

Company Number: 197327
Charity number: SC O12302

SCOTTISH CATHOLIC INTERNATIONAL AID FUND
(COMPANY LIMITED BY GUARANTEE)

Financial Statements for the year ended
31 DECEMBER 2008

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Directors

His Eminence K. P. Cardinal O'Brien (Chairman)
Right Rev. P. A. Moran (President)
Most Rev M. J. Conti
Right Rev J. A. Mone
Right Rev. I. Murray

Secretary

McSparran McCormick, Solicitors

Chief Executive

Paul Chitnis B.A. (Hons.)

Registered Number

197327 (Scotland)

Registered Office

19 Park Circus
Glasgow
G3 6BE

Bankers

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

Bank of Scotland
Gordon Street
Glasgow
G1 3RS

Auditors

Grant Thornton UK LLP
95 Bothwell Street
Glasgow
G2 7JZ

Solicitors

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

Investment Managers

Newton Investment Management Ltd.,
2 Festival Square
Edinburgh
EH3 9SU

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

Scottish Catholic International Aid Fund ("SCIAF") is a company limited by guarantee, incorporated in Scotland (registration number 197327), and is also a Scottish charity registered with the Office of the Scottish Charity Regulator (charity reference number SC012302).

STRUCTURE, GOVERNANCE, AND MANAGEMENT

Directors

SCIAF is the official international aid and development agency of the Catholic Church in Scotland. Its directors are members of the Catholic Bishops' Conference of Scotland, and are nominated and recruited from that body. Through their membership of the Bishops' Conference they already have considerable knowledge and understanding of the role and activities of SCIAF, and on appointment receive full grounding, including induction visits to SCIAF, briefings from the Board and the Chief Executive, and the opportunity to visit partner organisations in SCIAF's areas of work.

Details of the Directors who served during the year are recorded on Page 1. No new directors were appointed during the year.

The Directors oversee alignment between SCIAF's vision, mission, and values, and its operational activities, by approving strategy, structure, annual work-plans and budgets, and by ensuring the organisation is accountable and effective. Regular meetings of the Board were held during the year, at which the Corporate Leadership Team (formerly the Senior Management Team) reported on progress against plans and budgets.

The Chief Executive and senior management have responsibility for the day to day management of the organisation, and the implementation of plans. This includes evaluation and monitoring of development grants, support for overseas partners, fundraising, education and advocacy.

During 2008, the chairman of the Board together with the Chief Executive visited projects in Cambodia which SCIAF supports.

Risk Management

The Directors have adopted a structured approach to risk management. A major review of the risk management structure was undertaken in 2007 and its effectiveness is monitored on an ongoing basis. Responsibility for identifying and mitigating major risks lies with the Board and Senior Management.

Major risks considered include those relating to financial matters, both in respect of SCIAF's income and internal controls, and those relating to grant awards to partners overseas; risks to reputation resulting in loss of public or institutional support; risks to SCIAF's physical and I.T. infrastructure and to its staff. While it is never possible to ensure total immunity from such risks, the directors and senior management believe that measures taken should reduce such risks to acceptable levels.

Mission Statement

Inspired by the Gospel call to build a just world, SCIAF challenges injustice by strengthening poor and oppressed people, and stimulating the Scottish public to share in our common struggle for human dignity.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

Objectives

SCIAF was created by the Catholic Bishops of Scotland in 1965 as an expression of the Catholic Community's concern for the desperate poverty of people in developing countries.

Central to SCIAF's remit, from its earliest days, has been the need to inform and educate people in Scotland about the causes of global poverty and encourage them to take action.

The objectives set out in SCIAF's Memorandum and Articles of Association are standard charitable objectives to enable SCIAF to undertake the full range of charitable activities including the relief of poverty, advancement of education, and the relief and prevention of sickness, disease, and physical and mental disability, anywhere in the world.

In respect of our overseas grants, SCIAF supports non-governmental organisations in many of the most deprived countries in the world. SCIAF gives priority to initiatives which focus on the needs and aspirations of people experiencing the most extreme forms of poverty and oppression. We seek to provide integrated human development programmes which aim to be effective and self-sustaining in the long term. We provide financial and technical support primarily to communities, with a strong emphasis on a partnership approach to programme design, implementation and organisational and programme development.

SCIAF does not support large infrastructure programmes where this is the sole or major component of a request. Neither do we support projects involving pastoral work/religious activity where there is no direct developmental orientation. Our preference is to support projects which require a contribution by beneficiaries, and which assist them towards self-reliance.

In 2008, SCIAF undertook a major review of its overseas activities to ensure that we are maximising the positive impact of our international work. Following the review, key principles were adopted to improve the focus of the organisation's development programmes. These included the formalisation of Guiding Principles, adopting a Rights-Based Approach, taking an organisational approach to addressing climate change, and targeting SCIAF's work using key themes (HIV and AIDS; livelihoods; peacebuilding and access to justice) and six cross-cutting issues (climate change, the environment, inclusion, disability, gender, and HIV and AIDS). The implementation of the key principles will continue to be rolled out in 2009. To further increase the impact of SCIAF's work and concentrate more resources on the key themes above, the Board approved a reduction in the number of countries where SCIAF works, from 19 to 16, and in the number of partners which SCIAF funds, from 85 to 60.

