "Education for All". The work has shown the enormous potential for 2008 and solidly underpinned our development of future plans in this area.

The move of our online infrastructure to Pipex Communications was successfully completed and the trustees acknowledge the support of Pipex and all the technology partners in insuring that the organisation's online presence is accessible, informative and secure.

Internal communications systems and planning processes

The trustees have set a high priority to the upgrading of the internal communications systems and planning processes. The intranet was re-evaluated, and subsequently redesigned and the contents renewed to fulfil its function as an integral tool for internal communication. A digital asset management system was introduced for Red Nose Day which concentrated particularly on media assets such as photography, and which it is intended will be developed to cover a wider range of digital assets in the future. The work of a project team including IT, Finance and CRM staff was recognised with the receipt of Information Age's "The most effective IT project of 2007" award for its work, with QAS, on verifying Gift Aid claims data. The progress reports on the achievement of the 4 year strategic plan and the 1 year operating plan were produced in a format that allowed for greater trustee and staff engagement and ownership of their delivery. However, in the light of the continued growth of the organisation and the scale of the ambitions in the next few years, the trustees have decided that planning and operational processes need to be yet more robust and have agreed to the recruitment of an Operations Director whose brief will cover these areas as well as Comic Relief's human resources.

Staff recruitment and professional development

Comic Relief is already in the fortunate position of employing talented professionals at all levels of the organisation. We have continued to attract individuals who bring added value from outside the voluntary sector and we have also hosted employees from our corporate partners who have worked

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with us on successful secondments, and the trustees would like to thank Ernst & Young, Cisco and the BBC for supporting these initiatives. Training and personal development have remained organizational priorities but, as stated above, there is more work to be done in these areas which will form a significant part of the Operations Director's remit.

The trustees welcome the opportunity to record their thanks to the staff team for all their efforts in another successful and challenging year for the organization and to congratulate our Chief Executive, Kevin Cahill, on being awarded a CBE for Services to Charity, and also to acknowledge the contribution of the volunteers who gave their time and talent so generously in the year.

Relationship management

Relationships with our most significant partners, including the BBC, BT, Sainsbury's, Oxfam, Ernst & Young and Cisco are increasingly important to the efficient operation of our fundraising campaigns and grants operations, and the trustees are pleased to be able to thank them for their continued support for Comic Relief. The management of these, and other, relationships, including with artists, was identified as needing review and possible reform in last year's report. However the work on a revised management method has not been completed and remains a priority for 2007/8.

Idol Gives Back

Comic Relief's co-founder, Richard Curtis, has wanted for a long time to try to raise awareness in the US of poverty related issues in Africa. Simon Fuller, co-owner of American Idol, the N° 1 rated TV show in the US, together with Fox Broadcasting and Fremantle Media agreed to mount a special awareness and fundraising episode of American Idol under the banner of "Idol Gives Back", and asked Comic Relief to provide and oversee the charity aspects of the show. In the space of 4 months a US not-for-profit corporation known as Charity Projects Entertainment Fund ("CPEF") was incorporated with a common mission and vision to Comic Relief, IRS tax exemption was obtained and Comic Relief was commissioned to make appeal films with Simon Cowell and Ryan Seacrest in Kenya, and Carrie Underwood in South Africa as well as to manage the making of appeal films in the US with the show's presenters and judges. Call centres providing 13,000 live operator lines across 4 different phone networks were obtained and a website created including an online donation mechanism. The show was broadcast, 5 weeks after Red Nose Day, to an audience of 27 million, and raised \$55 million from the public, \$14 million from corporate partners and a further \$5 million was given straight to the beneficiaries as matched giving to grants made by CPEF. Although none of this income is accounted for in this set of accounts the achievement is so significant in terms of Comic Relief's vision and mission that the trustees want to congratulate Richard Curtis and record their thanks to the Comic Relief staff involved in this US venture for their extraordinary efforts. A further fundraising show in 2008 is under discussion.

Financial Review

The results for the year for the group are set out in the consolidated statement of financial activities on page 15. The position of the group at the end of the year is shown in the consolidated balance sheet on page 16.

The group received £91.8 million (2006: £30.7 million) from events, trading, donations, investment income and corporate support. 463 grants totalling £67.1 million have been approved in the year (2006: 548 grants totalling £54.4 million).

Incoming resources of £91.8 million split 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 on page 21. Grants awarded of £67.1 million (including grants from restricted funds) and other resources expended are shown in note 7 on page 25. The balances on the respective funds are set out in notes 20 and 21 on pages 32 and 33.

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The trustees regularly monitor the balance of, and movements on, the General Fund in accordance with the reserves policy set out on page 9. The balance in the fund at 30 September 2007 is £2.9 million, after having made transfers into the Future Fund and the Comic Relief Foundation, whereas the policy states that the trustees are seeking a balance of £2.5 million at the close of a Red Nose Day year. The policy recognises that there may be an operating deficit of c£1 million in a Sport Relief year. However the budget for 2007/08 shows a deficit for the year of £1.4 million (after transfers to the Future Fund but excluding investment gains or losses) and therefore the balance of £2.9 million has been retained in the General Fund to enable the General Fund to revert to the policy position of £1.5 million by September 2008.

