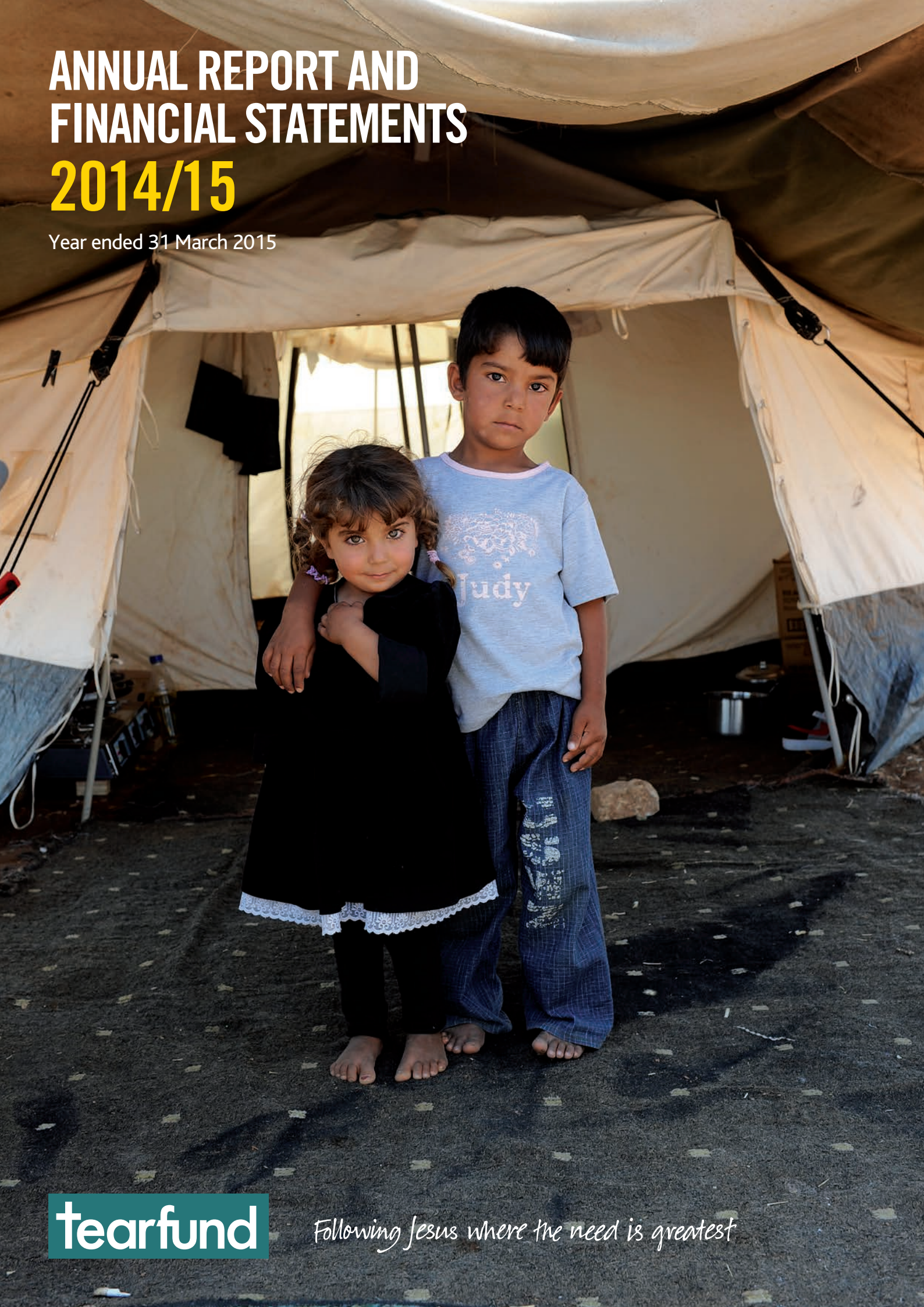


ANNUAL REPORT AND FINANCIAL STATEMENTS 2014/15

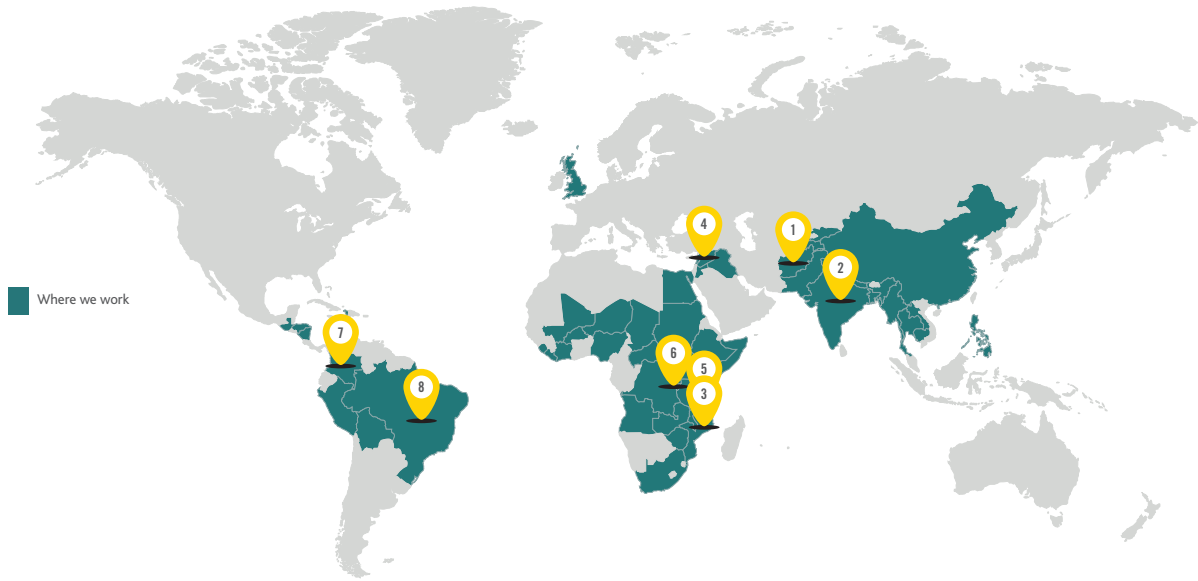
Year ended 31 March 2015



tearfund

Following Jesus where the need is greatest

WHERE WE WORKED 2014/15



EXAMPLES OF IMPACT



1

AFGHANISTAN
Ghulam used to be one of the poorest people in his village. Now, he runs his own dairy business, including a cheese shop which helps other villagers earn a living – all thanks to a heifer which one of Tearfund's partners gave him. He gave its first calf to benefit another family. Photo: Tearfund partner in Eastern Afghanistan



6

COLOMBIA
Tearfund partner Red Viva has been providing food packages and medical care for the remote Wayuu tribe, supporting 743 people, as they face a crippling drought. Photo: Rebecca Bravo/Red Viva



2

INDIA
Naina would have been sold into abuse had it not been for Tearfund partner EHA raising awareness of trafficking locally. Her parents were able to foil an attempt to traffic Naina and she is now safely home and receiving trauma support and livelihoods training to build a positive future back home. Photo: Tara Rana/Tearfund



5

TANZANIA
Since a Tearfund partner introduced Anna to conservation farming techniques, her crop yield has vastly improved, and her income from the sale of vegetables has increased from an average 17,000 Tanzanian Shillings to 125,000 per week, enabling her to send all eight of her children to school, without any outside help. Photo: Peter Ngwili, Africa Inland Church of Tanzania

3

MALAWI
Volunteer Mother Buddies working with vulnerable pregnant women in rural communities in Malawi have helped reduce mother-to-child transmission of HIV from fourteen per cent down to less than two per cent in these areas. More than 6,000 pregnant women have benefited so far, as well as 60,000 other people with improvements in other health areas. Photo: Chris Boyd/Tearfund



4

SYRIA
Tearfund helped 32,628 people affected by the conflict in Syria in 2014/15, providing education, trauma care, winter supplies, food and hygiene packages, and help with accommodation costs. Photo: Sara Guy/Tearfund

8

BRAZIL
After severe flooding hit northern Brazil, Tearfund partner Asas do Socorro assisted hard-to-reach communities along the Rio Madeira. Some 400 families received food and clothing parcels, 740 people benefited from water filters and more than 400 people received medical care. Photo: James B Gilbert/Instituto Lado a Lado



A company limited by guarantee registered in England and Wales
Company registration number 994339
Registered charity number (England and Wales) 265464
Registered charity number (Scotland) SC037624
Members of the Board of Directors are the trustees for charitable purposes

FRONT COVER: Refugee camp in Amman, Jordan, for people fleeing the Syrian crisis.
Photo: Hannah Maule-ffin/Tearfund

CHAIRMAN'S INTRODUCTION

I am delighted to introduce the Directors' Report with the Strategic Report and Financial Statements for 2014/15.

TEARFUND STRIVES FOR SPIRITUAL PASSION AND PROFESSIONAL EXCELLENCE IN ALL IT DOES

Together with our partners and a growing network of over 97,000 churches, Tearfund goes to the places in the world where the need is greatest, serving people who have been left behind by the rest of the world's economic progress because they live with violence, disease and poverty. Our local church partners have unique opportunities to reach into places of extreme need, but in some cases the very faith which inspires them opens them up to greater risk.

As you read this report, I hope you will be inspired by the stories of transformation and hope that shine through in even the hardest places – from the conflict and persecution of the Middle East, to the Ebola crisis in West Africa, or the many places including DRC where long-term endemic civil war has become the norm.

I continue to be amazed by Tearfund's Inspired Individuals initiative which identifies and supports social entrepreneurs – change agents whose unique vision has the potential to transform the lives of millions living in poverty. There are now 86 such individuals around the world, including those who have graduated from the programme, and I have met many of them in person in my travels. They are quite remarkable Christians whose work is now being fully integrated within our country strategies, to multiply their impact.

This September, Matthew Frost will be standing down after ten years as our Chief Executive. He has certainly been an inspired individual and I pay tribute to his vision and leadership which have made a huge impact on the organisation and throughout the relief and development sector. We shall miss him deeply, but also look forward to welcoming his successor. I am very pleased to confirm that Nigel Harris has now been appointed to take over later this year.

Looking back over the last decade, it seems that the triple challenges of poverty, environmental sustainability and inequality are the defining issues of our time. Tearfund has been wrestling with these issues for a long while and has now launched a ground-breaking report called *The restorative economy: completing our unfinished millennium jubilee*. This lays out what has been happening, what is at stake and how we can break the mould by adopting practical steps based on the biblical principles of jubilee. The idea of jubilee is intimately bound up with the restoration of right relationships between God, people and creation. So I do hope you have already heard about our *Ordinary Heroes* campaign, which is at the heart of Tearfund's long-term strategy with people living in poverty and should guide how we live, how we speak out and how we pray.

Tearfund strives for spiritual passion and professional excellence in all it does, including our communications to you. So please do give us your feedback on how we have presented our work over the past year. We aspire to make the information interesting and to ensure you have a clear picture of how we have used the precious resources you have entrusted to us.

In our walk with Jesus, we are called to play different roles – some at the front line, others in support. Wherever you are and whatever you do, please accept my warmest thanks for all your encouragement and gifts. We are joined together in prayer and service, as we seek to follow our Lord, Jesus Christ.



Clive Mather
Chairman

TABLE OF CONTENTS

4	Directors' Report
5	The Strategic Report
23	Tearfund's Quality Standards
24	Structure, Governance and Management
26	Directors' Responsibility Statement
27	Independent auditors' report to the members and trustees of Tearfund
Financial Statements	
28	Consolidated Statement of Financial Activities
29	Balance Sheets
30	Consolidated Cash Flow Statement
31	Notes to the Financial Statements
42	Directors, Members serving on Board Committees, Senior Staff and Advisers
43	Five Year Summary

DIRECTORS' REPORT

The Board of Directors present their Annual Report, together with the consolidated audited financial statements, for the year ended 31 March 2015.

Principal activity

Tearfund is a Christian relief and development agency committed to eradicating poverty.

We do this through:

- responding to disasters – ensuring communities affected by disasters receive life-saving assistance, recover quickly and are better equipped to face and respond to future hazards
- developing communities – working with local churches and communities to reduce poverty and build resilience, sustainably and holistically
- envisioning churches – enabling the global church to address poverty and injustice
- changing policies – changing unjust policies and practices of the powerful to deliver justice for poor communities

We deliver this through partners, operational programmes, Inspired Individuals, networks and alliances and by focusing on particular areas of expertise. Tearfund's core competencies encompass: Church Influencing & Mobilisation and National Advocacy processes; the sectoral areas of Food Security, Livelihoods, Water, Sanitation & Hygiene (WASH), and Resilience; the emerging areas of Sexual Violence and Conflict & Peacebuilding.

Tearfund's partners are local churches, denominations, and Christian national and international NGOs who agree with Tearfund's statement of faith and meet Tearfund's partnership criteria. Tearfund's operational

programmes are undertaken in large-scale disasters where the availability and capacity of partners is limited. Such programmes are directly overseen and implemented by Tearfund staff according to Tearfund's policies and standards of good practice.