SCIAF also provides grants for organisations in the UK and overseas which help to educate and raise awareness of the underlying causes of poverty and advocate for change.

SCIAF's principal activities during the year under review were supporting development partners and their programmes to help communities in Africa, Asia and Latin America; becoming a more effective advocate for economic justice; and increasing SCIAF's profile in Scotland.

The three main objectives for 2008 were:

- To become more effective at working in partnership with poor communities
- To be an effective advocate for economic justice
- To increase SCIAF's profile in Scotland and deepen our engagement with the public.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

Achievements and performance

Working in partnership with poor communities overseas

It is calculated that SCIAF's international work alleviating poverty and injustice in developing countries brings a direct benefit to 360,000 people annually, with indirect beneficiaries, including families, extending the agency's impact to 4.5 million people.

SCIAF became a full member of the Joint Office in Addis Ababa in Ethiopia in 2008 with sister agencies CAFOD (England and Wales) and Trocaire (Ireland). SCIAF's Ethiopian partners, whose main focus is support for people who struggle to find a secure source of food, are now part of the joint programme. This will have a much greater impact on alleviating poverty than SCIAF could achieve alone.

Ethiopia: Food Crisis

Thousands of women and children were caught up in a food crisis in southern and western Ethiopia in 2008. Failed crops and high food prices meant emergency food aid was needed for up to 4.5 million and 75,000 children were severely malnourished. With staff from our joint office in Addis Ababa, SCIAF contributed to an initial £618,000 response from Catholic aid agencies operating in Ethiopia. Through the Ethiopian Catholic Church SCIAF helped support feeding centres for malnourished children and nursing mothers.

In 2008 SCIAF opened its first ever overseas office, in Juba, Southern Sudan. In a country left devastated by 40 years of civil war, a SCIAF office with three staff has enabled us to develop more effective local partnerships and increase the impact of our work. It includes vocational skills training for young people, learning opportunities for women, community education on domestic violence, and mobility aids and training for people with disabilities.

A review of our overseas programmes began in 2008. By modernising SCIAF's approach to international development, building the capacity of our overseas partners, and placing a greater emphasis on measuring the impact of our work, the review has laid the foundations for improving SCIAF's impact and effectiveness in the coming years.

In 2008, International Programmes staff undertook field visits to India, Myanmar (Burma), Cambodia, Indonesia, Laos, Sri Lanka, Thailand, Sudan, Democratic Republic of Congo, Burundi, Zambia, Uganda, Ethiopia and Malawi, Brazil, Colombia, the Dominican Republic and Haiti to develop proposals with partners and monitor projects funded by SCIAF.

Jayabal's Story: Carving out a Living in Rural India

With no skills or a proper education, 25-year-old Jayabal thought he was destined to life as an unskilled labourer, earning £1.25 a month. His parents were labourers and struggled to bring up their three children. In rural India many young people are forced leave school early to get a job and support their family. SCIAF helped Jayabal and 63 other young people from Tamil Nadu access training. Jayabal undertook an eight-month apprenticeship in carpentry. Now he earns £62.50 a month as a skilled craftsman, his elderly parents no longer need to work, and he employs two assistants who are training to be carpenters so they can run businesses of their own one day.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

SCI AF received £1,071,334 from institutional donors in 2008, and awarded a total of £4,204,122 in development grants to our partners overseas.

Responding to emergencies

SCI AF raised £851,469 during the year for emergency work in India, Sri Lanka, Bangladesh, Indonesia, Kenya, the Democratic Republic of Congo (DR Congo), Ethiopia, Sudan, Peru, Nicaragua and Haiti. Donations came from individuals, parishes and communities across Scotland and a grant of £50,000 from the Scottish Government for the DR Congo. The money helped nearly 300,000 direct beneficiaries in 11 countries.

The DR Congo: Helping People Fleeing Violence

Over 250,000 civilians fled their homes when fresh fighting between rebel forces and the Congolese government erupted in the eastern province of North Kivu late in 2008. The long-running conflict has led to widespread poverty and an epidemic of sexual violence in the region. As part of the Caritas Internationalis network of 162 Catholic international aid and development agencies, SCI AF supported Caritas DRC in North Kivu, whose staff distributed medicines, temporary shelters, blankets, and hygiene packs to 150,000 people. The Scottish public donated £65,000 to SCI AF's appeal which helped supply 32 local health organisations with medical supplies, and support women survivors of rape.

Advocating for economic justice

A highlight of 2008 was the successful outcome of our campaign for a fairer deal for Zambia from its vast copper resources. SCI AF research found that it was reaping few benefits, while Scottish-based investors gained from shares in some of Zambia's biggest mining companies. By putting pressure on investors, SCI AF persuaded Zambia's largest mining company to accept a new tax regime announced by the Zambian government in January. In April the company told SCI AF it would accept the new regime. Additional revenues were estimated at US\$415 million a year – equivalent to 200% of Zambia's healthcare budget.

A major SCI AF campaign on sexual violence in the DR Congo was launched in 2008. In some areas of the DRC an estimated 70 per cent of women are raped. The root causes are complex and interlinked, and include conflict, lawlessness, a culture of impunity, and the exploitation of rich natural resources. SCI AF's report analysed the causes and recommended how the international community could do more to tackle the root causes and provide better support to women and girls subjected to rape and sexual violence. The report and campaign were launched with a major feature in a national newspaper and the premier in Edinburgh of a related film. Over 2,000 SCI AF campaigners contacted the UK Government, bringing the issue to the attention of senior government representatives.