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 first year's operation of the Future Fund has included Comic Relief's contribution to the "Join Up" initiative, to a poverty research project and to "Idol Gives Back". The other designated fund is the Comic Relief Foundation the concept of which is that it should help Comic Relief to 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 £20 million. The transfer into the fund in this financial year totalled £8.6 million and the balance at 30 September 2007 stands at £19.4 million. During the forthcoming year it will be discussed how to move this on.

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 consider that this approach shows 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) will not affect the general reserves. The net investment gains of £3.9 million in the financial year have been transferred to the Investment Equalisation Fund through which all investment gains and losses (realised and unrealised) are recognised. The Investment Committee has 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 5 year period would result in a loss of value of £11 million. The trustees have used this review to inform their decision to continue to limit the size of the Equalisation Fund to £11 million. All the investment gains in the year of £3.9 million have therefore been included in the transfer to the Comic Relief Foundation.

Investment policy

New funds come in with each annual event and are scheduled for payment as grants within 5-6 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 5 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 5 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.

Investment performance

During the year the size of the portfolio representing the permanent core capital increased from £62.5 million to £66.9 million. There were no major changes to the asset allocation in the year although the Investment Committee believes that some changes may be necessary in the next period. The portfolio broadly reflects the strategic asset allocation agreed by trustees.

The target for the portfolio is to outperform the return achieved by cash as measured by the 7 Day LIBID Index over the 5 year period. The return for the index for the year was 5.5% and was 4.9% (annualised) for the 3 years to 30 September 2007. The return for the investment portfolio was 9.0% for the year and 11.7% (annualised) for the 3 years to 30 September 2007 which substantially exceeded the index in both cases.

The trustees are satisfied with the performance and the measures taken on the advice of the Investment Committee to diversify the portfolio and manage the inherent risks of investment.

Reserves policy

Charity Projects is in the unusual, and fortunate, position whereby although there may be 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.

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 therefore decided 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, after the transfers to the Future Fund and Comic Relief Foundation mentioned previously in this report. The balance on the General Fund at 30 September 2007 stands at £2.9 million for the reasons described in the financial review earlier in this report.

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 2 year period.

Copies of the current criteria are available on the website or by post from Charity Projects, 5th Floor, 89 Albert Embankment, London SE1 7TP.

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Tangible fixed assets

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

Plans for Future Periods

Comic Relief uses a planning cycle of 4 years, to cover 2 Red Nose Days and 2 Sport Reliefs. The strategic plan covering the 4 years from 2005 to 2008 identified 8 principal aims for the organisation over the period. These aims were reviewed in summer 2007 and minor amendments were made to the existing aims. A further aim (N^o 5 below) was added to highlight the potential to develop and deliver new business opportunities, as was demonstrated by the "Idol Gives Back" initiative in the US during 2007.

- 1 Leading and governing Comic Relief effectively, ensuring all our work is creative and relevant, drives to deliver our vision and mission, and remains consistent with our values.
- 2 Creating and seizing opportunities to drive social change through the work that we do right across the organisation.
- 3 Delivering successful annual fundraising campaigns, raising money, raising awareness and developing the distinctiveness of our established brands.
- 4 Investing in organisations that help people in great need, and working with them to achieve the greatest possible impact.
- 5 Developing and delivering new business opportunities in the UK and around the world to help deliver on our vision and mission
- 6 Exploiting the benefits of new technology to be at the forefront of finding creative and cost effective ways to make money, communicate, change lives and work as efficiently and effectively as possible within Comic Relief.
- 7 Managing and developing effective operational processes and internal communication, enabling everybody to add value in their job.
- 8 Encouraging an open, supportive and fair working culture that embeds good practice and which helps people understand their role in achieving our vision and mission.
- 9 Managing our resources in the most effective way, delivering maximum value to Comic Relief.

The plan also sets out the strategies and priorities to achieve these aims and is supported by a 1 year operational plan which sets out the objectives for the year, a timetable for their delivery and the resources

required for their achievement. The income available to cover operating costs in a Sport Relief year is always lower than a Red Nose Day year, and the budget for the year assumes a deficit of £1.4 million.

The principal objectives for the year are:

- 1 To organise and deliver a Sport Relief campaign which raises more than the total for Sport Relief 2006 (£19 million); and to make detailed plans and preparations for a Red Nose Day campaign in 2009.
- 2 To create a new model for driving change within the organisation, harnessing the potential of our opportunities through the creation and embedding of the Head of Public Education role.