Tearfund is a member of various alliances and networks that provide important support to its work in a number of areas. These include the Disasters Emergency Committee (DEC), Bond, Micah Network, the Integral Alliance, European Union Christian Organisations in Relief and Development (EU-CORD), the Start Network (formerly the Consortium of British Humanitarian Agencies), People in Aid and the Humanitarian Accountability Partnership International (PIA and HAPI together are transitioning to become the Core Humanitarian Standard), StopAids and the Evangelical Alliance.

We have referred to the Charity Commission's guidance on reporting on public benefit when reviewing our aims and objectives and planning our activities. Tearfund and its partners work with people living in poverty around the world irrespective of their race, faith or nationality, and the Directors ensure that the activities undertaken contribute to the aims and objectives of the charity. The Directors are therefore confident that Tearfund meets the public benefit requirements.

The Directors' Report includes the following: Chairman's Introduction, the Strategic Report, Tearfund's Quality Standards, Structure, Governance & Management and other information as specified on page 42.



Syrian refugees in a makeshift camp.
Photo: Eleanor Bentall/Tearfund

TEN-YEAR VISION

In 2006 we set a ten-year vision to see 50 million people released from material and spiritual poverty through a worldwide network of 100,000 local churches. We recognise that this is a stretching and bold aim which we will only be able to achieve through working in partnership with many different local churches and organisations. Given the needs of billions of people living in poverty in the world, it is imperative that we do all we can to bring an end to poverty for as many people as possible.

STRATEGIC REPORT

Our Strategic Report includes a review of the year's activities and future plans, principal risks and uncertainties and a financial review.

Review of the year's activities and future plans

WE WANT TO SEE... DISASTERS RESPONDED TO

Disaster-affected communities supported, recovering quickly and better equipped to respond to current and future disasters

What does this look like?

Individuals and communities receiving lifesaving assistance following natural or man made disasters, being able to face their futures positively and with hope, by being equipped with basic resources and skills to protect against future shocks, and connected to those who can continue to support them in their recovery, from national governments through to local churches.

How do we do this?

Disasters and emergencies affect millions every year, leaving people vulnerable to malnutrition or disease, without work or somewhere to live, and causing loss of life. Our expertise, gained through working for more than 40 years in disaster-stricken areas of the world, means we are well placed to help people recover from disasters, and also to plan ahead, building the resilience of communities, so that future extreme events have less impact.

We do this by:

- providing timely and effective emergency assistance to people affected by disasters
- helping people to recover from disasters and strengthening their capacity to withstand future shocks
- building the disaster management skills and strengths of our partners
- bringing the local church into disaster response and recovery
- mounting our own response operations and providing operational support to partners when required

- mobilising our staff and supporters to pray for our operational and partner-led disaster response programmes

In last year's Annual Report, we said that during 2014/15 we would aim to:

- continue responding to typhoon Haiyan in the Philippines, helping communities to rebuild, recover and strengthen their resilience to future disasters
- respond to the heightened humanitarian needs in South Sudan arising from renewed political instability and conflict
- scale up our response to the crisis in Central African Republic
- monitor the security situation and humanitarian needs in Afghanistan as international troops withdraw
- respond to smaller-scale or low-profile disasters, developing and resourcing partners as well as providing emergency funds, either from our own internal sources or via the newly established Start Fund. We aim to continue to support the ongoing development of the Start Network, of which Tearfund is a member, and its disbursement of two substantial UK government grants.
- continue to work with the other members of the Integral Alliance to capture learning from the response in the Philippines and further strengthen our collaboration



Thousands of people died in the April 2015 earthquake in Nepal, the most powerful earthquake to hit Nepal in 80 years. Photo: Daniel Denness/United Vision Nepal

In 2014/15 we spent a total of £25.5m (2013/14: £24.4m) responding to disasters.

We delivered:

- emergency relief to 236,000 people in the Philippines, providing shelter, rebuilding livelihoods and strengthening the resilience of communities through protecting children, supporting water and sanitation, and disaster risk reduction
- emergency relief to more than 95,000 people affected by conflict in South Sudan. Tearfund treated more than 51,150 malnourished mothers and children under five. More than 18,000 displaced people were provided with mosquito nets, blankets and tarpaulin to protect them from the heavy rains and 25,000 people have been provided with clean water. Some 24,000 people, most of them displaced, have been able to plant crops as Tearfund provided seeds and tools.
- food distributions, food security and water and sanitation programmes in the Central African Republic, reaching 100,000 people in Lobaye and Ombella M'poko. We also carried out peacebuilding and trauma care initiatives.
- the successful withdrawal of our operational programme from Afghanistan. We made the decision to continue to support Tearfund's long-term partners, thus resolving issues linked to accessing insecure locations and managing projects remotely.
- support for Tearfund partners responding to multiple smaller-scale and low-profile emergencies in countries including Afghanistan, Bangladesh, the DRC, Malawi, Mozambique, Pakistan and Mali – using both internal emergency funds and via the Start Fund. The Start Fund has been set up to respond to forgotten disasters.
- active involvement in the Start Network, helping it to secure two multi-million pound grants which were shared between a cross section of Start Network members. Start Build has been established to develop local partner capacity and enhance humanitarian response systems globally and locally.

- participation in a review in the Philippines in January 2015 with the other members of the Integral Alliance, confirming the added value of responding collaboratively to disasters, and pooling funds and partner relationships to increase impact

We learnt:

- the added benefits of working through networks such as the Integral Alliance and the Start Network in disaster response, to pool knowledge and funding and to maximise coordination and impact
- the importance of pursuing contingency and preparedness plans for disaster response at the country and local level in advance of a disaster
- the importance of drawing on the knowledge of local partners when responding to disasters, as highlighted in a collaborative report, *Missed opportunities*, that we co-commissioned

In 2015/16, we aim to:

- **Large-scale disasters and complex political emergencies**
respond quickly and effectively to new large-scale disasters (such as Nepal) including complex political emergencies (such as Democratic Republic of Congo). We will also capture learning, for example by conducting real time reviews of existing responses to ensure we adapt to the changing needs of affected people and apply the lessons learnt to future responses.
- **Small-scale disasters**
respond to an increased number of small-scale disasters by identifying Disaster Priority Countries where we will position local partners intentionally and develop their skills and strengths to ensure high-quality responses, linking them to international humanitarian funding streams, national government and others networks of responders
- **Strategic alliances**
deepen our collaboration with the Integral Alliance and Start Network so that our disaster responses have greater impact on the people worst hit. Our aim is that by strengthening these strategic alliances, we help ensure funding reaches the most vulnerable people and we commit to support the reform of the humanitarian system for the benefit of people affected by disaster.

- **Prioritise preparedness**

prioritise preparedness at country level by equipping and training our partners to respond effectively when disaster strikes. We will publish updated contingency planning guidance, undertake preparedness activities, position partners to be more effective for response through Start Build projects, train staff through a new e-learning programme and help partners focus on the strengths they can bring at a time of disaster.

- **Surge model**

review our surge model to make us better able to get to the right people, and get resources to the right place, at the right time. We will draw on lessons learnt through our involvement in the Start Network's Transforming Surge Capacity project and apply them at the international, national and local level.

South Sudan: back from the brink

Ayak is one of many children being treated at the busy feeding centre in Warawar village in Northern Bahr el Ghazal state being run by Tearfund partner Action Contra Faime.

She was brought in by her mother, Awaf, who has eight other children. Ayak was severely malnourished, which was causing her other health issues. Her mother had no income, no means to feed her family. So they ate just one meal a day, and Ayak was dying slowly.

Conflict, displacement and failed harvests in South Sudan have left many in need of emergency food aid.

But now Awaf's family are receiving Tearfund vouchers which she can exchange for food from local traders every fortnight. The voucher scheme is targeted particularly at those who have no assets and at households headed by women. It will continue until harvest when, it is hoped, local food supplies will be replenished.

Now the family eats three meals a day. Awaf says: 'Tearfund has brought hope and dignity to my family in a very difficult year and I cannot forget what it has done. I used to be insulted by other nursing mothers as they would tell me that I don't know how to care for my children. But I thank God that now they see my healthy children and respect me.'



Awaf and her family. Photo: David Mutethia/Tearfund

Liberia: life beyond Ebola

Josephine's story is extraordinary but, sadly, not unique. The 31-year-old musician from New Kru Town in Monrovia is now the sole carer of six orphans. Ebola robbed Josephine of her husband and her two children. It also claimed the lives of the parents of all six children she has taken into her home.

It was August 2014 when a neighbour's brother died. His family buried his body themselves. Soon afterwards, Josephine's neighbour fell ill. As no one had seen a case of Ebola before, neighbours and friends continued to mix.

Most people in the compound later died, including Josephine's family. Josephine returned home from the local Ebola treatment unit with six orphans, aged between one and thirteen.

They are now receiving food parcels from Tearfund's local partner – one of 120 households supported in this way.

Because bereavement is not the only thing they have to cope with, Josephine says. 'It has not been easy for us to get food. Many people that we were once close to are afraid of us. These food supplies will reduce our burden and the worry of providing for myself and the children.'

Tearfund's partner also provided food to 1,055 people in quarantine, and provided chlorine and buckets to contain the spread of the virus. In addition, it trained 70 faith leaders on raising awareness about Ebola and 30 others to serve on an Emergency Task Force.



Josephine telling the story about what she and her family went through during the launch of an Ebola awareness programme and activities in New Kru Town. Photo: Prince Gbei/Equip Liberia

Iraq: humanity amid the madness

Like many Iraqis displaced by the conflict, Arfan* and his family are living in a tent in the Kurdish Region of Iraq (KRI). They fled from their home in Sinjar as Islamic State (IS) advanced.

'We left because we didn't want to expose our women and girls to any possibility of living under IS,' he says. There have been terrible reports of girls and women being raped or sold into sex slavery. The family travelled for days on foot before reaching the relative safety of KRI, where Tearfund is working.

Back in Sinjar, Arfan was a welder. Despite his best efforts, he has been unable to find work and had no money to protect his family against the bitter cold. Tearfund was able to provide him with an emergency cash grant to meet his family's most urgent needs. His first priority was to buy blankets and warm clothing for his three young children.



Arfan fled the fighting in Sinjar, Iraq, with his three children. He received an emergency cash grant from Tearfund, which he described as 'the best kind of help'. Photo: Mariam Tadros/Tearfund.

'This is the best kind of help we could have received, as each family has its own unique needs and priorities,' says Arfan. 'You are giving us the respect and dignity to help ourselves.'

*Name has been changed.

DRC: the security of safe water

Every time fresh conflict breaks out in the Ubwari Peninsula in South Kivu, Salima and her family have to rebuild their lives from scratch. Violent clashes between rebels and government troops force her family to seek sanctuary deep in the forest. When they return, their home and possessions have all been destroyed. It's happened at least five times.

Salima, 40, and her husband, Abedi, have four children and are subsistence farmers. The only source of water for most people in this area is Lake Tanganyika, putting them at high risk of cholera, typhoid and bilharzia; farmland is rugged and at high altitude.

If life is tough in the village, it was tougher still in the forest. They had no shelter and ate only boiled sombe (the leaves of the cassava plant). Their only water source was puddles or streams, or what they could find by digging.

But now Tearfund has built a hand-pumped well for Salima's village, right next to her house in fact. 'The water quality is very good,' says

Salima. 'Since we have begun using the well, my family has far fewer illnesses.' The threat of violence persists but at least now the family is safe from disease.



Salima pumps water at the new well by her home in Kabanga village. Photo: Juli Johnson/Tearfund.

Review of the year's activities and future plans

WE WANT TO SEE... COMMUNITIES DEVELOPED

Local churches and communities working to reduce poverty and build resilience, sustainably and holistically

What does this look like?

Communities benefiting from long-term improvements in their livelihoods, health, relationships and natural environment, and in their resilience to deal with events such as drought or flooding

How do we do it?

Tearfund brings hope and transformation to the lives of people who are living in poverty, by resourcing churches, local Christian partner organisations and individuals.

We do this by:

working with partners where the need is greatest, in some of the world's poorest areas enabling communities and vulnerable people to find their own solutions to poverty and injustice supporting and resourcing inspiring, visionary individuals to pursue replicable and sustainable models of change for people living in poverty

In last year's report, we said that during 2014/15 we would aim to:

- work in more than 45 countries with more than 250 partners to tackle poverty and injustice, reaching in excess of two million people
- identify a specific number of core competencies for these countries across the range of development activities that we currently support, in order to achieve greater focus and replicate those approaches that are most effective

- engage in the rising issue of urbanisation and its effects which include trafficking of women and children, homelessness, inequality and changing family dynamics in both rural and urban areas
- work with 356 UK volunteers and 292 in-country volunteers through our International Citizen Service (ICS) programme and extend it into one new country
- complete the process that will result in closing Created (formerly known as Tearcraft) in the near future. We're proud to have helped make fairly-traded products popular. But the fair trade market is now mature and we can rely on others to continue this work releasing our resources for other activities. We now need to decide how best to wind down the business over the coming months.

During 2014/15, we spent a total of £21.0m (2013/14: £23.8m) on developing communities.