Aimerance's Story: Sexual Violence in the DR Congo

When Aimerance was 23 years old, armed rebels attacked her village in the middle of the night. Her husband and two of their seven children were tortured and killed. Aimerance was held prisoner in the forest for two years where she was beaten, tortured and repeatedly raped. She eventually escaped. Through SCI AF's local partner Aimerance and many other women receive counselling to help them recover emotionally. SCI AF's partners also provide medical treatment for rape survivors, support children who have been born of rape, and provide training and loans so that survivors can start a business and earn an income. SCI AF also funds lawyers who offer free legal services to the survivors of rape so that they can bring their attackers to justice.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

The Lent campaign in 2008 introduced climate change as a key issue for SCIAF. The world's poor and marginalised people are being affected first and hardest by climate change, despite having done least to cause it. The focus of the Lent campaign was the Scottish parliament's climate change bill. As one of the first countries to put such legislation in place, there is a real opportunity for Scotland to lead the world with an ambitious piece of legislation. Nearly 3,000 SCIAF supporters contacted their MSPs. The draft bill contained a number of world-leading elements.

Vernia's Story: Poverty & Climate Change in Haiti

Vernia lives in Mombin Crochu village, among the steep, stony hills of north-east Haiti - the poorest country in the Western Hemisphere. Climate change means that cyclones, floods and landslides are more frequent and severe. Deforestation has left Vernia's farmland unprotected from the wind and rain which washes away precious topsoil and crops. SCIAF is helping small-scale farmers adapt to the changing climate. By planting trees on hillsides to bind the soil, and using pineapple and sugarcane to create 'living barriers' between more vulnerable crops, Vernia's vital food supply and soil are protected. Vernia and her family now have enough to eat and enjoy a healthy, varied diet. By selling the surplus, Vernia earns enough to send her children to school and pay for healthcare.

Throughout the year SCIAF contributed to key campaign networks. Staff served on the boards of the Trade Justice Movement, Scottish Fair Trade Forum, and NIDOS (the network of international development organisations in Scotland). SCIAF played a full role in CIDSE, Jubilee Scotland, Global Call to Action against Poverty and Stop Climate Chaos Scotland.

The number of SCIAF campaigners rose from over 19,000 to nearly 22,000. Not only has the number of SCIAF campaigners grown, so has the level of sophistication of campaigning. Climate change campaign postcards were segregated into political constituencies, allowing targeted pressure to be applied to individual MSPs by their constituents. Lobby training was held for key campaigners to help them engage more effectively with their representatives.

Increasing SCIAF's profile in Scotland

SCIAF's WEE BOX, BIG Change Lent campaign, now in its third year, generated £880,673 in 2008. Resources highlighting SCIAF's work in northern Uganda and encouraging individuals, schools, parishes and communities to fundraise for SCIAF went out to over 100,000 people. New supporters were recruited through radio and press advertising, social networking sites, a bespoke WEE BOX website, and media coverage.

SCIAF's two other annual fundraising appeals, Real Gifts and the traditional Christmas appeal, generated more income than in 2007. The traditional Christmas appeal, which invited messages of goodwill for the people of Sudan (some of which was read out on a Sudanese radio station), raised £91,000 and generated 1,600 messages of goodwill and prayer.

Myanmar (Burma): Cyclone Nargis

On 2nd May 2008 a devastating cyclone hit Myanmar leaving at least 138,000 dead and many thousands stranded, following the destruction of homes, possessions and livelihoods. Landless labourers and fishermen were among the worst affected. Freshwater ponds were contaminated with salty seawater, destroying crops and leaving people with little to drink. In the immediate aftermath of the disaster, SCIAF worked with local partners in the country to ensure that life-saving emergency aid went to more than 65,000 people. SCIAF's supporters raised £167,273 following an emergency appeal and SCIAF continues to help local communities reconstruct their homes and livelihoods.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

The number of new supporters recruited in 2008 was 4,889. SCIAF now has 150 parish contacts promoting SCIAF's work and fundraising activities in churches across Scotland, up from 70 in 2007.

SCIAF continued to develop and strengthen relationships with young people across Scotland with face-to-face contact with over 175 schools through the course of the year.

2008 saw the release of *Citoyens Du Monde (Citizens of the World)*, a multi-media French teaching resource for secondary school teachers, based on the lives of young people in the DR Congo. The marketing and promotion of SCIAF's schools resources was stepped up with a new schools resource catalogue, media coverage, advertising in the national and specialist press, and attendance at a range of national conferences.

The DR Congo's Young People 'Given A Voice' in Scottish Schools

The new resource *Citoyens Du Monde – La Vie en RDC (Citizens of the World – Life in the DRC)* is part of SCIAF's drive to champion global citizenship in Scottish schools and has been specially designed to support *A Curriculum for Excellence*. It comprises a web-based video wall of young Congolese teenagers talking about their lives and aspirations, an interactive online blog enabling young Scottish students to ask questions and hold discussions with a young person in the DR Congo, and a 60-page teachers' pack including background on the DR Congo, lesson ideas, fact sheets and a DVD-ROM.