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- 3 To make grants totalling c£37 million internationally and c£17 million in the UK.
- 4 To continue to exploit new technology to deliver for fundraising, communications, education and improve how we work in the organisation.
- 5 To run the organisation efficiently – plan and monitor objectives and activities, looking across the organisation, to ensure that resources and focus are appropriately distributed.
- 6 To embed the organisational changes, including the filling of key senior posts to enable us to fulfill our vision.
- 7 To invest in our critical relationships – manage and make the most of our relationships with critical organisations and individuals that we depend on to deliver against our aims.
- 8 Develop new business opportunities to help drive fundraising and other initiatives which deliver on our vision, and ensure we continue to make a lasting impact

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.

The trustees are advised by a committee structure including 3 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 such as those stemming from the publicity surrounding the Sport Relief and Red Nose Day competitions on the BBC.

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.

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The trustees

The following held office as trustees during the year:

Peter Bennett-Jones (Chair of Trustees)	Jim Hytner (appointed January 2007)
Richard Curtis CBE (Vice Chair of Trustees)	Claudia Lloyd
Jana Bennett OBE	Alec McGivan (appointed January 2007)
Harry Cayton OBE	Laurence Newman
Emma Freud	J K Rowling OBE
Matthew Freud	Michael Soutar
Michael Harris	Albert Tucker
Lenny Henry CBE	Nalini Varma
Colin Howes	

Statement of trustees' responsibilities

Company and charity law require the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group as at the end of the financial year, and of the surplus or deficit for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice: Accounting and Reporting by Charities 2005. They are also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each trustee, who was a director of the company at the date that this report was approved, has taken all steps that they ought to have taken as a director in order to:

- make themselves aware of any relevant audit information (as defined by the Companies Act 1985); and
- ensure that the auditors are aware of all relevant audit information (as defined).

As far as each director is aware, there is no relevant audit information of which the charity's auditor is unaware.

The maintenance and integrity of the charity's website is the responsibility of the trustees.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislations in other jurisdictions.

Auditor

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: 30 January 2008

CHARITY PROJECTS

(better known as Comic Relief)

Independent auditor's report to the members of Charity Projects

We have audited the financial statements of the Charity Projects and its subsidiaries for the year ended 30 September 2007 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Charity Balance Sheet, Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985 and section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Trustees' Responsibilities, the Trustees, who are also the directors for the purposes of company law, are responsible for the 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).

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read the Report of the Trustees and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement 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 circumstances of the charitable company and the group, consistently applied and adequately disclosed.

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.

CHARITY PROJECTS
(better known as Comic Relief)

Independent auditor's report to the members of Charity Projects

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and the group as at 30 September 2007, and of their incoming resources and application of resources, including their income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees (incorporating the Directors' Report) is consistent with the financial statements.

CHANTREY VELLACOTT DFK LLP

**Chartered Accountants
Registered Auditor**

LONDON

Date: 30 January 2008

CHARITY PROJECTS
(better known as Comic Relief)

**Consolidated statement of financial activities
(incorporating an Income and Expenditure Account)
for the year ended 30 September 2007**

	Unrestricted funds			Restricted funds	Total funds	Total funds
	General £000	Grants £000	Other £000	£000	2007 £000	2006 £000
Incoming resources						
Incoming resources from generated funds (1e)						
Voluntary income	7,973	63,276	-	2,529	73,778	18,245
Activities for generating funds	2,410	8,256	-	-	10,666	5,857
Investment income (5)	7,250	-	-	65	7,315	6,647
Total incoming resources (3)	17,633	71,532	-	2,594	91,759	30,749
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	5,060	-	59	-	5,119	3,866
Fundraising trading and other costs	2,291	-	87	-	2,378	2,972
Investment management costs	6	-	-	-	6	5
	7,357	-	146	-	7,503	6,843
Charitable activities						
Tackling poverty and social injustice:						
UK grant-making	1,111	23,418	26	581	25,136	22,379
International grant-making	939	41,870	2	1,250	44,061	33,721
Global awareness, education and social change	1,405	-	472	218	2,095	1,831
	3,455	65,288	500	2,049	71,292	57,931
Governance costs	63	-	-	-	63	62
Total resources expended (6)	10,875	65,288	646	2,049	78,858	64,836
Net incoming/(outgoing) resources for the year	6,758	6,244	(646)	545	12,901	(34,087)
Realised gains on investment assets	-	-	17	-	17	1,662
Net incoming/(outgoing) resources for the year before transfers	6,758	6,244	(629)	545	12,918	(32,425)
Net transfers between funds (20)	(5,327)	231	5,346	(250)	-	-
Net income/(expenditure) for the year	1,431	6,475	4,717	295	12,918	(32,425)
Unrealised gains on investment assets (14b)	-	-	3,859	-	3,859	1,708
Net movement in funds	1,431	6,475	8,576	295	16,777	(30,717)
Total funds brought forward at 1 October 2006	1,486	58,650	23,833	926	84,895	115,612
Total funds carried forward at 30 September 2007 (20/21)	2,917	65,125	32,409	1,221	101,672	84,895

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 19 to 34.