We delivered:

- more than 17.2 million people reached in 46 countries through 328 partners, as we tackled poverty and injustice through long-term country strategies and development projects
- the identification of the following core competencies in which Tearfund has particular expertise: church envisioning and mobilisation, and national advocacy (process expertise); water, sanitation and hygiene, food security, livelihoods and resilience (sectoral expertise)

- work in Latin American cities targeted at issues relating to urban and domestic violence, including in: Lima, Cochabamba and Santa Cruz (Peru); Cartagena and Barranquilla (Colombia); Rio de Janeiro and Fortaleza (Brazil); Tegucigalpa and San Pedro Sula (Honduras). In Asia, projects tackled the trafficking of women and children, through both prevention (awareness-raising and livelihoods support in Nepal, Cambodia and Laos) and rehabilitation support (India and Thailand)
- 267 UK volunteers and 200 in-country volunteers engaged in and through our ICS programme. We extended the programme into Bangladesh. 92 per cent of our UK ICS volunteers have completed their 'action at home' within six months of returning from their placements (compared with a target of 75 per cent for ICS generally)
- the successful winding down of Created (formerly known as Tearcraft) and its handover to Traidcraft

We learnt:

- the way Tearfund has supported partners in a diverse range of activities has made it harder to build a base of evidence and learning in order to replicate approaches where we see the greatest transformational impact for people living in poverty. This led us to undertake a review to bring more focus to the activities we support.
- pursuing context-specific solutions to addressing poverty remains key for our work. Consequently, we have strengthened our approaches to analysing poverty in each country context and identifying strategic objectives which outline the changes and impact we want to see in every country where Tearfund works.

In 2015/16, we aim to:

- **Evidence base and replication**
replicate those approaches where we can achieve the greatest impact by building our evidence base and learning around each of our core competencies
- **Incubation areas**
tackle sexual violence, address conflict and promote peacebuilding by incubating and growing our work in these areas. These fields are relatively new for us as major initiatives but we see that we and our partners can play a key role.



World Concern Laos staff member, running a trafficking-awareness workshop in a village near the Thai border in Southern Laos. Photo: Ralph Hodgson/Tearfund

- **Targeting**
pursue clear targeting in our country strategies, ensuring that we identify the very poorest regions and communities or the most vulnerable people groups. Ongoing, we will review project design, and the use of monitoring and evaluation to ensure projects continue to reach those in greatest need.
- **Anti-trafficking**
further develop our prevention programmes (awareness raising and livelihoods support) in particularly vulnerable locations and our rehabilitation support for those rescued from trafficking.
- **Inspired Individuals**
integrate our Inspired Individuals programme with our country and regional strategies. We plan to establish more 'cohorts' – gatherings of individuals working on the same issue for mutual learning and support – based around Tearfund's regional priorities. Examples include sexual violence, conflict and peacebuilding and urbanisation.
- **Partner capacity support**
roll out a revised system for assessing and supporting the capacity development of our partners. We will also continue to strengthen our accountability towards our partners, both through our formal and informal feedback and complaints mechanisms and by using an annual independent Keystone Accountability partner survey.
- **International Citizenship Service**
work with 183 UK volunteers and 183 in-country volunteers

Pakistan: fresh shoots of hope

Seventy-year-old Taj says he was 'waiting to die' before Tearfund started working in his village in Tando Mohammad Khan district. Tearfund staff helped him and other villagers start kitchen gardening – with dramatic results. They first helped villagers set up a local development committee to identify their greatest needs and plan for action. Soon, 17 gardens had been established, 1,000 fruit trees planted and a savings group set up.

Now, even at the height of summer, Taj's garden is lush and productive. This year, the village has been self-sufficient in vegetables. 'We did not need to buy any vegetables from the market and saved a lot of money and time,' Taj says. 'The kitchen garden has given us a purpose in life. I get up early each morning and look after the plants. It has saved and changed our lives. We are living a healthy life now.'



After training from Tearfund in kitchen gardening, Rahim Dino Halo village became self-sufficient in fresh vegetables. Gerald Johnson/Tearfund



Seventy-year-old Taj received a new lease of life when Tearfund trained him in kitchen gardening. Gerald Johnson/Tearfund

Egypt: oasis in the desert

Basim's home is typical of those in his village, a remote settlement in Minya Governorate surrounded by endless desert. His house is tiny, with scant furnishings and few comforts.

But thanks to a Tearfund partner, this grandfather-of-six has a toilet and a septic tank – and he has received a loan to buy a sewing machine and set up in business as a tailor. He has been able to pay off his debts and can now send the children to school. 'This is support from God,' he says.

Tearfund's partner has been working in the village for several years. They have been providing vocational training, business start-up loans, water supplies and toilets, a health clinic and medication, as well as emotional and spiritual support to villagers like Basim.



In this poor community in Egypt, Tearfund's partner is providing vocational training, small business loans, toilets and water supplies, a health clinic and emotional support. Photo: Zoe Burden/Tearfund



Grandfather Basim received a new septic tank and a loan to start a business as a tailor. Zoe Burden/Tearfund

For years Egypt has lived with political turmoil and conflict – which keep villages like Basim's ensnared in poverty. But here at least, life is gradually improving.

Malawi: food security restored

A decade ago, farming was 'relatively easy' for Vincent Zimba and other families in his village. The land was fertile and they could harvest enough food to last them all year.

But over-farming led to depleted soils, which led to poor harvests. Drought compounded the problem. Soon, harvests were feeding families for only two months. 'We would spend the remaining part of the year as beggars,' says Vincent, the village chief.

Tearfund partner Soldev taught local church and community leaders, including Vincent, new farming methods through a demonstration plot. They learnt how to make organic manure and weed-suppressing mulch.

The methods were simple, the yields impressive. Local farmers were organised into clubs so that learning could be shared widely. Villagers also set up a saving and loans scheme where they save money to invest in small businesses.

'The technology has turned around my farming,' says Vincent. 'On a small piece of land we managed to harvest 15 bags of maize, each weighing 50kg, which is enough to last the whole year with surplus to sell. Now more people are joining the clubs since they have understood the benefits.'



A young boy stands with his cattle in a field in northern Malawi. Photo: Kieran Dodds/Tearfund



Members of Vincent's community with their harvest. Photo: Aaron Lewani/Tearfund

Review of the year's activities and future plans

WE WANT TO SEE... CHURCHES ENVISIONED

The global church embracing its calling to address poverty and injustice

What does this look like?

The church living out its faith in Jesus in every aspect of life. The church fully recognising that all people are made in God's image and answering God's call to tackle poverty and injustice wherever it is in the world.

How do we do it?

Tearfund is a distinctively Christian organisation, working through networks of churches and local partner organisations to challenge and inspire people of faith to respond to poverty and injustice, and to live differently.

We do this by:

- developing resources and practical tools and arranging exposure visits that help Christians to see poverty reduction as a natural expression of their faith
- developing and producing international publications which provide community development expertise
- collaborating with networks of similar agencies, church denominations and theological colleges
- investing in young people and students, bringing poverty and injustice to the attention of the UK church, and providing ways for Christians and churches to respond
- encouraging Christians to pray for the work of local churches and Tearfund partners around the world

In last year's Annual Report, we said that during 2014/15 we would aim to:

- expand the work of Church and Community Mobilisation (CCM) to help bring peace and reconciliation in countries torn apart by religious and ethnic divides, including Nigeria and the Central African Republic (CAR)

- extend further the use of integral mission curricula in Bible colleges, scaling up the training of facilitators and engaging more colleges
- explore ways to enable the CCM approach to spread, independent of Tearfund funding
- launch the We Will Speak Out (WWSO) coalition in three new countries
- develop and improve resources to encourage churches to reflect, pray and act on justice issues
- organise a Justice Conference for 20- and 30-year-olds in June 2014, as well as developing two new international conferences about integral mission
- send 530 people on our self-funded, short-term and gap year volunteer programmes to work alongside our partners and gain an understanding of the impact of poverty, leading to increased active citizenship both locally and globally for all participants
- develop volunteer hubs in other countries, enabling volunteers from these countries to join our programmes

During 2014/15, we spent a total of £6.9m (2013/14: £5.4m) on envisioning the global church.

We delivered:

- the promotion of CCM and its potential to contribute to peace and reconciliation efforts. For example, in Nigeria, communities are being supported and engaged in peacebuilding and conflict transformation work, involving dialogue between Christians and Muslims.
- continued discussions with Bible schools and faculties of theology about developing and rolling out integral mission curricula. Ten institutions in Nigeria now include integral mission courses in their curriculum.

Creating a global movement of faith leaders to end sexual violence

We Will Speak Out (WWSO) was founded by Tearfund in 2011 and is now a global coalition of Christian-based NGOs, churches and organisation, committed to ending sexual violence. Its aims include empowering women and girls, transforming relationships between women and men, and ensuring the voices of survivors (male and female) are heard. One in five women worldwide will become a victim of rape or attempted rape in her lifetime.

Already WWSO is having a huge impact on political leaders and on policy (see also page 14). It played a key role in the 'Ending sexual violence in conflict' Global Summit in London in June 2014, drawing delegates from across the world.

IN 2014/15, WE SAW MORE THAN 6,900 NEW CHURCHES AND MORE THAN 30,000 INDIVIDUALS ENVISIONED FOR INTEGRAL MISSION.

- progress on identifying approaches for spreading CCM at lower cost, including investing in training of trainers and mainstreaming CCM into national church life. Further review will be undertaken on maintaining quality and impact through these approaches.
- the launch of the We Will Speak Out (WWSO) coalition in South Africa and DRC. WWSO was involved in the 'Ending sexual violence in conflict' Global Summit in London in June 2014, the largest-ever gathering on the subject drawing delegates from across the world.
- Mosaic, a very successful conference for 20- and 30-year-olds on the theme of justice, in June 2014. The conference inspired the My Next Buy campaign and the 2015 Soul Action campaign challenging sexual violence.
- 363 individuals from the UK sent overseas
- pilot volunteer hubs in South Africa and the US

We learnt:

- the importance of engaging churches, not individuals, in setting up volunteer hubs. US churches are excited to hear about integral mission and CCM; in South Africa, mindsets need to change to that of a sending nation, rather than a receiving one which integral mission teaching should address.
- technical interventions tend to be particularly effective once CCM has paved the way by changing mindsets. In Tanzania, a pilot project to end female genital mutilation and cutting (FGM/C) in Tarime district, Mara region, has successfully used CCM as a starting point to open up community dialogue on the subject.
- from Nigeria we have seen that peacebuilding work is only possible if the parties concerned are willing to forgive one another through dialogue and open reflections of what has happened in the past.
- from CAR we have seen that it can be difficult to know how best to roll out integral mission and church mobilisation work in a context that is unpredictable and volatile and where partners generally have relatively low capacity. The expectations of both Tearfund and our local partners around the timing of CCM activities and likely outcomes of the work in a conflict-affected region such as CAR need to be realistically developed to take these factors into account.

In 2015/16 we aim to:

- **Global engagement**
embed a strong foundation for integral mission in theology and development practice with our partners and networks. This will include holding three conferences and expanding our network of theological advisers. We will also research the range of our church and development work to provide an overview, identify good practice and areas needing investment, and begin to develop more Communities of Practice that focus on the different projects that churches run to support their communities.
- **Global communication**
share and promote resources, programmes and learning to help inspire, connect and equip churches and Christian organisations for integral mission. This will include: three new issues of Footsteps magazine reaching a wider audience through new translations; and the development of TILZ to include a collaborative blog sharing the experiences of people doing integral mission and a platform for Communities of Practice to communicate.
- **International volunteering**
continue our international volunteering programme to enable people travelling to grasp integral mission as being at the heart of Christian discipleship. We will work with 380 volunteers from the UK and 50 volunteers from our international hubs, and we will launch a new learning and discipleship journey for all volunteers so that integral mission becomes a way of life.
- **Country work**
ensure our country teams adapt integral mission and church mobilisation material for their particular contexts. This will include: adapting CCM to Latin American and urban contexts; envisioning more denominations in West and Central Africa by scaling up facilitator training; continuing to develop and expand integral mission and church mobilisation training in theological institutions.

Bolivia: a fruitful harvest

In the remote village of Tipa Tipa, the church is helping community members construct a water tank and village sanitation system. It's the first time in 60 years that they've engaged in this kind of activity – and it's bearing rich and unexpected fruit. 'It's wonderful,' says Pastor Teodoro. 'Now people see that we're concerned for their material needs as well as their spiritual ones.'

A recent monitoring visit has shown that:

- a new engine built in the top of the water tank is giving access to water to families living in higher areas. The community funded this themselves.
- the local authority included in its annual plan for 2015 initiatives from the church and communities to improve agriculture
- families have increased their consumption of vegetables as many women have created beautiful, productive cottage gardens



Pastor Teodoro (third from the left) with members of the village development committee in Tipa Tipa. Photo: Zoe Burden/Tearfund

Peru: a new voice for the voiceless

Pastor Andrés and the villagers of Aylambo had become disillusioned after they failed in their bid to persuade local officials to provide fresh water and proper sanitation.

But their resolve was reignited after Tearfund partner Warmis gave Pastor Andrés training in church and community mobilisation (CCMP), which included petitioning the local authority about local needs. So, with Warmis' help, the village submitted a more robust funding application.

'We visited the government offices twice a week to see how the application was progressing until we finally heard they had agreed to our proposals,' says Pastor Andrés. 'I hugged the council official who gave me the news – I lifted him off his feet! I couldn't stop thanking God.'