To enable SCIAF to target its resources and attract new audiences over the coming years, a new Marketing Strategy was produced in 2008 to be implemented during 2009. The strategy includes organisational brand guidelines, key messages, and frequently asked questions.

SCIAF's youth website (www.sciafyouth.org.uk) was enhanced with new videos, photo galleries and interactive content. The main SCIAF website (www.sciaf.org.uk) received a major overhaul and was re-launched with a design reflecting our modern corporate identity, together with new and interactive content to drive visitors to donate, reflect on international issues, and join us in our work for a just world.

The circulation of SCIAF's *Review* magazine grew to over 37,000 and is the main vehicle for communicating the effectiveness of our work to supporters. SCIAF's public profile was raised throughout the year through media coverage, including 50 news/feature articles in UK and Scottish national media, over 300 Scottish regional and local press pieces, and 99 articles in the UK and Scottish Catholic press.

RESERVES POLICY AND FINANCIAL POSITION

The Board of Directors reviews SCIAF's reserves policy annually and monitors the level of reserves and the financial position each quarter. Restricted reserves are generated when the supporter or donor organisation stipulates the area of activity in which the income has to be spent (for example where funds are sent in, in response to a particular emergency or for a particular project overseas). At the end of 2008, restricted funds held amounted to £2,077,136 (2007 £1,569,520).

Unrestricted funds are generated when there is no such stipulation. At the end of 2008, SCIAF had £4,548,676 (2007 £6,395,128) in unrestricted funds. As detailed in note 11, the Board has a policy to set aside contingency reserves based on its expectation of the likelihood and impact of financial risks. These are to ensure, that, in the wake of significant unexpected events, SCIAF can continue to respond rapidly to emergencies, can meet its planned future commitments to current projects, and continue its operations. In accordance with this policy the Board has set the level of the Operational Reserve Fund at £1,000,000. This reserve was fully funded. Details of other specific reserves appear in note 11a to the accounts.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

£1,491,935 forms a general fund that the Board intends to spend on SCIAF's work over the next 3 to 4 years. The continuing growth in income over the past few years will enable SCIAF to direct more funds where they are most needed, but our concern to make sure that these funds are spent wisely has resulted in a longer period for consideration and evaluation before sums are committed for new projects and other work. With this delay in mind, and as part of our general strategic plan, there continue to be a number of changes in our operations, and our staff capacity has been and is being increased.

The net outgoing resources before other gains and losses is £870,090 (2007 £871,097). The deficit is consistent with the Boards decision to draw down on reserves.

The Charity held funds amounting to £3,092,051 in Kaupthing Singer & Friedlander Limited at the year end, which subsequently went into administration after the year end. Subsequent to the year end the entire sum had been received by the Charity from the Financial Services Compensation Scheme ("FSCS").

Investment Policy

SCIAF's investment policy was developed by the Board of Directors to enable SCIAF to maximise the potential income from funds held at any time, while minimising the risk of loss of value. Funds are split between interest bearing current accounts, and medium term stock exchange investments. The latter are managed for SCIAF by Newton Investment Management Ltd, and investments are required to meet strict ethical guidelines, consistent with the work and beliefs of SCIAF. At the end of 2008, the funds invested had a market value of £2,809,030 after deduction of management charges, and with full refund of income received. The directors, recognising that the value of unrealised investments has fallen, do not propose to realise the current portfolio but instead expect to maintain the investment portfolio until there is a recovery in the investments market.

Statement of the Directors' Responsibilities

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

Company and charity law requires the trustees to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources of the company, including its income and expenditure, for that period.

In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Conclusion

The consolidation of the SCIAF infrastructure and operations reported last year has continued during 2008 with a number of key staff changes and appointments and the commencement of a major review of SCIAF's International strategic operations.

SCIAF continues to expand it's reach throughout Scotland and beyond, raising awareness and encouraging maximum participation in our work, while working with partner organisations overseas to reduce the inequality and underlying causes of poverty and deprivation.

This report could not conclude without expressing our thanks to the thousands of people who have supported our efforts during the past year, and in particular our appreciation to the committed and hard working management, staff and volunteers in SCIAF whose dedication and hard work are the bedrock on which SCIAF is built.

On behalf of the Board

Rt. Rev. P.A. Moran
President
8 September 2009

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF
SCOTTISH CATHOLIC INTERNATIONAL AID FUND**

We have audited the financial statements of the Scottish Catholic International Aid Fund for the year ended 31 December 2008, which comprise the statement of financial activities, the balance sheet, the cash flow statement, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with section 235 of the Companies Act 1985, and to the company's directors, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report 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 charity's financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

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 Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

In addition we report to you if, in our opinion, any information contained in the statement of account is inconsistent with the Directors' Report, the charity has not kept proper accounting records, if the charity's statement of account is not in agreement with these accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the financial statements and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 charity's circumstances, 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.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF
SCOTTISH CATHOLIC INTERNATIONAL AID FUND**

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 the charity's affairs as at 31 December 2008 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 December 2008