Total unrestricted funds of £100,451,000 are detailed in note 20 on page 32.

CHARITY PROJECTS
(better known as Comic Relief)

Consolidated balance sheet as at 30 September 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Intangible assets	12	44	45
Tangible assets	13	517	527
Investments	14a	66,905	62,452
		<u>67,466</u>	<u>63,024</u>
Current assets			
Investments	15	117,523	88,877
Debtors	16	11,462	5,753
Cash at bank and in hand		6,051	4,256
		<u>135,036</u>	<u>98,886</u>
Creditors: amounts falling due within one year	17a	<u>58,661</u>	<u>49,618</u>
Net current assets		<u>76,375</u>	<u>49,268</u>
Total assets less current liabilities		143,841	112,292
Creditors: amounts falling due after more than one year	17b	<u>42,169</u>	<u>27,397</u>
Net assets	19	<u>101,672</u>	<u>84,895</u>
Funds			
Unrestricted funds			
General funds	20	2,917	1,486
Designated funds	20	97,534	82,483
		<u>100,451</u>	<u>83,969</u>
Restricted funds	21	<u>1,221</u>	<u>926</u>
		<u>101,672</u>	<u>84,895</u>

Approved by the trustees on 30 January 2008 and signed and authorised for issue on their behalf by:

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

The notes on pages 19 to 34 form part of these financial statements.

CHARITY PROJECTS
(better known as Comic Relief)

Charity balance sheet as at 30 September 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	13	517	527
Investments	14a	66,905	62,452
		<u>67,422</u>	<u>62,979</u>
Current assets			
Investments	15	107,716	87,045
Debtors	16	22,391	7,868
Cash at bank and in hand		4,581	3,438
		<u>134,688</u>	<u>98,351</u>
Creditors: amounts falling due within one year	17a	<u>58,274</u>	<u>49,043</u>
Net current assets		<u>76,414</u>	<u>49,308</u>
Total assets less current liabilities		143,836	112,287
Creditors: amounts falling due after more than one year	17b	<u>42,169</u>	<u>27,397</u>
Net assets		<u><u>101,667</u></u>	<u><u>84,890</u></u>
Funds			
Unrestricted funds			
General funds		2,912	1,481
Designated funds	20	97,534	82,483
		<u>100,446</u>	<u>83,964</u>
Restricted funds	21	1,221	926
		<u>101,667</u>	<u>84,890</u>

Approved by the trustees on 30 January 2008 and signed and authorised for issue on their behalf by:

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

The notes on pages 19 to 34 form part of these financial statements.

CHARITY PROJECTS
(better known as Comic Relief)

**Consolidated cash flow statement
for the year ended 30 September 2007**

a)	Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities		2007	2006
		Notes	£000	£000
	Net incoming/(outgoing) resources		12,901	(34,087)
	Depreciation and amortisation		317	269
	Investment income		(7,315)	(6,647)
	Decrease/(increase) in debtors		(5,709)	5,099
	(Decrease)/increase in creditors		23,815	15,810
	Net cash inflow/(outflow) from operating activities		24,009	(19,556)
			<hr/> <hr/>	<hr/> <hr/>
b)	Cashflow Statement			
	Net cash inflow/(outflow) from operating activities		24,009	(19,556)
			<hr/>	<hr/>
	Returns on investments and servicing of finance:			
	Investment income		7,315	6,647
			<hr/>	<hr/>
	Capital expenditure and financial investment			
	Receipts from sale of fixed asset investments		9,923	39,151
	Payments to acquire fixed asset investments		(10,500)	(39,831)
	Payments to acquire tangible and intangible fixed assets		(306)	(245)
			<hr/>	<hr/>
			(883)	(925)
			<hr/>	<hr/>
	Management of liquid resources	23	(28,646)	13,294
			<hr/>	<hr/>
	Increase/(decrease) in cash in the year	24	1,795	(540)
			<hr/> <hr/>	<hr/> <hr/>
c)	Reconciliation of net cash flow			
	Increase/(decrease) in cash in the year		1,795	(540)
	Cash used in management of liquid resources		28,646	(13,294)
			<hr/>	<hr/>
	Change in net funds resulting from cash flows		30,441	(13,834)
			<hr/>	<hr/>
	Net funds at 1 October 2006		93,133	106,967
			<hr/>	<hr/>
	Net funds at 30 September 2007	24	123,574	93,133
			<hr/> <hr/>	<hr/> <hr/>

The notes on pages 19 to 34 form part of these financial statements.

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements for the year ended 30 September 2007

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 1985, 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 30 September 2007, 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	25% - 33 $\frac{1}{3}$ % 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 and fundraising events. 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.

Grant income is recognised on acceptance of the grant by the trustees.

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 year ended 30 September 2007

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 subsidiary.