Today, Aylambo has 120 new pit latrines and several water tanks providing a regular supply of drinking water. The community has received a total of \$1 million in government funding, enabling it to build a new school and to start work soon on constructing an improved health centre and access road.



Children from Pastor Andrés' community enjoying water from their new water source. Photo: Miguel Aquino/Warmis



Pastor Andrés' congregation in Aylambo, Peru, are carrying out ambitious community development projects after training from Warmis. Photo: Miguel Aquino/Warmis

Andrés' church, Shining Light, is at the centre of this work. 'We are together now because of CCMP,' says Andrés. 'It has united us and everything we are doing is as a result.'

Review of the year's activities and future plans

WE WANT TO SEE... POLICIES AND PRACTICES CHANGED

Unjust policies and practices of the powerful changed to deliver justice for poor communities

What does this look like?

Changes in policies and practices at local, national and international levels, resulting in transformation in the lives of poor and vulnerable people in developing countries

There are many reasons why some people are extremely poor, while the rest of us are rich in comparison. Some of these reasons are related to decision-making by powerful people which favours some but not others, and leaves people who live in poverty at even more of a disadvantage. We work through local churches, national networks and global bodies to challenge unjust decision-making and to give voice to people who wouldn't otherwise be heard.

We do this by:

- empowering the church locally, nationally and globally to speak out in advocacy to those in power
- speaking out ourselves on the church's behalf through national, regional and global advocacy
- speaking up on behalf of, and alongside, the vulnerable communities we serve through our local partners and operational programmes
- mobilising staff and supporters to pray for positive advocacy outcomes

In last year's Annual Report, we said that during 2014/15 we would aim to:

- work with others to take action with the church in the UK and internationally to address planetary boundaries and resource scarcity. Over two years, we plan to work directly with 100 organisations, individuals from 20 countries and 25 senior church leaders. We hope to see 10,000 organisations, churches or individuals finding our materials, narrative and language effective for communication, delivering grassroots action in strategic countries, changing lifestyles and seeing ten policy and practice changes. We have called this project 'Horizon'.

- deliver the Secret's Out campaign, with extractive transparency legislation progressing in Australia, South Africa and Brazil
- implement a locally-developed influencing strategy for Angola, to strengthen and support the voice of the church within civil society in addressing national issues of poverty and inequality
- support the formation of a regional approach to advocacy in Latin America
- focus on issues related to internal and cross-border migration in Asia and challenge states to deliver on policies for safe migration

During 2014/15, we spent a total of £4.4m (2013/14: £3.3m) on activities connected with changing unjust policies and practices.

We delivered:

- significant changes in UK policy and practice, through involvement in a wider campaign movement, including promises from both Labour and Conservative leaders to work on low-carbon/carbon-free initiatives to be implemented over the next 15 years. In addition, Tearfund's recommendations were included in the House of Commons Environmental Audit Committee's report on the Sustainable Development Goals. The UK government committed to an Anti-Corruption Plan. We also gave strategic advocacy support to 45 advocacy allies, aiming to reach 1,500 churches in nine countries including Brazil, India, Nigeria and South Africa. Almost all these allies report that Tearfund has enabled them to scale up their work to challenge unjust policies. We launched a ten-year advocacy strategy centring on a vision where everyone can flourish in a more just and sustainable world. This aims to influence society's values, people's behaviour, lifestyles, economic systems and policies. We worked with



London calling: British campaigners call on Australian PM to lead G20 to agree global transparency rules for extractive industries. Tearfund's 'Secret's Out' campaign. Photo: Clive Mear/Tearfund

WE DELIVERED:

13,644 CAMPAIGNING SUPPORTERS MOBILISED

3,616 CHURCHES ENGAGED

RECORD RESPONSE RATES ON CAMPAIGNING EMAILS TO 28,000 SUPPORTERS

economists and theologians to produce a report, with supporting theology papers, on the systemic changes needed to create a fair and green economy.

- new EU and UK legislation passed, following our hugely successful anti-corruption campaigns, *Secret's Out* and *Unearth the Truth* (see also page 18). All European mining, gas and oil companies now have to publish what they pay to the governments of countries where they operate. Extractives transparency is also now in the G20's Anti-Corruption Action Plan, to be worked on in 2016 and 2017. We handed in 25,000 campaign actions to the UK prime minister and 5,000 actions to the Australian high commissioner in September, ahead of the G20 summit in Brisbane.
- strengthening and support for the church within civil society in Angola in speaking out on poverty and inequality nationally. For example, we supported our partners, Rede Esperança, UIEA and GBECA, in their HIV-testing projects with churches and their surrounding communities. We saw the government decentralise HIV-testing facilities, moving from a single central hospital in the capital to municipal health centres, and increasing the rate of testing.
- the formation of a regional approach to advocacy in Latin America, by scoping the key advocacy issues and employing a regional advocacy officer, based in the region
- continuing assessment of how we can increase our response to urbanisation and migration in Asia

We learnt:

- a growing number of people care about climate change and believe in building a society powered by 100% safe, clean energy. The climate march was the largest one in history, with more than 675,000 people attending 2,700 different events around the world. Tearfund supporters were among the 40,000 who gathered in London in September.

- many major NGOs and other organisations are moving in a similar direction to our own advocacy vision. The Climate Coalition's new campaign *For the love of...* reflects a more movement-based approach to campaigning, due in part to our influence in shaping the current coalition strategy in the early days of its development. It also followed our lead in obtaining pre-election climate pledges from the Conservative, Labour and Lib Dem party leaders in February.
- the power of digital tools to mobilise grassroots activists and equip them to organise. We enjoyed our highest-ever Twitter engagement for the *Secret's Out* Downing Street petition hand-in. We learnt that our most effective communications focus outwards on our supporters' involvement rather than inwards on 'what Tearfund is doing' as an organisation.

In 2015/16, we aim to:

- **Campaigning and movement building** mobilise a movement of Christians to live differently and call for change. This movement will contribute to a world where everyone can flourish – where people are lifted out of poverty, in a way that doesn't cost the earth and that lasts for generations to come. We will ask supporters in the UK to put pressure on global leaders to agree a global deal at the UN climate talks in December. We'll support campaigners to become more engaged activists. Globally, we'll be working with other church movements, networks and organisations to develop a joint campaign.
- **Policy and research** catalyse debate and discussion with key influencers about policy solutions, to tackle poverty, reduce inequality and improve environmental sustainability. Specifically, we will focus on climate change discussions and influencing a new area of research on how a 'circular economy' could be beneficial to emerging economies such as Brazil.



Tearfund 'Ordinary Heroes' campaign launch event with Matthew Frost. Photo: Clive Mear/Tearfund

- **Partner and operational advocacy**

continue to support the in-country work of our partners and operational teams at the national and local level. To do this, we will provide contextually appropriate technical support, to strengthen capacity. We will also translate our new advocacy toolkit, now available in English and Portuguese, into Spanish and French, and disseminate it widely.

- **Replication and scale-up**

encourage the scale-up and replication of certain successful advocacy methodologies

involving national church bodies and local churches, where contextually appropriate. This will include capturing and sharing key learning points in simple guides on our online resources website.

- **Impact assessment**

conduct a full baseline survey of all partner and operational advocacy across our portfolio. (This was last done in 2012.) We will also introduce new indicators and methods for monitoring and evaluating the impact of all our advocacy work.

Global advocacy: cutting a new path

Tearfund believes that poverty, environmental sustainability and inequality are the defining issues of our time. We have recently launched a report called *The restorative economy: completing our unfinished millennium jubilee* which sets out a vision for a world where everyone has enough to live life in all its fullness (John 10:10), and nobody is hungry, thirsty or marginalised. Tearfund is calling on the church to come together to form a movement for change – to live differently, think differently, pray and speak out – in the belief that a fairer and greener world will result.

Tearfund supporters Philippa Strickett and her family from London are already living this out. Giving up meat for Lent four years ago triggered other lifestyle changes. 'We wanted to reduce the impact our lives were having on God's creation and therefore also on those living in poverty,' she says. Now they eat much less meat (reducing greenhouse gas emissions), drive less, consume less energy and have switched to a renewable energy provider. 'We certainly fail sometimes but step by step, with a spirit of generosity and grace, we're trying to follow Jesus with our whole lives,' says Philippa.



Philippa enjoying a new way of eating with one of her children. Photo: Strickett Family/Tearfund

UK and EU advocacy: transparency tackles corruption

As a member of the Publish What You Pay coalition, Tearfund has been calling for oil, gas and mining companies to publish what they pay to foreign governments for several years now.

Making this information public would give communities in resource-rich countries the information they need to hold their leaders to account for the way this money is spent. So it can fund vital services such as clean water, health and education, rather than being lost to corruption.

In June 2013, following Tearfund's *Unearth the Truth* campaign, the EU passed Directives requiring transparency of all extractive

companies listed and registered in Europe. Each EU member state had two years to transpose the regulations into domestic law.

Then, in December 2014, the UK became the first EU country to pass transparency laws, requiring all companies listed and registered in the UK to publish what they pay. Tearfund continued to lobby for more countries to commit to such laws through its Secret's Out anti-corruption campaign in 2014, focusing on G20 countries. Extractives transparency is now in the G20's Anti-Corruption Action Plan, to be worked on in 2016 and 2017.



The work that Tearfund has done in this area has helped hold companies to account. Photo: Jay Butcher/Tearfund

Uganda: speaking up from the grassroots

Life for the villagers of Owii in Serere district has improved dramatically in recent years. Today they have good access to many essential services that once seemed impossibly out of reach. And it's all because Tearfund partner Pentecostal Assemblies of God (PAG) taught them about advocacy – first the church and, through them, the community.

It took several months and a great deal of perseverance before local officials agreed to meet the newly formed village advocacy committee. But they were impressed to hear how the village had identified its needs with PAG's support. At the time, the nearest health centre was about nine miles away, and there were no trained teachers at the community school.

The Serere district chairperson admits that initially he was sceptical about engaging with the community. 'To be honest, before they approached us, I didn't really think much of these communities,' he says. 'But since they advocated and engaged with us, we can now see how we can work with them. I actually tried to

catch the first community out by asking for a work plan, but they produced one which made me realise that the community could engage in the higher-level policy discussions.'

So officials agreed to provide outreach medical staff and medicines, to Owii and other neighbouring communities; later they provided Owii school with government teachers and desks, and built a new classroom and school office. And when floods hit the region, they provided food relief to affected families, something they had never done before.

Now there is strong and positive dialogue between villagers and the local authority. Officials seek the community's input when drawing up local plans. What's more, central government have now trained village councillors to alert them to possible instances of corruption in public spending.

In total the 11 communities trained have between them secured a total of \$330,000 in government funding for new roads, schools, water sources, sanitation and health centres.



Members of Owii community outside the new government school they successfully advocated for. Photo: Melissa Lawson/Tearfund



Communities are now benefitting from water sources like this one. Photo: Jamie Fyleman/Tearfund

Myanmar: not strong but able

U Soe Win has lost most of his fingers and toes to leprosy and moves about in a tricycle. In the Ayeyawaddy Delta, disability carries such a stigma that it is considered 'unlucky' for a person such as U Soe Win to drink in your shop or attend your event. So people like him generally hide away. U Soe Win used to leave home only to beg... but not any more.

Today he leads a self-help group for people living with disability in Myo Chaung village, set up and supported by The Leprosy Mission International Myanmar (TLMM). TLMM has not only provided mobility aids and physio and treatment to the group, but has also given them the confidence to organise themselves for mutual encouragement and livelihood support. U Soe Win now makes and sells liquid soap;

others run businesses ranging from selling vegetables to repairing bicycles. U Soe Win is now also part of the village leadership.

Such is the group's confidence now that when a young disabled woman from the village was raped, they lobbied police and the judiciary to take her case seriously. 'In the past, we had to hide and we were alone,' says U Soe Win. 'But now we can come forward and live among other people. We have self-respect.'

Tearfund has supported TLMM's Seven Up Disability Advocacy Programme for about six years. The programme operates at national, regional and community level to change attitudes and policy so people with disability will be treated equally.



U Soe Win with members of the disabled self-help group in Myo Chaung village, Myanmar. Photo: Alison Fernandes/Tearfund

MAKING IT HAPPEN

Our work following Jesus to address poverty and injustice where the need is greatest is made possible by a strong and dedicated network of churches, supporters and volunteers in the UK and elsewhere.

Underlying giving from individuals and churches remained strong this year, with a move towards more restricted giving.

In 2014/15, we are grateful for:

- an increase in our voluntary income of £1.6 million against our planned target, excluding appeals
- the recruitment of more than 4,400 new regular givers, an increase of 22 per cent on 2013/14. This was significantly due to the fantastic response at the Big Church Day Out, where more than 1,000 new regular givers were recruited, and the success of our *No Child Taken* campaign.
- successful appeals: for the Central African Republic and South Sudan, which raised almost £1.3 million in total; for Ebola, which raised £1.7 million; and for our work responding to the Syrian and Iraq crises, which raised a further £1.4 million
- another successful Christmas appeal, boosting general cash income, despite it running shortly after the Ebola appeal
- churches engaging with the situation in Syria through the Silent Night Christmas resource, which generated more than £80,000 in church income
- more than 600 speaking engagements by Tearfund speakers across Northern Ireland, Scotland, England and Wales

Letters from supporters

'I am sending you £70 as I am 70 on Boxing Day. Hurrah for Tearfund.'