**GRANT THORNTON UK LLP
REGISTERED AUDITORS**

Glasgow

8 September 2009

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

Year ended 31 December 2008

	Note	Unrestricted Funds £	Restricted Funds £	2008 Total £	2007 Total £
INCOMING RESOURCES					
From Generated Funds					
- Voluntary Income					
Lenten Income		590,667	-	590,667	625,588
Individual Donations		2,239,121	794,389	3,033,510	2,890,135
Legacies		816,890	-	816,890	688,572
Total Voluntary Income		3,646,678	794,389	4,441,067	4,204,295
Activities for generating funds					
Sale of goods & resources		73,323	-	73,323	13,507
Investment Income/Bank Interest		344,655	57,080	401,735	424,617
From charitable activities					
Institutional Funding-Overseas Relief and development	2	89,513	981,821	1,071,334	1,265,963
TOTAL INCOMING RESOURCES		<u>4,154,169</u>	<u>1,833,290</u>	<u>5,987,459</u>	<u>5,908,382</u>
RESOURCES EXPENDED					
Costs of Generating Funds					
Fundraising and Advertising		771,937	-	771,937	594,495
Cost of sales and related costs		7,938	-	7,938	3,069
Cost of managing investments		18,049	-	18,049	16,618
Costs of Charitable Activities					
Overseas Relief and Development		3,803,707	1,299,674	5,103,381	5,413,704
Information and Education		396,608	-	396,608	372,934
Advocacy and Communication		486,470	26,000	512,470	352,456
Costs of Governance					
		47,966	-	47,966	26,203
TOTAL RESOURCES EXPENDED	4	<u>5,532,675</u>	<u>1,325,674</u>	<u>6,858,349</u>	<u>6,779,479</u>
<i>Net incoming resources before transfers</i>					
		(1,378,506)	507,616	(870,890)	(871,097)
Transfers between funds	11c	-	-	-	-
<i>Net incoming resources before other gains and losses</i>					
		(1,378,506)	507,616	(870,890)	(871,097)
Gains/Losses on investment assets		(100,569)	-	(100,569)	(2,117)
Movement in investment valuation		(367,377)	-	(367,377)	-
<i>Net movement in funds</i>					
		(1,846,452)	507,616	(1,338,836)	(873,214)
Total funds brought forward		6,395,128	1,569,520	7,964,648	8,837,862
Total funds carried forward		<u>4,548,676</u>	<u>2,077,136</u>	<u>6,625,812</u>	<u>7,964,648</u>

Total recognised gains and losses

The company has no recognised gains or losses other than those shown above for the current and previous periods. The notes on pages 15 to 23 form part of these financial statements. All amounts relate to continuing operations.

BALANCE SHEET
As at 31 December 2008

	Note	2008	2007
		£	£
Fixed Assets			
Tangible assets	7	466,435	461,390
Investments	8	2,809,030	3,295,130
		<u>3,275,465</u>	<u>3,756,520</u>
Current Assets			
Debtors		185,852	376
Prepayments and accrued income		390,113	625,337
Cash on deposit and on hand		5,181,469	5,891,127
		<u>5,757,434</u>	<u>6,516,840</u>
Current liabilities: amounts falling due within one year	9	2,407,087	2,308,712
		<u>3,350,347</u>	<u>4,208,128</u>
Net Current Assets		<u>3,350,347</u>	<u>4,208,128</u>
Net Assets		<u>6,625,812</u>	<u>7,964,648</u>
Reserves:			
Unrestricted Reserves	11	4,548,676	6,395,128
Restricted Reserves	11	2,077,136	1,569,520
		<u>6,625,812</u>	<u>7,964,648</u>

Approved and authorised for issue by the Board of Directors on
signed on its behalf by

2009 and

Rt Rev Peter Moran (President)-DIRECTOR
8 September 2009

The notes on pages 14 to 23 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 2008

	Notes	2008 £	2007 £
Net cash inflow from operating activities	1	(1,443,929)	(1,136,462)
Return on Investments and servicing of finance	2	401,735	424,617
Capital expenditure	2	(52,995)	(33,634)
Management of liquid resources	2	385,531	(483,502)
		<u> </u>	<u> </u>
Decrease in cash in the period		(709,658)	(1,228,981)
Net cash resources at 1 January		5,891,127	7,120,108
		<u> </u>	<u> </u>
Net cash resources at 31 December		5,181,469	5,891,127
		<u> </u>	<u> </u>

1. Reconciliation of operating surplus to net cash inflow from operating activities

	2008 £	2007 £
Operating deficit	(1,338,836)	(873,214)
Depreciation charges	47,950	46,557
Gain/loss on disposal of fixed assets	-	-
Gain/loss on investment assets	100,569	2,117
Investment Income	(401,735)	(424,617)
(Increase)/Decrease in debtors	49,748	(354,159)
Increase in creditors	98,375	466,854
	<u> </u>	<u> </u>
Net cash outflow	(1,443,929)	(1,136,462)
	<u> </u>	<u> </u>

2. Analysis of cash flows for headings netted in the cash flow statement

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	401,735	424,617
Interest paid	-	-
	<u> </u>	<u> </u>
	401,735	424,617
	<u> </u>	<u> </u>
Capital expenditure		
Purchase of tangible fixed assets	(52,995)	(33,739)
Proceeds of disposal of tangible fixed assets	-	105
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	(52,995)	(33,634)
	<u> </u>	<u> </u>
Management of liquid resources		
Purchase of investments	(454,082)	(935,405)
Proceeds on disposal of investments	857,662	468,521
Management fees	(18,049)	(16,618)
	<u> </u>	<u> </u>
	385,531	(483,502)
	<u> </u>	<u> </u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. Accounting Policies

Accounting convention

The financial statements are prepared under the historical cost convention, (which ignores the effect of inflation or revaluation (except for investments) and deals with original costs to SCIAF only), and in accordance with the Companies Act 1985 and the Statement of Recommended Practice for Charities 2005 and Charities Accounts (Scotland) Regulations 2006.