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 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 year ended 30 September 2007

1. Accounting policies (continued)

k) Designated funds

The trustees have designated for grant-making all the other unrestricted income from events and certain income received from other activities, as shown in notes 3 and 20 and as set down in the 'Comic Relief Promise' referred to on page 4 of the Report of the Trustees. 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.

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 1985 and paragraph 397 of the 2005 Charities SORP. Net movement in funds for the charity was £16,777,000 (2006: £(30,717,000)).

3. Total incoming resources

	Unrestricted funds		Restricted funds	Total funds	Total funds
	General	Grants		2007	2006
	£000	£000	£000	£000	£000
Voluntary income					
Fundraising events	-	63,276	1,000	64,276	14,392
Grant income	-	-	1,250	1,250	1,313
Voluntary donations	-	-	61	61	6
Gift Aid	7,169	-	-	7,169	1,568
Contributions to operating costs	804	-	218	1,022	966
	<u>7,973</u>	<u>63,276</u>	<u>2,529</u>	<u>73,778</u>	<u>18,245</u>
Activities for generating funds					
Trading income from Comic Relief Limited (note 4)	2,410	8,256	-	10,666	5,857
Investment income (note 5)	<u>7,250</u>	<u>-</u>	<u>65</u>	<u>7,315</u>	<u>6,647</u>
	<u><u>17,633</u></u>	<u><u>71,532</u></u>	<u><u>2,594</u></u>	<u><u>91,759</u></u>	<u><u>30,749</u></u>

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the year ended 30 September 2007

3. Total incoming resources (cont'd)

In 2007, grant income comprised funding from the Department of Health of £250,000, and £1 million from the Tubney Charitable Trust. Contributions to operating costs include £218,190 from DFID towards the costs of the Fair Trade and Development Awareness programmes. Donated goods and services are included within contributions to operating costs.

Activities for generating funds comprise the turnover of Comic Relief Limited, the trading subsidiary of Charity Projects. Turnover consists of income from fundraising events organised by the company, (£8.3 million), and income from licensing activities and sponsorship received to help to cover costs (£2.4 million).

4. Comic Relief Limited

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

	2007	2006
	£000	£000
Turnover	10,666	5,857
Overhead expenditure	(2,378)	(2,972)
Operating profit	8,288	2,885
Interest receivable	301	562
Profit on ordinary activities before and after taxation	8,589	3,447
Payment under Gift Aid	(8,589)	(3,447)
Retained profit for the year	-	-
Assets and liabilities	2007	2006
	£000	£000
Fixed assets	44	45
Current assets	12,423	4,360
Current liabilities	(12,462)	(4,400)
Net current (liabilities)	(39)	(40)
Net assets	5	5

CHARITY PROJECTS
(better known as Comic Relief)

Notes to the financial statements
For the year ended 30 September 2007

5.	Investment income	2007	2006
		£000	£000
	Dividends	3,947	3,470
	High Yield Bonds	-	148
	Other interest receivable	3,368	3,029
		<u>7,315</u>	<u>6,647</u>

6. **(a) Analysis of total resources expended**

	Grants awarded (Note 7) £000	Staff costs (Note 8) £000	Support costs (Note 6b) £000	Other direct costs £000	Total 2007 £000	Total 2006 £000
Costs of generating funds						
Costs of generating voluntary income	-	3,661	814	644	5,119	3,866
Fundraising trading and other costs	-	98	131	2,149	2,378	2,972
Investment management costs	-	-	6	-	6	5
	<u>-</u>	<u>3,759</u>	<u>951</u>	<u>2,793</u>	<u>7,503</u>	<u>6,843</u>
Charitable activities						
Tackling poverty and social injustice:						
UK grant-making	23,980	782	180	194	25,136	22,379
International grant-making	43,120	643	125	173	44,061	33,721
Global awareness, education and social change	-	1,091	260	744	2,095	1,831
	<u>67,100</u>	<u>2,516</u>	<u>565</u>	<u>1,111</u>	<u>71,292</u>	<u>57,931</u>
Governance costs (note 6c)	-	8	49	6	63	62
Total resources expended	<u>67,100</u>	<u>6,283</u>	<u>1,565</u>	<u>3,910</u>	<u>78,858</u>	<u>64,836</u>

Other direct costs include the direct operating costs of Comic Relief Ltd of £2.1 million.