'Dear Tearfund. Over the past year I have been doing Topz Bible study notes. I was reading when suddenly there was something telling me about you, Tearfund, and how I could help, so... I made bookmarks to celebrate Jesus and made £35. Hope this is very helpful. Lots of love from Hannah, 10 years old but very nearly 11.'

'Dear Tearfund. We have enclosed £70 and some of it was raised by cake stalls and sponsored runs. We hope it will rescue some children. God bless.' From Emily (ten) and Esther (eight).

'I am writing to send you the proceeds from a sponsored 'Sleep Out' that I did in October with a friend in our front garden. We prayed too and shared time together in the wind and rain under canvas. Our struggles were a drop in the ocean compared to the thousands of people Tearfund is supporting. We pray that the Lord will multiply this very small gift which comes with our love and prayers for all those suffering unbelievable hardship.'

The Sunday School at Ebenezer Church, in Talbot Green, near Cardiff, raised money for our *No Child Taken* campaign.

'We have been watching the films from Tearfund about the children in Laos. We wanted to raise some money and decided to do two things. Firstly, we were all given a tube of Smarties which we ate then we decorated the box and took it home. Over the next weeks we collected 20p coins in the box. We earned the money by doing lots of jobs at home, washing up, dusting, feeding the dog, sweeping the garage, even tidying our bedrooms. Some of the children gave their pocket money too. Secondly, we cooked "waffle sticks" in church, dipped them in chocolate and sweets and sold them to the people in the church. We are sending a cheque for £90.70 for you to use to help the children in the films.'

Kate runs five marathons in five days for the Philippines

You couldn't accuse Tearfund supporter Kate Jayden of not going the extra mile to help the typhoon-hit people of the Philippines.

Kate was so moved by the plight of four million Filipinos made homeless by the storm last November that she ran five marathons in five days and raised £1,800 for our relief and recovery efforts. Despite contracting a chest infection on day one of her run, Kate ran up some serious hills near Bolton, ascending about 30,000ft in total, the equivalent of running up Everest.

'After the run, I spent two days ill on the sofa but it was totally worth it,' said Kate, who has a passion for the Philippines after going on a mission trip there.

Your generosity has enabled us to help more than 236,000 of the most vulnerable people affected by typhoon Haiyan. In the immediate aftermath of the storm last November, your support provided food, water, household essentials, hygiene kits and shelters to desperate families.

Now, we're concentrating on helping people rebuild their lives, for example, by providing seeds so families reliant on the land can replant crops. We've also been running cash-for-work projects – such as clearing debris and planting community vegetable gardens – to boost survivors' incomes.

Haiyan left more than 6,000 people dead and thousands more injured physically and psychologically. Find out more about how your generosity is reaching people on page 6.

FINANCIAL REVIEW

Income and expenditure

Tearfund's total income for the year was £62.2m (2013/14: £59.4m). This increase in income is mainly due to increased income from contractual services. Income from general donations declined to £40.9m (2013/14: £41.5m). This is due to a reduced level of income from appeals and emergencies. Voluntary donations for appeals and emergencies reduced to £5.4k (2013/14: £7.5m). In 2013/14 Tearfund supporters responded generously to significant appeals to assist with disasters in Syria, DRC and the Philippines. Our underlying trend of non-appeal donations is up with income rising to £33.4m (2013/14: £32.2m).

Income from Craft trading activities was £0.6m (2013/14: £0.6m). Following a strategic review Tearfund decided to close their fairtrade craft activity during 2014/15. The business has been now transferred to Traidcraft and Tearfund will receive a small commission from sales over the next two years.

Income from contractual services has increased to £3.9m (2013/14: £1.1m). Tearfund were awarded a contract to deliver water, health and sanitation improvements in DRC in 2014/15. Work on this contract will continue into 2015.

The amount of money spent on fundraising represented 9.4% (2013/14: 8.6%) of total income, which compares favourably with similar organisations. Total expenditure increased by 2.6% to £63.9m (2013/14: £62.3m).

Unrestricted funds had a small surplus of £0.6m (2013/14: £0.9m deficit). This is due to unrestricted income levels being above that planned. This surplus will be allocated to expenditure on delivering our outcomes.

The reduction of £2.4m (2013/14: £2.1m reduction) in restricted funds mainly reflects the planned expenditure of institutional and appeal funding received in previous years.

Grants

A large part of Tearfund's work to address poverty is undertaken through making grants to partner organisations. Grants are made within an agreed strategy. Project proposals received from partner organisations are subject to a formal approval process that includes a technical assessment of the project and a review of the organisation's capacity. An agreed monitoring process is undertaken during the life cycle of all projects. In addition, final evaluations are carried out on all large projects and on a sample of smaller projects.

Details of grants made to the top 50 partner organisations are on our website at http://www.tearfund.org/en/about_us/finances/

Reserves

The level of free reserves at year end 2104/15 is £6.8m (2013/14: £5.8m). Free reserves are defined as those reserves which do not carry any restriction on how they can be used. This comprises general reserves and those designated reserves that can be readily available for spending. Designated reserves which have been included in free reserves are those funds that were set aside at year end in the fixed asset fund, but for which no contractual obligation existed at the year end. Free reserves include the reserves for the Toilet Twinning purchase and the HVAC repair as specified in note 14.

General fund

It has been determined that general reserves are needed:

- To fund working capital;
- To give flexibility to respond to unexpected opportunities;
- To provide a cushion against seasonal variations in income and expenditure;
- To provide contingency provision against unexpected costs;
- To provide contingency provision to respond to changes in the charity's environment in which it operates;
- To fund strategic plans outside of its normal operations.

The board of directors of Tearfund review the level of required general reserves annually to ensure that an appropriate level is held. Following the review in 2014/15 the range of general reserves increased to reflect the increase in working capital required to fund contract income. The target range is now set at between £4.0m and £4.5m (2013/14: £3.5m-£4.0m). The current level of general fund is £5.2m (2013/14: £5.8m). Included within this is the additional income made in 2014/15 over budget which has been earmarked for future front line work. After taking this into account, our reserves are within the target range.

Designated funds

Designated funds are part of the general fund which trustees have earmarked for a particular use, without restricting or committing the funds legally. The fixed asset fund represents the net book value of Tearfund's fixed assets to indicate that these resources are not available for other purposes and funds set aside for the known future purchases of Toilet Twinning and an HVAC system. At the end of the year this stood at £3.3m (2013/14: £1.7m).

Tearfund maintains one other designated fund, for disaster management work which has not yet been allocated to specific projects. At the end of the year the balance in this fund was £0.1m (2013/14: £0.4m).

Restricted funds

Restricted funds are funds subject to specific conditions imposed by donors. The major balances have arisen from recent emergencies, where we have received substantial income in a short period which is then budgeted to be spent over a number of years. At the end of the year total restricted funds were £14.4m (2013/14: £16.7m).

For each fund, Tearfund's assets are available and adequate to fulfil its obligations.

Investment policy and performance

Tearfund's investment policy is reviewed annually by the Audit, Risk and Finance Committee of the Board. Our objective is to maintain high liquidity while ensuring maximum security. To achieve this, Tearfund invests with institutions with a high security rating in fixed-term or call deposits.

During the year Tearfund's sterling deposits achieved an average rate of interest of 0.9% (2013/14: 0.8%) compared with an average bank base rate for the same period of 0.5% (2013/14: 0.5%).

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have identified the most important potential risks and uncertainties that may seriously affect the performance, future prospects or reputation of the Charity and how to manage them.

Potential risk	Management
Loss of Christian distinctiveness and Christ-centredness	Clear vision and statement of faith Clear supporter communications Occupational requirement to recruit committed Christians Prayer, worship and devotions central to working practice Assurance from members at the Annual General Meeting
Not demonstrating sufficient impact in our work	Evaluations incorporated into strategies and budgets Transparency of programme delivery on website Evidence base for themes and process expertise
Incompetent people in critical positions	Effective performance management and recruitment systems Management skills development programme Succession plan for critical roles
Inappropriate conduct and behaviour of UK and international staff, volunteers and partners damages reputation and brand	Partnership Covenant respected Whistle blowing policy and response mechanisms for unacceptable conduct and crisis situations Staff induction Global volunteering briefing manuals and training
Inadequate safety and security and plans for health and well being of staff and volunteers	Security training for all international staff and those who travel Security plans for individuals, countries and operational sites Crisis Response Plan
Insufficient oversight and resolution of key operational issues by the Executive Team	Corporate scorecard reviewed quarterly Annual plan highlights operational priorities
Inappropriate matching of projects and funding levels with partner capacities and specialisms	Partner evaluation and monitoring system
Inadequate programme performance and reporting surrounding financial compliance damaging institutional donor relationships or requiring repayments to donors or increasing financial exposure from pay-by-results contracts	Experienced and trained staff to manage programmes Protocols for the effective authorisation and management of all grants, logistics and procurement
Substantial or systemic corruption/fraud/bribery identified in programmes Tearfund funds damaging reputation and funding relationships	Policy on fraud, bribery and corruption Capacity assessments of all partners Robust criteria for selecting partners and regular review and monitoring Strong focus at Board level Reactive media lines ready on key areas of risk
Insufficient unrestricted income to cover unrestricted expenditure	Effective resource planning of all income streams
Reputational risk due to increased media scrutiny and inconsistency between external communication and internal behaviours	Framework policies on major issues Effective media team Reactive media lines ready on key areas of risk
Business continuity of Information and Communications Technology compromised or critical data lost through cyber attack	Business continuity plan (BCP) reviewed annually Annually test major Information Technology elements of BCP Back up through cloud and physical servers with real time copies of all core systems Segregated networks and security controls for data moving across boundaries

Going concern

The Directors (who are the directors of Tearfund for the purposes of company law and the trustees of Tearfund for the purposes of charity law) have reviewed the Charity's financial position, taking account of the satisfactory levels of reserves and cash, the annual plan and the three-year financial plan, and its systems of financial and risk management. As a result of their review, the Directors believe that the Charity is well placed to manage operational and financial risks successfully despite the ongoing uncertain economic outlook. Accordingly, the Directors have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

TEARFUND'S QUALITY STANDARDS

Tearfund aims to work to the highest possible standards with integrity and transparency. We have identified a set of corporate Quality Standards in support of our vision and the delivery of our strategy, which are in keeping with the organisational characteristics we aspire to and which summarise all of the relevant external and internal accountability and quality standards, codes, guidelines and principles to which we are committed.

Values: living out our core values through our staff and with our partners

Impartiality and targeting: reaching the most vulnerable and marginalised people, selected on the basis of need alone, regardless of their race, religion, gender or nationality

Accountability: being fully accountable to project participants, communities, partners, supporters and donors for the work we undertake, and for the resources entrusted to us

Sustainability: empowering staff and partners and ensuring that the work we support has a lasting impact, being built on local ownership and using local skills and resources

Advocacy: influencing key decision-makers to make and implement policies and practices that work in favour of people who are poor and vulnerable

Children: the development and protection of children carrying out activities that are child-sensitive in their planning, design and implementation

Gender: restored relationships between men, women, boys and girls, and ensuring equal value, participation and decision-making by all

HIV: working for an HIV-free world by reducing the vulnerability of poor communities to HIV and reducing its impact

Environment: reducing our impact on the environment

Disaster risk: reducing the risk of disaster by strengthening local capacity and reducing vulnerability to hazards

Conflict: promoting peace and reconciliation – supporting activities that impact positively upon situations of conflict and that safeguard staff and project participants

Technical quality: supporting projects that are guided by relevant technical standards

Our Quality Standards include having zero tolerance for all forms of exploitation and abuse, fraud, bribery and any other conduct which is incompatible with our core values.

We have a corporate action plan for our Quality Standards which is a publicly available document on the website, where we identify our improvement commitments and monitor progress. Improvement commitments in 2015/16 include the following:

- **Impact & Learning Report**

Produce an annual Impact & Learning Report, bringing together evidence of impact and capturing of key lessons learned across Tearfund's international work

- **Incubation**

Create new incubation units to develop competence and good practice in addressing sexual violence, and conflict and peacebuilding

- **Induction**

Continually update our induction programme for international staff and national staff, explaining and reinforcing our zero tolerance for all forms of exploitation and abuse, fraud and bribery

- **Accountability to partners**

Undertake a Keystone Accountability survey annually to receive feedback from Tearfund partners about the way they are supported by Tearfund

- **Advocacy toolkit**

Translate the new advocacy toolkit into other language versions and make available on line.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisation

The Board of Directors, which holds formal scheduled all day meetings four times a year as well as a number of other ad hoc meetings and events, is responsible for ultimate strategic decisions, having regard to advice from the chief executive and senior management. Directors are appointed by the Members at the Annual General Meeting. The Directors may also appoint a Director to serve until the next Annual General Meeting, at which time he or she would cease to hold office but would be eligible for election. The procedures for appointment and induction of Directors are set out in the Tearfund Board manual. Directors' recruitment is undertaken by the Board in consultation with the Chief Executive and Executive Team. An induction programme is run for new Directors which includes visiting Tearfund's UK offices and an overview of Tearfund's activities. Directors also visit overseas programmes to gain a wider appreciation of Tearfund's work. Directors of the Board receive no remuneration for acting as directors of Tearfund.