Investments and Investment Income

Investments, which are subject to the Charities and Investment (Scotland) Act 2005, have been included in the Balance Sheet at market value. The annual movement in the market value is treated as an unrealised gain or loss and is incorporated within the General Unrestricted Fund.

The investment objective is to achieve a balanced return from income and capital growth over the long term subject to ethical criteria agreed by the Board. The portfolio is managed by Newton Investment with a medium risk approach.

Income from investments is credited to the statement of financial activities in the year in which it is due to be received.

Incoming resources

Voluntary income and donations are included in the accounts as income, when they are considered receivable, in accordance with the Statement of Recommended Practice for Charities 2005. As a consequence, legacies are included when the charity is advised by the personal representative of an estate that payment will be made and when the amount involved can be quantified.

Resources expended

Revenue Expenditure is included in the Statement of Financial Activities in the year in which the liability is incurred and is inclusive of any VAT, which cannot be recovered.

Governance Costs

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements

Grant income and expenditure

Grant income from institutional funders is included in the accounts in the year to which the income relates. Expenditure on grants is included when the recipients have met SCIAF's conditions for payment. Where grant agreements have been completed with partner organisations, SCIAF recognises commitments in respect of the next tranche of each grant, by charging the statement of financial activity with that commitment, and showing the sum due as a creditor.

Allocation of resources expended

Expenditure incurred, which relates directly to any one cost category, is allocated directly to that category. Expenditure, common to more than one cost category, is apportioned on a reasonable and consistent basis to the categories involved, in accordance with the Statement of Recommended Practice for Charities, the industry standard, recognised and approved by the Accounting Standards Authority. Allocation to the cost categories is proportional to the number of full time equivalent staff involved in each section. No apportionment applies to the costs of governance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting Policies (cont'd)

Pensions

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

Tangible fixed assets

Fixed assets, incorporated at cost, have been depreciated at the following rates to write off assets over their estimated useful life.

Buildings	-	2% on reducing balance
Fixtures and fittings	-	25% on reducing balance
Computer equipment	-	50% on reducing balance
Motor vehicles	-	25% on reducing balance

Expenditure is capitalised, where appropriate, at a value of over £500.

Cost of generating Funds

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

Taxation

The company is a recognised Charity and in accordance with established laws and concessions there is no liability to pay tax on any surplus or income.

2. Grant Income restricted

SCIAF wishes to gratefully acknowledge the generous help and continued support of the following donors, as well as those who supported our emergency appeals, during 2008.

	2008	2007
	£	£
Department for International Development		
HIV.-Aids Advocacy	18,042	34,388
Development awareness	-	40,970
European Commission		
India (Block Grant-2 projects)	-	66,628
India	125,413	74,006
Sudan	-	179,864
Burma	129,610	-
Big Lottery Fund		
1G/1/010089512 Uganda	-	14,698
1G/1/010139337 Sudan	109,559	40,000
Comic Relief		
Uganda	375,281	150,000
Tanzania	-	54,000
India	41,848	17,716
Ethiopia	98,342	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

	2008 £	2007 £
Scottish Executive		
Sudan	70,000	285,000
Fair Trade Forum-Scotland	-	60,000
Tanzania	40,212	-
Zambia	225,838	-
States of Guernsey		
Burma	-	13,458
D R Congo	29,950	-
Philip Henman Trust		
Sudan	-	5,000
Private Donor		
D R Congo	102,049	-
Adjustments for accruals and deferrals at start and end of year	<u>(294,810)</u>	<u>230,235</u>
Total Institutional Funding	<u>1,071,334</u>	<u>1,265,963</u>

Note:

In the accounts to the 31 December 2006 it was stated that the following Grants had been received from the Big Lottery:
1G/1/010089512 Uganda £127,943 and 1G/1/010139337 Sudan £133,581.

This should have read £50,935 and £136,916 respectively both being Restricted Funds. SCIAF wishes to apologise to the Big Lottery for this error.

3. Grant expenditure

Grant expenditure represents grants paid or approved to partner organisations responding to a wide range of humanitarian needs in the communities in which they work The major recipients of grants (those over £50,000) in 2008 were:-

	2008 £	2007 £
AFRICA		
Ethiopia		
Integrated Holistic Approach – Urban Development Project	-	-
Joint Office with Cafod and Trocaire-for distribution to partners	198,438	160,000
Kenya		
Diocese of Lodwar	-	58,891
Sudan		
Sudan Catholic Bishop's Regional Conference	-	50,000

**NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008**

	2008	2007
	£	£
Uganda		
Kamwokya Christian Caring Community	225,968	243,323
Kitovu Health Centre	-	36,647
Aids Widows and Orphans Family Support	-	50,887
Tanzania		
Archdiocese of Arusha- Health Dept.(AAIDRO)	-	171,013
Rwanda		
Commission Episcopale Justice et Paix	68,224	66,541
Democratic Republic of Congo		
Halt Sida	-	54,581
Codilusi	132,238	135,215
ASIA		
Burma		
Jesuit Refugee Service Thailand	207,246	-
Cambodia		
Caritas Cambodia	-	63,965
DPA	53,344	-
India		
Association for People with Disabilities	178,060	106,249
Prakruthi	-	40,585
Outreach	-	103,249
Gram Vikas	51,483	48,477
ORGANISATION GRANTS-International		
Jesuit Refugee Service –for projects in Burundi, Democratic Republic of Congo, Sudan, Tanzania, and Zambia.	479,131	517,693
Sudan		
CAFOD-Humanitarian Relief in Darfur	-	506,000
Jesuit Refugee Service Eastern Africa	100,000	-
Pakistan		
Caritas Pakistan-re Kashmiri Earthquake Victims	-	345,552
Indonesia		
Catholic Relief Services – Seapro	-	193,237
Caritas Czech	74,850	-
Chad		
Caritas Chad	-	55,629

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

	2008 £	2007 £
Burma		
CBCM/Australia	100,000	-
Sri Lanka		
Caritas Sri Lanka	450,000	-
India		
Speech	60,390	-
Other grants less than £50,000 paid in year	1,824,750	1,606,618
Total Grant Expenditure	<u>4,204,122</u>	<u>4,614,412</u>

Other SCIAF grants were paid to projects in Burundi, Laos, Brazil, Columbia, El Salvador, Nicaragua, Haiti, Kenya, Tanzania and Zambia.

4. Expenditure

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

Direct Support Costs include essential integral staff related costs including recruitment, training and travel. Indirect costs are the common or shared costs of the organisation such as property running and maintenance costs, telephone, IT, and stationery, postage and printing costs. These are allocated between the various expenditure categories in proportion to the number of full time equivalent staff involved in the activities of each section. The following provides a breakdown of these costs.

	<u>Total Costs</u> £	<u>Direct Costs</u> £	<u>Direct Support</u> £	<u>Indirect Support</u> £
Costs of Generating Funds				
Fundraising and Advertising	771,937	347,505	224,716	199,716
Costs of sales and related costs	7,938	7,938	-	-
Costs of managing investments	18,049	18,049	-	-
Costs of Charitable activities				
Overseas Aid and Development	5,103,381	4,387,695	417,929	297,757
Information and Education	396,608	84,251	170,742	141,615
Advocacy and Communication	512,470	241,258	184,066	87,146
Governance	47,966	47,966	-	-
Total	<u>6,858,349</u>	<u>5,134,662</u>	<u>997,453</u>	<u>726,234</u>

Direct Costs include the following grant payments

Overseas Aid and Development	£4,055,457
Advocacy and Communication	£26,000

Governance Costs comprise

Costs of Board Meetings and Overseas Travel	£ 2,469
Consultancy Fees	£32,371
Audit Fees	£13,126

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

5. Deficit for the Year

	2008 £	2007 £
The deficit of expenditure over income is stated after charging		
Depreciation – owned assets	47,950	46,557
Auditors' remuneration	13,126	7,494
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>
Directors' expenses-costs incurred by directors relating to visits and meetings attended on SCIAF's behalf	2,469	2,423
	<u> </u>	<u> </u>

6. Costs of Employment

SCIAF employs directly 38 FTE's in 2008 and these costs represent the essential costs of retaining staff to manage and implement our development and humanitarian work overseas; and our campaigning, education and fundraising work in Scotland. SCIAF also benefits from the services of many volunteers, both working within the office, and visiting schools and parishes throughout Scotland.

	2008 £	2007 £
Wages and salaries	959,145	826,754
Social security costs	92,314	77,059
Other pension costs	50,801	49,557
	<u> </u>	<u> </u>
	1,102,260	953,370
	<u> </u>	<u> </u>

One employee received remuneration over £60,000 in 2008 (and 2007), pension contributions in respect of this employee amounted to £5,776 (2007 £5,776).

The analysis of staff numbers, including part time staff is as follows:

Staff numbers	No.	No.
Management	3	4
Overseas Project support	14	10
Education and information	6	5
Advocacy and campaigning	4	3
Costs of generating funds	7	7
Administration and finance	9	9
	<u> </u>	<u> </u>
	43	38
	<u> </u>	<u> </u>
Full time equivalent	38	34
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

7. Tangible Fixed Assets	Heritable property	Fixtures and fittings	Computer equipment	Motor vehicles	Totals
Cost:	£	£	£	£	£
At 1 January 2008	484,450	87,994	142,279	17,784	732,507
Additions	-	920	20,498	31,577	52,995
Disposals	-	-	-	-	-
At 31 December 2008	<u>484,450</u>	<u>88,914</u>	<u>162,777</u>	<u>49,361</u>	<u>785,502</u>
Depreciation:					
At 1 January 2008	80,417	69,271	113,649	7,780	271,117
Charge for the year	8,081	4,911	24,563	10,395	47,950
At 31 December 2008	<u>88,498</u>	<u>74,182</u>	<u>138,212</u>	<u>18,175</u>	<u>319,067</u>
Net Book Value					
At 31 December 2008	<u>395,952</u>	<u>14,732</u>	<u>24,565</u>	<u>31,186</u>	<u>466,435</u>
At 31 December 2007	<u>404,033</u>	<u>18,723</u>	<u>28,630</u>	<u>10,004</u>	<u>461,390</u>

8. Investments

	2008 £	2007 £
Valuation at 1 January 2008	3,295,130	2,813,745
Acquisitions	454,082	935,405
Disposals	(572,805)	(403,812)
Market valuation movement in the year	<u>(367,377)</u>	<u>(50,208)</u>
Valuation at 31 December 2008	<u>2,809,030</u>	<u>3,295,130</u>

All of the investments are held for unrestricted charitable purposes, are listed and are included at market value. The closing valuation includes cash uninvested held within the portfolio of £53,548.