Resources expended include:	2007	2006
	£000	£000
Auditor's remuneration:		
Audit fee (group)	41	39
Accountancy, taxation and other services	22	22
Operating lease rentals - land and buildings, and other	305	260
Depreciation and amortisation	317	269
	<u>685</u>	<u>590</u>

CHARITY PROJECTS
(better known as Comic Relief)

Notes to the financial statements
For the year ended 30 September 2007

b) Analysis of support costs

	Premises £000	Depreciation £000	IT & Office £000	HR, Finance & Management £000	Total 2007 £000	Total 2006 £000
Costs of generating funds						
Costs of generating voluntary income	237	182	279	116	814	622
Fundraising trading and other costs	-	7	-	124	131	159
Investment management costs	-	-	-	6	6	5
Charitable activities						
Tackling poverty and social injustice:						
UK grant-making	53	40	62	25	180	157
International grant-making	36	28	43	18	125	99
Global awareness, education and social change	76	58	89	37	260	279
Governance costs	1	2	11	35	49	52
Total support costs	403	317	484	361	1,565	1,373

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

c) Analysis of governance costs

	2007 £000	2006 £000
Internal audit	9	9
External audit (charity only)	25	24
Trustee Indemnity Insurance	9	10
Legal & professional fees	1	4
Trustees' and committees' meeting costs	5	2
Apportionment of staff & other costs	14	13
Total governance costs	63	62

CHARITY PROJECTS
(better known as Comic Relief)

Notes to the financial statements
For the year ended 30 September 2007

7.	Charitable activities - grants awarded	2007	2006
		£000	£000
	Tackling Poverty and Social Injustice - UK		
	Unrestricted		
	Young People		
	Young People with Mental Health Problems	1,666	1,569
	Young People with Alcohol Problems	1,485	1,904
	Young People Abused through Prostitution and Trafficking	1,514	1,270
	Young Carers	1,000	1,000
	Previous Young People's Programmes	39	595
	Refugees and Asylum Seekers	1,388	2,418
	Domestic Violence	1,702	2,680
	Disadvantaged communities	498	706
	Older People	3,686	3,648
	Mental Health	2,462	2,546
	Other grants	568	616
	Cancellations	(315)	(941)
	Total Red Nose Day UK grants	15,693	18,011
	Sport Relief UK Grants	7,824	2,911
	Sport Relief cancellations	(99)	(30)
	Total Sport Relief grants	7,725	2,881
	Total UK grants - Unrestricted	23,418	20,892
	Restricted		
	Give it Sum		
	Total approvals	590	527
	Total cancellations	(28)	(36)
	Total UK grants - Restricted (note 21)	562	491
	Total UK grants (note 6a)	23,980	21,383

CHARITY PROJECTS
(better known as Comic Relief)

Notes to the financial statements
For the year ended 30 September 2007

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

	Red Nose Day £000	Sport Relief £000	Total 2007 £000	Total 2006 £000
Tackling Poverty and Social Injustice - International				
Unrestricted				
Street and Working Children and Young People	-	4,392	4,392	7,697
Disabled People	1,000	-	1,000	3,184
Education	-	3,000	3,000	-
Health	5,000	-	5,000	50
Pastoralists and Hunter Gatherers	2,643	-	2,643	2,116
People Affected by Conflict	2,588	2,798	5,386	3,662
People Living in Urban Slums	1,209	-	1,209	5,093
People Affected by HIV/AIDS	3,155	-	3,155	5,411
Trade	9,037	-	9,037	1,403
Women & Girls	8,032	-	8,032	4,051
Cancellations	(979)	(5)	(984)	(1,009)
Total International Grants – Unrestricted	31,685	10,185	41,870	31,658
Total International Grants – Restricted (Note 21)	250	1,000	1,250	1,313
Total International Grants (Note 6a)	31,935	11,185	43,120	32,971
Total Grants awarded – Unrestricted (Note 20)			65,288	52,550
Total Grants awarded -Restricted (Note 21)			1,812	1,804
Total Grants awarded (note 6a)			67,100	54,354

A full analysis of these grants is available from Charity Projects, 5th Floor, 89 Albert Embankment, London SE1 7TP, or on our website comicrelief.com.

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the year ended 30 September 2007

8. Staff	2007	2006
	Full time	Full time
	equivalent	equivalent
	N°	N°
The average weekly number of persons employed by the group during the year was:		
Fundraising	39	31
Operations	39	39
Education/Communications	21	23
Grant-giving	28	24
Red Nose Day staff team	25	4
Sport Relief staff team	11	24
Make Poverty History team	-	3
Overseas initiatives	3	-
	<u>166</u>	<u>148</u>
	2007	2006
	£000	£000
Staff costs for the above persons comprised:-		
Wages and salaries	5,112	4,337
Social security costs	527	438
Pension costs	452	403
	<u>6,091</u>	<u>5,178</u>
Agency staff	192	85
	<u>6,283</u>	<u>5,263</u>
The number of employees earning over £60,000 per annum, including taxable benefits, was:		
	2007	2006
	N°	N°
£60,001 - £70,000	-	2
£70,001 - £80,000	4	2
£90,001- £100,000	-	-
£100,001 - £110,000	1	1

Pension contributions made on behalf of the above totalled £93,327(2006: £71,408).

The remuneration, excluding pensions for Kevin Cahill, Chief Executive, was £106,277 (2006:£101,050)

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 113 (2006: 110) and the pension charge for the year was £0.5 million (2006: £0.4 million).