The current composition of the Board of Directors is set out on page 42. Directors are appointed for three years and serve a maximum of three terms. As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Board committees meet regularly to monitor the following areas:

- **Audit, risk and finance.** The purpose of this committee is to ensure the organisation's key risks are adequately managed through financial and non-financial internal control, with reference to the administrative, financial, property, legal and information technology aspects of the organisation's activities.
- **International.** The purpose of this committee is to oversee the delivery of the organisation's corporate outcomes, focusing on the design, implementation and effectiveness of activities enabling Tearfund's vision.
- **Global fundraising.** The purpose of this committee is to oversee the marketing of Tearfund in our work with supporters of all ages in the evangelical constituency in the UK and Ireland, through church, volunteers, fundraising, youth, media and public relations, prayer, communications and campaigning.
- **People and organisation (including remuneration, and health and safety matters).** The purpose of this committee is to help Tearfund aspire to its values and to provide advice and input to the Executive Team relating to people, the organisation and the culture.

The Board has delegated approval for day-to-day operational decisions up to certain financial thresholds to the Chief Executive and other Executive Team members under a Scheme of Delegation to enable them to coordinate and direct Tearfund's work worldwide. All decisions above this threshold must be approved by the Board. The Board has also reserved to itself certain important decisions, such as changes to the Articles, appointment of the Senior Executives and approval of the long-term objectives and strategy.

Members

The Members constitute the ultimate authority within Tearfund's governance structure. They are entitled to attend all general meetings, including the Annual General Meeting (AGM). They receive the Annual Report and Accounts, elect or re-elect Directors, appoint Auditors and fix the remuneration of the Auditors. Regular contact is maintained with Members through quarterly communications and informal contact with the management and trustees.

Employees

The work of Tearfund overseas and in the UK relies on the commitment and hard work of its valued staff. The decision making processes within Tearfund incorporate an established consultation process through the line management structure and communication links are maintained through team briefings and other internal channels.

Tearfund holds regular meetings with a staff representation body, known as the Staff Council, for consultation and negotiation on relevant issues with the purpose of the continued promotion and development of healthy staff relations.

Tearfund is committed to equality in recruiting, training, promotion and career development. This includes applicants and employees who are disabled as well as employees who become disabled during their employment by Tearfund

Volunteers

The financial statements set out the results for the year but do not reflect the considerable and vital support given to Tearfund by more than 3,600 volunteers. Their help is at the heart of Tearfund's work: they bring life to the organisation and help it to operate effectively. The many roles they undertake include encouraging prayer, campaigning, acting within their local churches and communities, enthusing others, engaging with local media and

championing fair trade. We celebrate the enormous contribution made by so many of our volunteers in organising or participating in fundraising activities in their homes, churches and communities. This volunteer network is a distinctive aspect of Tearfund's approach and the Board is very grateful for their commitment and contribution.

Internal control and risk management

The Directors have overall responsibility for Tearfund's system of internal control. Such a system can provide only reasonable, and not absolute, assurance against errors or frauds. There is a clear delegation of the Directors' authority through the chief executive to the rest of the organisation.

The Audit, Risk and Finance Committee, which meets three times a year, receives reports from the internal auditor, who works in accordance with an agreed plan produced following a risk assessment. In addition, the external auditor meets with the Audit, Risk and Finance Committee twice a year.

Tearfund operates a comprehensive three-year planning and budgeting system with an annual budget approved by the Board of Directors. Significant changes are subject to specific approval. The financial reporting systems provide continuous comparison of actual results with budget. Forecasts of the expected results for the year are undertaken on a regular basis.

Tearfund maintains a comprehensive register of risks. This register identifies the major strategic and operational risks faced and how they are being managed. As part of the three-year planning process the key risks are considered by the Directors and the risks Tearfund faces are reassessed during the year by the Executive Team. The Directors are satisfied that systems are in place to monitor, manage and

mitigate Tearfund's exposure to major risks. They consider that maintaining Tearfund's general reserves at the levels stated above and reviewing internal controls and risks through an internal audit programme will provide Tearfund with adequate risk assurance and sufficient resources in the event of adverse conditions. They also recognise that the nature of some of Tearfund's work requires active acceptance and management of some risks when undertaking activities to achieve the objectives of the charity.

Fraud is a major risk in many countries where Tearfund and its partners operate. As a result, Tearfund recognises fraud as one of the major risks that has to be managed. All potential frauds or other irregularities are required to be reported to the finance director, who maintains a register of the irregularities, actions taken and results. This register is reviewed regularly by the Audit, Risk and Finance Committee.

Financial risk management

Goods and services purchased are subject to contracts with suppliers based on market prices. Market risk is dealt with in the investment policy and performance section above. Credit risk on amounts owed by donors is low. Cash flow and liquidity risks have been minimised by the level of reserves held and lack of borrowings. Action is taken to mitigate foreign exchange risk; future programme expenditure may be hedged by the use of forward exchange contracts when this is deemed appropriate.

Tearfund's remuneration policy seeks to balance our Christian values with the ability to attract and retain the best people in our sector. We try to do this by market-matching our salary scales every two to three years using the following factors:

Greater London based organisations

A 2:1 split between charities based on private donations and charities based on state grants

Organisations with income of between £40m and £75m

Organisations of between 200-499 employees

A 2:1 split between International Aid, and Religious and Missionary Organisations

Our salary scales are set at less than the mid-point of market benchmark data.

We take inflation into account by considering yearly increments based on available finances, consultation with Staff Council and a survey of similar organisations in the UK.

Tearfund's Executive Team sit in the top scale of the UK salary structure, within the framework set out above. These salaries were market-matched in 2012. The Board agrees the salary for the chief executive. Details regarding employees with salaries above £60,000 can be found in Note 7 to the financial statements.

Health and safety

Tearfund has a health and safety policy in place in respect of both UK and international operations, and the Board reviews Tearfund's performance annually at the People and Organisation Committee.

Tearfund Scotland

We are required by the Office of the Scottish Charity Regulator to report separately upon the activities that Tearfund has undertaken in Scotland. Tearfund has a Scottish office in Glasgow with a director and staff. We receive funding from the Scottish government and Scottish trusts. We raise funds from individuals and other organisations throughout Scotland, and raise other support including campaigning and prayer support. In the financial year 2014/15 we made grants to Scottish partners totalling £15,000 (2013/14: £15,000).

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors (who are the directors of Tearfund for the purposes of company law and the trustees of Tearfund for the purposes of charity law) are responsible for preparing the Directors' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable

them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

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

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

The Directors' Report and Strategic Report were approved by the Directors on 15 July 2015 and signed on its behalf by:



Clive Mather
Chairman
15 July 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF TEARFUND

We have audited the financial statements of Tearfund for the year ended 31 March 2015 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Directors' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act

2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, which includes the strategic report, for the financial year for which the financial

statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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



Don Bawtree
Senior Statutory Auditor
for and on behalf of BDO LLP,
Statutory Auditor
Gatwick
United Kingdom

15 July 2015

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

YEAR ENDED 31 MARCH 2015

	Note	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income:					
Donations	2	21,183	19,713	40,896	41,534
Grants	3	–	15,472	15,472	15,129
Total voluntary income		21,183	35,185	56,368	56,663
Activities for generating funds:					
Fundraising trading income	5	224	–	224	237
Investment income		98	54	152	177
Incoming resources from charitable activities:					
Craft trading income		557	–	557	591
Income from contractual services		3,946	–	3,946	1,077
Other income from charitable activities		545	94	639	626
Other incoming resources		320	–	320	1
Total incoming resources		26,873	35,333	62,206	59,372
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	4	5,545	105	5,650	4,870
Fundraising trading: cost of goods sold and other costs	4	190	–	190	218
Total costs of generating funds		5,735	105	5,840	5,088
Charitable activities:					
Envisioning the global church	4	5,102	1,825	6,927	5,439
Developing communities	4	8,114	12,888	21,002	23,829
Changing unjust policies and practices	4	2,581	1,810	4,391	3,283
Responding to disasters	4	4,436	21,077	25,513	24,427
Total charitable activities		20,233	37,600	57,833	56,978
Governance costs	4	264	–	264	258
Total resources expended		26,232	37,705	63,937	62,324
Net income/(expenditure) for the year and net movement in funds	6	641	(2,372)	(1,731)	(2,952)
Fund balances brought forward at 1 April		7,867	16,744	24,611	27,563
Fund balances carried forward at 31 March	14	8,508	14,372	22,880	24,611

The result for the year for Companies Act 2006 purposes is represented by the net movement in funds in the consolidated statement of financial activities. There are no recognised gains or losses in the current or preceding year other than those shown in the consolidated statement of financial activities above. All amounts derive from continuing operations except for Created as described in the Directors' Report. There is no material difference between the net expenditure for the financial year stated above and their historical cost equivalents.

BALANCE SHEET

31 MARCH 2015

	Note	TEARFUND GROUP		TEARFUND	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
FIXED ASSETS					
Tangible assets	9	1,593	1,529	1,593	1,529
Long term investments	10	–	–	5	5
Total fixed assets		1,593	1,529	1,598	1,534
CURRENT ASSETS					
Stocks	11	80	183	62	154
Debtors	12	6,690	4,759	6,709	4,770
Investments	9	–	46	–	46
Short-term deposits		10,351	11,953	10,351	11,953
Cash at bank and in hand		7,355	9,651	7,354	9,650
Total current assets		24,476	26,592	24,476	26,573
CREDITORS					
Amounts falling due within one year	13	(3,189)	(3,510)	(3,194)	(3,496)
		21,287	23,082	21,282	23,077
NET CURRENT ASSETS					
NET ASSETS					
		22,880	24,611	22,880	24,611
FUNDS					
Unrestricted funds:					
General fund	14	5,151	5,766	5,151	5,766
Designated funds	14	3,357	2,101	3,357	2,101
		8,508	7,867	8,508	7,867
Restricted funds	14	14,372	16,744	14,372	16,744
Total funds		22,880	24,611	22,880	24,611

The financial statements on pages 28 to 41 were approved by the Board of Directors on 15 July 2015 and signed on its behalf by:



Clive Mather
Chairman



John Shaw
Treasurer

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2015

	2015 £'000	2014 £'000	
Reconciliation of net (outgoing) resources to net cash (outflow) from operating activities			
Net (outgoing) resources for the year	(1,731)	(2,952)	
Depreciation	211	212	
Profit on sale of tangible fixed assets	(1)	(1)	
Decrease in fixed assets	–	46	
Decrease/(Increase) in current assets: investments	46	(46)	
Decrease in stocks	103	45	
(Increase) in debtors	(1,947)	(1,151)	
(Decrease)/Increase in creditors	(321)	889	
Investment income receivable	(152)	(177)	
Net cash (outflow) from operating activities	(3,792)	(3,135)	
CONSOLIDATED CASH FLOW STATEMENT			
Net cash (outflow) from operating activities	(3,792)	(3,135)	
Returns on investments and servicing of finance:			
Investment income received	168	117	
Capital expenditure and financial investments:			
Payments to acquire tangible fixed assets	(275)	(194)	
Receipts from sales of tangible fixed assets	1	5	
	(274)	(189)	
Cash (outflow) before management of liquid resources	(3,898)	(3,207)	
Management of liquid resources:			
Decrease in cash invested in short-term deposits	1,602	3,890	
(Decrease)/Increase in cash (Note A)	(2,296)	683	
NOTE A			
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the year	(2,296)	683	
(Decrease) in liquid resources in the year	(1,602)	(3,890)	
(Decrease) in net funds	(3,898)	(3,207)	
Net funds at 1 April	21,502	24,709	
Net funds at 31 March	17,604	21,502	
Analysis of net funds	1 April 2014 £'000	Cash flow in the year £'000	31 March 2015 £'000
Cash at bank and in hand	9,651	(2,296)	7,355
Short-term deposits	11,953	(1,602)	10,351
Interest-free loans	(102)	–	(102)
Total	21,502	(3,898)	17,604

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006, Charities Act 2011, Charities Accounts (Scotland) Regulations 2006, Charities and Trustee Investment (Scotland) Act 2005 and the Statement of Recommended Practice (SORP) on Accounting and Reporting by Charities issued in March 2005, and applicable United Kingdom accounting standards. The Charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the Charity's activities.

The Statement of Financial Activities (SOFA) and Group Balance Sheet consolidate the financial statements of the Charity and its wholly-owned subsidiary undertaking Tearfund Trading Limited. The results of the subsidiary are consolidated on a line-by-line basis. No separate Statement of Financial Activities has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the Charities SORP. The turnover of the Company for the year was £61,983,000 (2013/14: £59,135,000) and its net result was a deficit of £1,731,000 (2013/14: £2,952,000 deficit).

The particular accounting policies adopted by the Board of Directors have been applied consistently and are described below.

Company status

Tearfund is a registered charity in England and Wales (number 265464) and Scotland (number SC037624) and is constituted as a company registered in England and Wales and limited by guarantee (company number 994339). It is governed by its Memorandum and Articles of Association and at the year-end there were 78 members (2013/14: 76) who were each liable to contribute £1 in the event of the company being wound up.