9. Current liabilities: amounts falling due within one year

	2008 £	2007 £
Trade creditors	83,945	59,817
Approved development grants	1,894,543	1,768,815
Social security and other taxes	-	23,611
Deferred Income	379,319	117,989
Accrued expenses	49,280	338,480
	<u>2,407,087</u>	<u>2,308,712</u>

10. Deferred income

	2008 £	2007 £
Deferred income at 1 January	117,989	191,047
Released in the year	(117,989)	(191,047)
Deferred in the year	379,319	117,989
Deferred income at 31 December	<u>379,319</u>	<u>117,989</u>

Deferred income represents grant monies received in the year but relating to future periods. These amounts will be released during the year ending 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

11. Movement in Reserves

Fund Name	At 1 January 2008	Income	Expenditure	Transfer	Gains and Losses	At 31 December 2008
	£	£	£	£	£	£
Unrestricted:						
Designated	3,424,118	-	-	-	(367,377)	3,056,741
General	2,971,010	4,154,169	(5,532,675)	-	(100,569)	1,491,935
	<u>6,395,128</u>	<u>4,154,169</u>	<u>(5,532,675)</u>	<u>-</u>	<u>(467,946)</u>	<u>4,548,676</u>
Restricted	1,569,520	1,833,290	(1,325,674)	-	-	2,077,136
Total reserves	<u>7,964,648</u>	<u>5,987,459</u>	<u>(6,858,349)</u>	<u>-</u>	<u>(467,946)</u>	<u>6,625,812</u>

11a. Unrestricted reserves

2008
£

2007
£

The following designated funds are maintained :

Operational Reserve fund	1,000,000	1,000,000
Emergency Response fund	350,000	350,000
Property Maintenance Reserve fund	90,000	90,000
IT Reserve fund	25,000	25,000
Investment Revaluation Reserve	(189,676)	177,701
Overseas Aid Reserve	1,781,417	1,781,417
	<u>3,056,741</u>	<u>3,424,118</u>
General Fund	1,491,935	2,971,010
	<u>4,548,676</u>	<u>6,395,128</u>

The Operational Reserve fund is, in the opinion of the directors, required to ensure that SCIAF is able to continue operations in the event of dramatic unforeseen events, or significant fluctuations in the income or expenditure of SCIAF from year to year. The Board keeps this under review on a regular basis.

The Emergency Response fund has been established to provide funds to enable SCIAF to make an immediate funding response, in the event of a major catastrophe or emergency. In the light of the number and scale of major disasters in recent years, this was increased to £350,000 in 2006.

The Property Maintenance Reserve fund and IT Reserve fund have been established to spread the cost of these significant areas of expenditure over an appropriate number of years. These reserves are reviewed each year to provide funds from the surplus, to meet the cost of essential repairs and improvements to SCIAF's physical assets.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

The Overseas Aid Reserve is a provision for those Overseas Aid and Development Grants for 2009 which have not yet been formally committed to partners, but for which funding is planned at 31st December 2008. In previous years this was included within restricted reserves but following a reassessment with reference to the reporting requirements of the Statement of Recommended Practice for Charities (SORP 2005) it was reclassified in 2006 as unrestricted designated funds.

The General Fund represents unrestricted income carried forward. The Board of Directors have agreed that the unrestricted funds available, other than those utilised for the provision of fixed assets, should be used to meet planned development projects and other costs, over the next four years on a rolling basis.

11b. Restricted Reserves

Restricted reserves represent funds held for projects or programmes specified by the donors and not yet disbursed at 31st December 2008. Restricted reserves are generated when the supporter or donor organisation stipulates the area of activity in which the income has to be spent (for example where funds are sent in, in response to a particular emergency, or for a particular project overseas).

11c. Transfers

No transfer was made from unrestricted funds to restricted funds.

12. Pension Commitments

SCIAF operates a Group Personal Pension Scheme, the assets of which are separately held in an independently administered fund. Included in staff costs are contributions paid or payable by SCIAF to the fund which amount to £50,801 in 2008 (£49,557 in 2007).

13. Company Status

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

14. Analysis of Net Assets Between Funds

	Fixed Assets	Net Current Assets	Total
	£	£	£
Unrestricted funds	466,435	4,082,241	4,548,676
Restricted funds	-	2,077,136	2,077,136
Total	466,435	6,159,377	6,625,812

15. Contingent Liabilities

At the year end, forward commitments in respect of signed grant funding agreements with overseas partner organisations, beyond those within one year already included in creditors, amounted to £2,322,426. These grants are conditional on receipt of satisfactory reports, and are subject to SCIAF having the appropriate funds available at the time when the grants fall due for payment. Because of these conditions, the grants have not been treated as creditors.