10. Trustees

Expenses of £400 were incurred in the year for 2 trustees (2006:£nil). Harbottle and Lewis LLP, a firm of solicitors in which Colin Howes is a partner, provided legal and professional services of £52,827 (2006: £40,951) to the group. Trustees received nil remuneration in the year (2006: £nil).

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the year ended 30 September 2007

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 subsidiary, Comic Relief Limited, donates to Charity Projects an amount under Gift Aid.

12. Intangible fixed assets - group

£000

Trademarks

Cost

At 1 October 2006	69
Creation of trademarks in year	6
	<hr/>
At 30 September 2007	75
	<hr/>

Amortisation

At 1 October 2006	24
Charged in the year	7
	<hr/>
At 30 September 2007	31
	<hr/>

Net book value

At 30 September 2007	44
	<hr/> <hr/>
At 30 September 2006	45
	<hr/> <hr/>

13. Tangible fixed assets

Group and charity

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost			
At 1 October 2006	1,120	867	1,987
Additions	47	253	300
Disposals in year	-	(106)	(106)
	<hr/>	<hr/>	<hr/>
At 30 September 2007	1,167	1,014	2,181
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 October 2006	709	751	1,460
Charged in the year	142	168	310
Disposals in year	-	(106)	(106)
	<hr/>	<hr/>	<hr/>
At 30 September 2007	851	813	1,664
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2007	316	201	517
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2006	411	116	527
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHARITY PROJECTS

(better known as Comic Relief)

Notes to the financial statements

For the year ended 30 September 2007

14.	Fixed asset investments	2007	2006
		£000	£000
	Group and charity		
a)	Absolute Return Trust for Charities	11,187	9,645
	Barclays Global Investors Commodities Note	3,336	3,000
	BlackRock Charinco	9,676	-
	Bridges Trust	358	-
	Charities Property Fund	6,384	6,325
	Fidelity FIF Managed International Fund	8,235	6,997
	J O Hambro UK Equity Income Fund	12,045	12,269
	Jupiter Income Trust	6,535	6,115
	Newton Overseas Equity Fund	7,984	7,080
	Payden & Rygel Global Fund	-	8,267
	Schroders Charity Equity Fund	865	851
	Portfolio cash	300	1,903
		<hr/>	<hr/>
		66,905	62,452
		<hr/> <hr/>	<hr/> <hr/>
b)	Reconciliation of opening and closing market value		
		2007	2006
		£000	£000
	Market value at 1 October 2006	60,549	44,095
	Additions at cost	10,500	39,832
	Disposals at opening market value	(8,303)	(25,086)
	Net unrealised investment gains	3,859	1,708
		<hr/>	<hr/>
	Market value of listed investments at 30 September 2007	66,605	60,549
	Portfolio cash	300	1,903
		<hr/>	<hr/>
	Market value of portfolio at 30 September 2007	66,905	62,452
		<hr/> <hr/>	<hr/> <hr/>
	Cost of listed investments at 30 September 2007	59,917	57,926
		<hr/> <hr/>	<hr/> <hr/>
c)	Reconciliation of movements in unrealised gains/(losses) on investment assets		
		2007	2006
		£000	£000
	Group and charity		
	Unrealised gains/(losses) at 1 October 2006	2,623	5,434
	Adjust: in respect of disposals in the year	206	(4,519)
		<hr/>	<hr/>
		2,829	915
	Net gains arising on revaluations in the year (note 14b)	3,859	1,708
		<hr/>	<hr/>
	Unrealised gains at 30 September 2007	6,688	2,623
		<hr/> <hr/>	<hr/> <hr/>

CHARITY PROJECTS (better known as Comic Relief)

Notes to the financial statements For the year ended 30 September 2007

14. Fixed asset investments (continued)

Charity

- d) The charity also holds unlisted investments costing £102 (2006: £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%

15. Current asset investments

	2007 £000	2006 £000
High interest bearing deposit account	54,995	52,115
Global Liquidity Funds – Charity Projects	52,721	34,930
Market value at 30 September 2007 - charity	107,716	87,045
Global Liquidity Funds - Comic Relief Limited	9,807	1,832
Market value at 30 September 2007 - group	117,523	88,877

16. Debtors

	2007		2006	
	Group £000	Charity £000	Group £000	Charity £000
Amounts due from subsidiary undertaking	-	12,077	-	3,826
Other debtors	1,764	1,133	953	101
Prepayments and accrued income	9,698	9,181	4,800	3,941
	11,462	22,391	5,753	7,868

CHARITY PROJECTS
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Notes to the financial statements
For the year ended 30 September 2007

17. Creditors		2007		2006	
	Group	Charity	Group	Charity	
	£000	£000	£000	£000	
(a) Amounts falling due within one year:					
Grants approved not yet paid	57,147	57,147	48,007	48,007	
Other creditors	309	203	324	184	
Taxation and social security	220	220	270	171	
Accruals and deferred income	985	704	1,017	681	
	<u>58,661</u>	<u>58,274</u>	<u>49,618</u>	<u>49,043</u>	

		2007		2006	
	Group	Charity	Group	Charity	
	£000	£000	£000	£000	
(b) Amounts falling due after more than one year					
Grants approved not yet paid	42,169	42,169	27,397	27,397	
	<u>42,169</u>	<u>42,169</u>	<u>27,397</u>	<u>27,397</u>	

18. **Members' liability**

The charity does not have a share capital and is limited by guarantee. In the event of the charity being wound up, the maximum amount which each member is liable to contribute is £1. There were 17 members at 30 September 2007 (2006: 15).