Fund accounting

The company maintains three types of funds. General unrestricted funds are funds available for use at the discretion of the Board of Directors in furtherance of the general charitable objectives. Designated unrestricted funds are monies set aside by the Board from unrestricted funding for specific purposes. Restricted funds are funds subject to specific conditions imposed by donors. At the year-end any fund deficits are maintained only when the Directors are of the opinion that such deficits will be eliminated by future committed giving. Income and expenditure on these funds are shown as restricted in the SOFA and analysed into the main components in note 14.

Incoming resources

All income, including donations, legacies and investment income, is recognised in the SOFA when the company can demonstrate entitlement to the income, receipt is virtually certain and the amount can be quantified with reasonable accuracy. The following specific policies apply to the categories of income:

Legacies

Recognition of legacy income is dependent on the type of legacy, with pecuniary legacies recognised when notification is received and residuary legacies when final estate accounts are received. No value is included where the legacy is subject to a life interest held by another party.

Grants and contracts

Grant and contract income is recognised when the Charity can demonstrate entitlement to the income. Where receipt of funding is conditional only on administrative requirements such as the submission of a claim, it has been accrued. Where there are restrictions on the time period in which funding received can be spent, or where the charity is not yet in a position to meet the conditions of the funding, the related income has been deferred.

Gifts in kind

Gifts in kind in note 3 consist predominantly of food aid are included in income at their market value when they are distributed. Pro-bono legal work is included as a donation in note 2 and as support costs in note 4 as it is received.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Like many charities, Tearfund is unable to recover some of the VAT that is incurred on the purchase of goods and services in the UK. The amount of VAT that cannot be recovered is added to the appropriate underlying cost.

The following specific policies apply to categories of expenditure:

Grants payable

Grants payable to Tearfund partner organisations are made in furtherance of the charity's objects. Grants are recognised as expenditure when payment is due to the partner organisation, in accordance with Tearfund's project agreement, and in line with partner performance.

1. Accounting policies (continued)

Support costs

Support costs include functions such as general management, financial management, information technology, human resources, knowledge management and the cost of premises and facilities. They are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds on the basis set out in note 4 to the financial statements.

Fundraising and publicity

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Governance costs

Governance costs are the costs associated with the governance arrangements of the Company. Included within this category are costs associated with the strategic, as opposed to day-to-day, management of the Company's activities.

Foreign exchange

Transactions denominated in foreign currency are translated into sterling and recorded at the rates ruling at the date of the transactions. Balances denominated in a foreign currency are translated into sterling at the exchange rates at the balance sheet date. Foreign exchange gains and losses incurred in respect of overseas operations are included in the SOFA within the relevant activity expenditure.

Pensions

Tearfund operates two defined contribution pension schemes. Contributions are charged to the SOFA as they become payable.

2. Donations

Underlying:

Individuals
Churches
Trusts, companies and schools
Legacies

Unrestricted funds	Restricted funds	2015 Total funds	2014 Total funds
£'000	£'000	£'000	£'000
15,788	8,175	23,963	22,321
1,223	1,463	2,686	2,476
1,302	2,401	3,703	4,239
2,870	208	3,078	3,207
21,183	12,247	33,430	32,243

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Assets costing more than £1,000 with an expected useful life of more than one year are capitalised. Depreciation is provided in order to write off the cost of tangible fixed assets over their estimated useful economic lives, on a straight-line basis, as follows:

Freehold land	Nil
Freehold buildings	50 years
Refurbishment of freehold buildings	20 years
Fixtures, fittings and equipment	3-5 years
Motor vehicles	3-4 years
Computer equipment	3 years

The useful economic lives and residual value of fixed assets are reviewed at the end of each accounting period.

Vehicles and equipment used in programmes overseas are considered to have a useful economic life of one year or less. They are not capitalised but are charged in full to charitable expenditure when purchased. However a register is maintained of these assets and reviewed regularly.

Investments

The investment in the subsidiary is included in the Company's financial statements at cost.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost represents the cost of materials, freight and insurance that are required to bring it to its current condition and location. Provision is made where necessary for slow-moving, obsolete or defective stock.

Operating leases

Costs in respect of operating leases are charged to the SOFA on a straight line basis over the lease term.

2. Donations (continued)

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
Appeals and emergencies:				
Individuals	–	4,264	4,264	5,026
Churches	–	930	930	1,676
Trusts, companies and schools	–	236	236	739
Legacies	–	–	–	14
	–	5,430	5,430	7,455
Via Disasters Emergency Committee	–	2,036	2,036	1,836
	–	7,466	7,466	9,291
Total donations	21,183	19,713	40,896	41,534

At 31 March 2015, in addition to the legacy income which has been included in the financial statements, Tearfund had entitlement to a number of material legacies from estates for which the administration had yet to be finalised. Tearfund's future income from these legacies is estimated at £1,109,000 (2013/14: £1,173,000). Other donations includes gifts in kind of £77,000 of pro-bono legal work which is also included in support cost expenditure.

3. Grants income

	2015 £'000	2014 £'000
European Union	3,542	3,631
United States government	2,700	3,289
United Nations	2,107	1,485
United Kingdom government	1,071	1,947
Scottish government	980	953
Canadian government (through World Relief Canada)	878	500
Dutch government (through Tear Netherlands)	740	104
Swedish government	580	651
Canadian Foodgrains Bank (through World Relief Canada)	490	539
Belgian government (through Tear Belgium)	152	586
Swiss Agency for Development and Cooperation	125	–
States of Jersey	99	263
States of Guernsey	68	–
Irish government	50	86
Other	25	204
	13,607	14,238
Tear Netherlands	596	349
Global Communities	345	–
Tear Australia	180	427
Tearfund Ireland	153	–
Other Christian relief NGOs	591	116
	15,472	15,129

Included within the above grants income are gifts in kind of £534,000 (2013/14: £391,000) which are also included in expenditure.

4. Total resources expended

	Grants to partners £'000	Direct delivery £'000	Support costs £'000	2015 Total costs £'000	2014 Total costs £'000
Costs of generating funds:					
Costs of generating voluntary income	–	4,623	1,027	5,650	4,870
Fundraising trading: cost of goods sold and other costs	–	176	14	190	218
	–	4,799	1,041	5,840	5,088
Charitable activities:					
Envisioning the global church	1,439	4,704	784	6,927	5,439
Developing communities	9,172	10,541	1,289	21,002	23,829
Changing unjust policies and practices	1,041	2,970	380	4,391	3,283
Responding to disasters	7,653	16,593	1,267	25,513	24,427
	19,305	34,808	3,720	57,833	56,978
Governance costs					
	–	235	29	264	258
Total resources expended	19,305	39,842	4,790	63,937	62,324

Many programmes achieve benefits in a number of different areas and their costs are allocated on the basis of their principal aims. Cost allocation includes an element of judgement and Tearfund has had to consider the cost benefit of detailed calculations and record-keeping in calculating a best estimate of the attributable costs.

All grants are made to partner organisations.

	2015 £'000	2014 £'000
Total grants by geographical region:		
Africa	9,883	10,430
Asia	4,158	5,086
Eurasia	3,033	2,562
Latin America and Caribbean	2,231	2,153
	19,305	20,231

Support costs associated with grant-making activity are £1,315,000 (2013/14: £1,463,000).

The top 15 countries and regions where partners received grants were:

	2015 £'000	2014 £'000
Philippines	1,670	1,294
Syria	1,471	864
Ethiopia	1,224	742
India	935	1,195
Haiti	919	604
Liberia	719	216
Uganda	673	831
Malawi	661	628
Angola	614	795
Sudan	565	461
Democratic Republic of Congo	563	1,081
Kenya	549	423
Somalia	508	306
Cambodia	495	679
Brazil	481	551

Details of grants made to the top 50 partner organisations are available from the Tearfund website at http://www.tearfund.org/en/about_us/finances/

4. Total resources expended (continued)

Support costs and the basis of their allocation are as follows:

	Principal basis of allocation to activities	2015 £'000	2014 £'000
General management	Headcount and expenditure	332	189
Financial management	Headcount and expenditure	961	1,226
Human resources	Headcount	736	690
Knowledge management	Headcount and expenditure	673	588
Information technology	Headcount and expenditure	1,124	988
Premises and facilities	Headcount	964	1,050
		4,790	4,731
Governance costs are made up as follows:			
Board training and meeting costs		4	5
Audit fees		45	36
Internal audit		84	89
Strategic management		102	100
Allocated support costs		29	28
		264	258

5. Subsidiary

Tearfund has a wholly-owned trading subsidiary, Tearfund Trading Limited, which is registered in England and Wales. The company undertakes various trading activities to raise funds for Tearfund and all its taxable profits are gifted to Tearfund. Its results and assets for the year ended 31 March 2015 were as follows:

	2015 £'000	2014 £'000
Total incoming resources	224	237
Total expenditure	(190)	(218)
Profit for the year	34	19
Gift aided donation to Tearfund	(34)	(19)
Retained profit for the year	–	–
Total assets	52	63
Total liabilities	(47)	(58)
Funds	5	5

6. Net resources expended for the year

Net expenditure is stated after charging/(crediting) the following:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets	211	212
Auditors' remuneration: audit – Tearfund	43	33
Auditors' remuneration: audit – Tearfund Trading Limited	2	3
Auditors' remuneration for other services	3	–
Profit on sale of tangible fixed assets	(1)	(1)
Profit on sale of current asset investment	(319)	–
Operating leases: land and buildings	786	710

7. Employees and trustees

Employee costs

	UK £'000	Overseas £'000	2015 Total £'000	2014 Total £'000
UK-contracted employees:				
Salaries and wages	11,354	3,669	15,023	15,024
Social security costs	1,780	244	2,024	1,156
Other pension costs	1,124	49	1,173	1,308
	14,258	3,962	18,220	17,488
Staff based overseas on local contracts	–	3,625	3,625	3,909
	14,258	7,587	21,845	21,397

Included in the above employee costs are redundancy costs of £168,000 (2013/14: £398,000).

Average full-time equivalent number of persons employed during the year

	2015 Number	2014 Number
UK-contracted employees based:		
In UK	343	319
Overseas	123	106
	466	425
Staff based overseas on local contracts	705	714
	1,171	1,139

Within UK-contracted employees, UK staff includes those personnel based at Tearfund's head office in Teddington together with those based at regional offices in the UK. Overseas staff on UK contracts includes UK nationals working overseas as well as non-UK nationals employed to work in various countries around the world. Staff based overseas on local contracts are employed within our disaster management operations. All staff were employed across the range of activities detailed on the SOFA. No employees are employed directly by Tearfund Trading Limited.

The number of employees whose emoluments (including benefits in kind but excluding employer's pension) amounted to over £60,000 in the year was as follows:

	2015 Number	2014 Number
£60,001 – £70,000	6	6
£70,001 – £80,000	2	–
£80,001 – £90,000	1	1

These included employees who were made redundant in the planned closure of Created.

Pension payments of £58,200 (2013/14: £50,700) were made for these nine (2013/14: seven) higher-paid employees.

The highest paid employee was the chief executive officer, who received total emoluments (including pension contributions and benefits in kind) of £97,500 in the year (2013/14: £97,500).

Trustees

As Charity Trustees, the Board of Directors, who are not employees, received no remuneration for their services. During the year two directors were reimbursed £576 for UK travel and subsistence expenses (2013/14: four directors were reimbursed £1,082 in total for UK travel and subsistence expenses). One director also had overseas travel paid for by Tearfund of £912.

Indemnity insurance is provided for the Directors at a cost of £2,790 (2013/14: £3,100).

Pensions

Tearfund has a defined contribution pension plan for UK employees called the Tearfund Group Personal Pension Plan and a separate defined contribution pension plan for overseas employees called the Tearfund International Group Personal Pension Scheme. These plans operate on a non-contributory basis.

Included within creditors falling due within one year is £134,000 (2013/14: £126,000) in respect of pension contributions due to be paid to the fund managers.

8. Taxation

Tearfund is potentially exempt from taxation on its income and gains under sections 466 to 493 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Capital Gains Act 1992, to the extent that they are applied for charitable purposes. No taxable profit arises on Tearfund Trading Limited due to the fact that all taxable profits are gifted to Tearfund.

9. Tangible fixed assets

Tearfund and Tearfund Group

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2014	4,925	5,227	158	10,310
Additions	115	160	–	275
Disposals	–	(79)	(28)	(107)
At 31 March 2015	5,040	5,308	130	10,478
Accumulated Depreciation				
At 1 April 2014	3,639	5,026	116	8,781
Charge for the year	78	119	14	211
Disposals	–	(79)	(28)	(107)
At 31 March 2015	3,717	5,066	102	8,885
Net book value				
At 31 March 2015	1,323	242	28	1,593
At 31 March 2014	1,286	201	42	1,529

The book value of freehold land not depreciated is £200,000 (2013/14: £200,000). Tearfund's offices in Teddington have a book value of £1,323,000 (2013/14: £1,286,000) and are insured at a value of £5,000,000 (2013/14: £5,000,000). The Teddington flat which was moved into current investments in last financial year, was sold in 2014/15.