19. **Analysis of group net assets between funds**

	Restricted funds	Unrestricted funds		Total funds	
	£000	General	Designated	2007	2006
	£000	£000	£000	£000	£000
Fixed assets	-	561	66,905	67,466	63,024
Current assets	2,037	3,871	129,128	135,036	98,886
Current liabilities	(816)	(1,515)	(56,330)	(58,661)	(49,618)
Liabilities due after one year	-	-	(42,169)	(42,169)	(27,397)
Group net assets	<u>1,221</u>	<u>2,917</u>	<u>97,534</u>	<u>101,672</u>	<u>84,895</u>

CHARITY PROJECTS (better known as Comic Relief)

Notes to the financial statements For the year ended 30 September 2007

20. Unrestricted funds - Group

	Balance 1 October 2006	Incoming resources	Resources expended	Net investment gains	Transfers	Balance 30 September 2007
	£000	£000	£000	£000	£000	£000
General funds	1,486	17,633	(10,875)	-	(5,327)	2,917
Designated funds						
Grants	58,650	71,532	(65,288)	-	231	65,125
Other						
Investment Equalisation Fund	11,000	-	-	3,876	(3,876)	11,000
Comic Relief Foundation	10,833	-	-	-	8,576	19,409
Future Fund	2,000	-	(646)	-	646	2,000
	23,833	-	(646)	3,876	5,346	32,409
Designated funds – total	82,483	71,532	(65,934)	3,876	5,577	97,534
Unrestricted funds	83,969	89,165	(76,809)	3,876	250	100,451

Transfers from the General Fund include £646,000 in to the Future Fund and a balancing transfer of £4.7m in to the Comic Relief Foundation so that the balance on the General Fund at 30 September 2007 is set at £2.9 million in accordance with the reserves policy (page 9).

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. £3.9 million has been transferred to the Comic Relief Foundation so that the balance on the Equalisation Fund remains at £11 million.

The Future Fund received an initial transfer of £2 million in the last financial year. In 2006/7 £646,000 was spent against this fund and a corresponding transfer has been made from the General Fund to bring the balance back to £2 million.

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 had reached at least £20 million. £8.6million was transferred in to the fund at 30 September 2007.

CHARITY PROJECTS (better known as Comic Relief)

Notes to the financial statements For the year ended 30 September 2007

21. Restricted funds

Group and charity	Balance 1 October 2006 £000	Incoming resources £000	Resources expended £000	Transfers £000	Balance 30 September 2007 £000
Department of Health	-	250	-	(250)	-
DFID	-	218	(218)	-	-
Give It Sum Fund	926	126	(581)	-	471
The Hunter Foundation	-	1,000	(250)	-	750
Tubney Charitable Trust	-	1,000	(1,000)	-	-
Restricted funds	<u>926</u>	<u>2,594</u>	<u>(2,049)</u>	<u>(250)</u>	<u>1,221</u>

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.

A grant of £250,000 was received from the Department of Health as a contribution towards the National Elder Abuse study. DFID contributed £218,000 towards the costs of the Fair Trade and Development Awareness programmes.

Comic Relief manages the Robbie Williams Give It Sum fund in partnership with Robbie Williams and his team. Grants of £562,000 were awarded in the year.

The Hunter Foundation and Tubney Charitable Trust both contributed £1million to be used to fund specified International Grants. Grants of £1,250,000 were awarded in the year.

22. Commitments under operating leases	2007 £000	2006 £000
At 30 September 2007, the group had annualised operating commitments under non-cancellable operating leases expiring as follows:		
Land and buildings:		
Two to five years	299	254
Other:		
Two to five years	6	6
Total	<u>305</u>	<u>260</u>
23. Management of liquid resources - group	2007 £000	2006 £000
Purchase of current asset investments	28,646	-
Receipts from sales of current asset investments	-	13,294
	<u>(28,646)</u>	<u>13,294</u>

CHARITY PROJECTS
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Notes to the financial statements
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24. **Analysis of the changes in
net funds - group**

	At 1 October 2006 £000	Cash flows £000	At 30 September 2007 £000
Cash at bank and in hand	4,256	1,795	6,051
Current asset investments	88,877	28,646	117,523
Total	<u>93,133</u>	<u>30,441</u>	<u>123,574</u>