10. Long term investments

	Tearfund Group		Tearfund	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Unquoted investment in subsidiary	–	–	5	5

At 31 March 2015 Tearfund had one wholly-owned subsidiary which is registered in England and Wales.

Organisation name	Class of share of capital held	Nature of business
Tearfund Trading Limited	Ordinary	Raising funds through trading activities

11. Stocks

	Tearfund Group		Tearfund	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Finished goods	23	92	5	63
IT stores	27	44	27	44
Disaster management stores	30	47	30	47
	80	183	62	154

12. Debtors

	Tearfund Group		Tearfund	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Due within one year:				
Trade debtors	16	58	1	26
Amount owed by group undertaking	–	–	34	43
Tax recoverable	444	318	444	318
Other debtors	2,746	879	2,746	879
Accrued government grants	2,609	2,726	2,609	2,726
Prepayments and accrued income	875	778	875	778
	6,690	4,759	6,709	4,770

13. Creditors: amounts falling due within one year

	Tearfund Group		Tearfund	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Interest-free loans	102	102	102	102
Amount owed to group undertaking	–	–	17	–
Other creditors	823	1,054	823	1,044
Taxation and social security	580	440	580	440
Accruals	970	1,058	958	1,054
Deferred income	714	856	714	856
	3,189	3,510	3,194	3,496

The interest-free loans, which have been made by supporters, are unsecured and have no set repayment date. During the year £703,000 of the deferred income was released (2013/14: £151,000) and £561,000 of income was deferred (2013/14: £231,000).

14. Funds movement

Tearfund and Tearfund Group	1 April				31 March 2015 £'000
	2014 £'000	Income £'000	Expenditure £'000	Transfers £'000	
General fund	5,766	26,873	(25,824)	(1,664)	5,151
Designated funds					
Fixed asset fund	1,713	–	(115)	1,664	3,262
Disaster management funds	388	–	(293)	–	95
	2,101	–	(408)	1,664	3,357
Total unrestricted funds	7,867	26,873	(26,232)	–	8,508

14. Funds movement (continued)

Tearfund and Tearfund Group	1 April 2014 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2015 £'000
Restricted funds:					
Appeals and emergencies:					
Democratic Republic of Congo	130	(57)	(56)	–	17
East Africa crisis 2011	2,120	10	(927)	61	1,264
Zimbabwe	16	2	(17)	–	1
Sudan	2,413	(151)	(37)	(2,216)	9
Sudan & South Sudan 2011	217	220	26	–	463
Haiti earthquake	1,005	3	(977)	1	32
Pakistan floods 2010	158	293	(253)	–	198
Sahel/Niger crisis	768	13	(454)	4	331
Syria crisis 2013	1,780	1,075	(1,834)	–	1,021
Central African Republic	1	616	(221)	–	396
Philippines	3,462	1,355	(2,930)	–	1,887
Middle East	–	1,853	(1,379)	–	474
Ebola	–	2,041	(917)	–	1,124
Vanuatu	–	248	(24)	–	224
Other	66	389	(375)	–	80
	12,136	7,910	(10,375)	(2,150)	7,521
Country funds	26	742	(166)	–	602
Project funds:					
Institutions and trusts	2,636	19,039	(19,252)	2,085	4,508
Connected Church	308	915	(663)	–	560
Other	1,624	546	(935)	(61)	1,174
Beneficiary funds:					
Children funds	(1)	3,520	(3,527)	16	8
Issue funds:					
Disaster management	–	1,084	(1,125)	41	–
Water & sanitation	–	804	(827)	23	–
HIV	–	631	(672)	41	–
Other	15	142	(163)	5	(1)
Total restricted funds	16,744	35,333	(37,705)	–	14,372
Total	24,611	62,206	(63,937)	–	22,880

Designated funds are set up for the following purposes:

- The fixed asset fund represents the net book value of Tearfund's tangible and intangible fixed assets to indicate that these resources are not available for other purposes. In 2012/13 £285,000 was set aside by the Board for urgent roof repairs of which £115,000 has been used in 2014/15 for a total of £216,000. The remainder of £69,000 and a further £850,000 has been set aside to fund part of a much larger HVAC repair required in the next two years. In the current year £750,000 has been set aside for the purchase of CORD's 50% share in Toilet Twinning in 2015/16, to make Toilet Twinning wholly-owned by Tearfund. This purchase was not committed as at 31 March 2015 but the purchase subsequently completed on 1 May 2015.
- The disaster management funds represent funds set aside for disaster management work which have not yet been allocated to specific projects.

Restricted funds are shown under the following main categories:

- Appeal and emergency funds comprise funds raised for specific appeals and emergencies.
- Country funds comprise funds given for specific countries.
- Project funds comprise funds given for specific projects mainly by institutional donors.
- Beneficiary funds comprise funds given for the benefit of specific beneficiary groups such as children.
- Issue funds comprise funds given for specific issues such as disaster management and HIV.

14. Funds movement (continued)

Fund balances may be negative when expenditure is made on a project that is expected to be reimbursed by a government or other agency but where, at the year-end date, not all the conditions to justify recognising the income within the financial statements had been met. This results in an excess of expenditure over income on some project funds. At 31 March 2015, the total deficit balances amounted to £11,000 (2013/14: £105,000).

Transfers between funds represent:

(a) movements on the net book value of tangible fixed assets between the general fund and the fixed asset fund and the change in the provision for the roof repairs (including money set aside for Toilet Twinning purchase and the HVAC).

(b) reallocations between funds where funds are used for the same/similar work in the same country.

Within restricted funds are the following amounts relating to money received from the following donors:

	1 April	Income Expenditure		31 March
	2014	£'000	£'000	2015
	£'000	£'000	£'000	£'000
Department for International Development (DFID)				
Civil Society Challenge fund (CSCF)				
Peru	63	(4)	(59)	–
Democratic Republic of Congo	(1)	–	1	–
Global Poverty Alleviation fund (GPAF) Congo 2012	(18)	327	(319)	(10)
Start Network				
Democratic Republic of Congo	–	143	(143)	–
Pakistan	–	66	(10)	56
Total DFID funds	44	532	(530)	46

	1 April	Income Expenditure		31 March
	2014	£'000	£'000	2015
	£'000	£'000	£'000	£'000
Disasters Emergency Committee (DEC)				
Syria crisis 2013	–	495	(495)	–
Philippines typhoon 2013	–	1,191	(1,191)	–
Ebola 2014	–	350	(333)	17
Total DEC funds	–	2,036	(2,019)	17

15. Analysis of net assets between funds

Fund balances at 31 March 2015 are represented by:

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Tearfund Group:			
Fixed assets	1,593	–	1,593
Current assets	9,493	14,983	24,476
Current liabilities	(2,578)	(611)	(3,189)
	8,508	14,372	22,880
Tearfund:			
Fixed assets	1,598	–	1,598
Current assets	9,493	14,983	24,476
Current liabilities	(2,583)	(611)	(3,194)
	8,508	14,372	22,880

16. Operating lease commitments

At 31 March 2015 Tearfund and the Tearfund Group were committed to making the following payments during the next year in respect of operating leases for land and buildings which expire as follows:

	Tearfund Group		Tearfund	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Within one year	489	376	489	376
In the second to fifth years inclusive	197	155	197	155
After five years	32	45	32	45
	718	576	718	576

17. Related party transactions

A number of the trustees of Tearfund are directors and trustees of other charities and organisations with whom Tearfund has historic relationships. Below are disclosed the annual payments/(donations from) to these organisations for the year ended 31 March 2015.

Name of Trustee	Organisation and role	Organisation's relationship to Tearfund	Payments 2015 £	Payments 2014 £
Jenny Baker	Church Mission Society, spouse is a director mission partner	Supplier/Partner	nil	16,353
Jill Garner	28 Too Many, trustee	Partner	36	3,049
Jill Garner	Restored, director & trustee	Partner	nil	(150)
David Todd	Partner, KPMG	Supplier	727	–

In addition, Tearfund made payments of £20,029 in 2014/15 (2013/14: £24,152) for project management and consultancy services, relating to marketing and fundraising, provided by Minu Chowdhury-Westlake. Minu Chowdhury-Westlake is the wife of David Westlake, a senior executive of Tearfund. David Westlake is also a trustee of The Cinnamon Network (a partner/supplier of Tearfund's) with payments of £8,305 in 2014/15 (not a legal body in 2013/14) and of Soul Survivor who is a supplier to Tearfund with payments of £14,733 in 2014/15 (2013/14: £31,423).

At 31 March 2015, a balance of £8,305 remained payable to the Cinnamon Network.

18. Ultimate parent

The trustees consider that the ultimate parent and controlling party is Tearfund.

19. Capital commitments

At 31 March 2015 there were contracted capital commitments of nil (2013/14: £129,601).

DIRECTORS, MEMBERS SERVING ON BOARD COMMITTEES, SENIOR STAFF AND ADVISERS

The following information forms part of the Directors' Report.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

Clive Mather (Chairman)¹
 David Todd FCA (Treasurer)² (to September 2014)
 John Shaw (Treasurer)² (from September 2014)
 Jenny Baker³
 Robert Camp^{2, 5}
 David Campanale³
 Jill Garner⁵
 Stephanie Heald⁴
 Rev Mark Melliush⁴
 Deepak Mahtani³
 Julia Ogilvy⁴
 Craig Rowland⁴

Additional Members who serve On Board Committees

Stephen Adams⁴
 Gary Carpenter²
 Chris Collinson⁵ (from March 2015)
 Ian Curtis³
 Anne de Leyser³
 Jason Gardner⁴
 Nick Henwood³
 Phil Hewinson⁴
 Sarah King⁴
 Iain Macaulay⁴
 Fiona Major⁵
 Francis Maul⁴
 Gordon McKechnie³
 Alastair Muir⁴
 Ruth Robb³
 Violeta Ruir³
 Michael Stewart²
 David Thomas³
 Mark Thompson²
 Ed Tranter⁴
 Pete Wynter⁴

1-Ex-officio on all committees

2-Member of Audit, Risk and Finance committee

3-Member of International Committee

4-Member of Global Fundraising Committee

5-Member of People and Organisation Committee

Executive Team

Matthew Frost (Chief executive)
 David Bainbridge (International director – Countries)
 Henrietta Blyth (People and organisational development)
 Alison Hopkinson (Finance and IT)
 Jane Preece (Global fundraising)
 David Westlake (International director – Global programmes)

Independent Auditors

BDO
 2 City Place
 Beehive Ring Road
 Gatwick
 West Sussex RH6 0PA

Solicitors

Anthony Collins LLP
 134 Edmund Street
 Birmingham
 B3 2ES

Bankers

HSBC Bank plc
 138 Shaftesbury Avenue
 London
 WC2H 8HB

Registered Office

100 Church Road
 Teddington
 TW11 8QE

FIVE YEAR SUMMARY

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary Income:					
Donations	39,455	44,510	39,401	41,534	40,896
Grants	22,726	24,073	18,556	15,129	15,472
Total voluntary income	62,181	68,583	57,957	56,663	56,368
All other income	1,694	1,713	2,089	2,709	5,838
Total incoming resources	63,875	70,296	60,046	59,372	62,206
RESOURCES EXPENDED					
Costs of generating funds	5,318	5,920	5,807	5,088	5,840
Charitable activities:					
Envisioning the global church	4,228	4,238	4,026	5,439	6,927
Developing communities	23,342	21,255	23,760	23,829	21,002
Changing unjust policies and practices	2,595	2,414	2,272	3,283	4,391
Responding to disasters	25,901	30,970	24,969	24,427	25,513
Total charitable activities	56,066	58,877	55,027	56,978	57,833
Governance costs	237	249	256	258	264
Total resources expended	61,621	65,046	61,090	62,324	63,937
Net income/(expenditure) for the year and net movement in funds	2,254	5,250	(1,044)	(2,952)	(1,731)
Funds carried forward					
General fund	5,935	5,964	5,907	5,766	5,151
Designated funds	2,644	2,339	2,842	2,101	3,357
	8,579	8,303	8,749	7,867	8,508
Restricted funds	14,778	20,304	18,814	16,744	14,372
Total funds	23,357	28,607	27,563	24,611	22,880
Ratios					
Percentage of total income					
Voluntary income	97.3%	97.6%	96.5%	95.4%	90.6%
Percentage of total expenditure					
Costs of generating funds	8.6%	9.1%	9.5%	8.2%	9.1%
Charitable activities	91.0%	90.5%	90.1%	91.4%	90.5%
Governance costs	0.4%	0.4%	0.4%	0.4%	0.4%



Nighty (17 months) with her mother Elizabeth living in an IDP camp in South Sudan. Photo: Polly Hughes/Tearfund

We're Christians passionate about ending poverty. We go to the places of greatest need, responding to disasters and helping communities to see their own potential to overcome poverty. We won't stop until poverty stops.

tearfund

Following Jesus where the need is greatest

tearfund.org

100 Church Road, Teddington TW11 8QE
Challenge House, 29 Canal Street, Glasgow G4 0AD
241 Newtownards Road, Belfast BT4 1AF
enquiries@tearfund.org 0845 355 8355

Registered Charity No. 265464 (England and Wales)
Registered Charity No. SC037624 (Scotland)

31430-(0715)