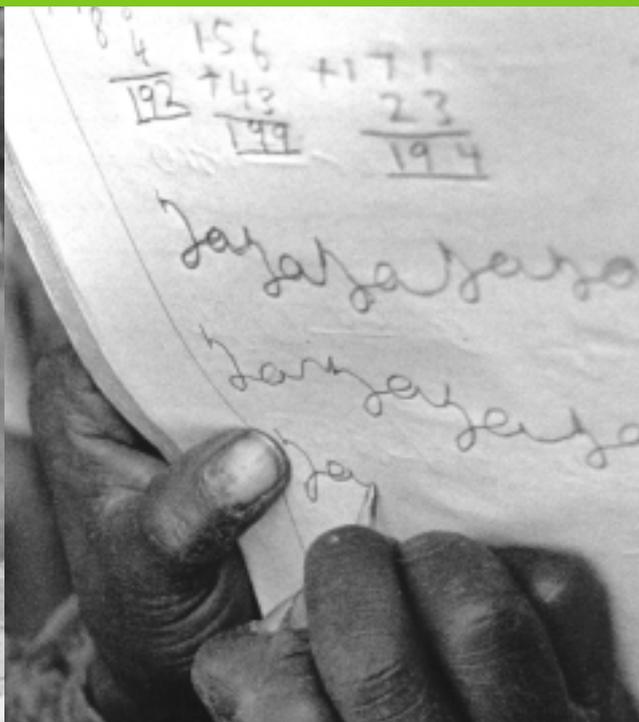


Oxfam annual report and accounts 2000/2001



Oxfam

**Oxfam works
with others
to find lasting
solutions to
poverty and
suffering**

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A company registered in England, number 612172, and limited by guarantee.
 Registered Charity No. 202918

Oxfam (also known as Oxfam GB) is a member of Oxfam International.

OXFAM CORPORATE DIRECTORY

Oxfam Council of Trustees as at 30 April 2001

Lord Joel Joffe CBE (<i>Chair</i>)	Scarlett MccGwire	Jackie Gunn, Sir Richard Jolly, Frank Kirwan, and Matthew Sparrow were appointed during the year.
Rosemary Thorp (<i>Vice-Chair</i>)	Norman Sanson	
Frank Kirwan (<i>Hon Treasurer</i>)	Angela Sealey	
Dino Adriano	Hugo Slim	Lesley Clark, Wanjiru Kihoro, David Kingsmill, and Liz South retired in the year.
Jackie Gunn	Matthew Sparrow	
Sir Richard Jolly	Shriti Vadera	

The following, who are not Trustees, hold honorary positions:

Amartya Sen (<i>President</i>)	Michael Behr (<i>Trustee Emeritus</i>)
Michael Rowntree (<i>Chair Emeritus</i>)	Robin Langdon-Davies (<i>Association Member Emeritus</i>)

Oxfam Association as at 30 April 2001

The following, who are not Trustees, are members of the Association of Oxfam:

Charles Abugre	Fiona Campbell	Michael Gibbs	Kate Kirkland
Daniel Alexander	Nicholas Colloff	Jean Higham	Maureen Smith
Maggie Baxter	Brian Coutanche	Alison Hill	David Sunderland
Lord Bhatia	Bruce Crowther	Jim Howard	Peter Winters
Terry Brenig-Jones	Jenny Drury	Lord Judd of Portsea	

Principal Professional Advisers

Oxfam's principal professional advisers include the following:

Principal Clearing Bankers: National Westminster Bank, Oxford

Auditors: Critchleys, Oxford

Principal Solicitors: Linnells, Oxford
Bates, Wells and Braithwaite, London

Corporate Management Team

Oxfam's Corporate Management Team comprises:

The Director (Chief Executive): Barbara Stocking, CBE (*Appointed May 2001*)

The Director (Chief Executive): David Bryer, CMG (*Resigned May 2001*)

Human Resources: Jane Cotton Trading: Chris Coe

Finance: David Nussbaum International: Stewart Wallis

Marketing: John Whitaker

Company Secretary: Joss Saunders

1. OBJECTIVES AND ACTIVITIES

Oxfam works with others to overcome poverty and suffering.

Oxfam's principal objectives as stated in its statutes are "to relieve poverty, distress and suffering in any part of the world" and "to educate the public concerning the nature, causes and effects of poverty".

Within these overall objectives we focus on five key aims:

- **Sustainable livelihoods**
- **Quality education and healthcare**
- **Protection from disasters and violence**
- **Right to be heard**
- **Right to equity: gender and diversity**

Oxfam works in more than 75 countries. The charitable programme includes advocacy, education, and campaigning work on issues that are central to the achievement of Oxfam's charitable objectives.

Oxfam's Grants List gives brief details of grants allocated by Oxfam during the year. (This publication is available on request from Oxfam's Registered Office. Contact Oxfam Library on 01865 313757 for more information.)

The money to fund this work is raised throughout Britain and overseas, and with the support of thousands of volunteers who help to run Oxfam shops, assist in campaigning, fundraising, and other activities. Oxfam receives funds from many generous donors who make regular monthly donations. Further donations are

received in response to advertisements, mailings, and other appeals. An important proportion of Oxfam's unrestricted income comes from the profit on the sale of donated second-hand goods, sold through Oxfam shops.

The British government and the European Union donate money to Oxfam under their co-funding and disaster relief schemes. Funding is also received from UN agencies for specific emergency projects, and from the National Lottery Community Fund.

Oxfam's wholly owned subsidiary company, Oxfam Activities Limited, trades as Oxfam Trading and Oxfam Wastesaver, and also undertakes other fundraising activities.

Oxfam Trading buys goods, such as Christmas cards, from commercial suppliers, and runs a Fair Trade programme through which it buys crafts, food, and other goods from producers in developing countries. Fair Trade products are sold through the Oxfam shops and other outlets. Oxfam's Fair Trade activities are part of the charitable programme and are not conducted solely as a commercial activity.

Oxfam Wastesaver receives unsold items, mainly lower-quality clothing, from the shops, for recycling at its plant in Huddersfield.

On the Line is a communications and education project for the millennium in which Oxfam has participated. The project is planned and managed by Living on the Line Limited, a wholly owned subsidiary company and On the Line Trust, a charity to which Oxfam has made grants.

2. CHAIR'S REPORT

This has been another eventful year for Oxfam, but we've come to expect that. It's in the nature of our work that staff, volunteers, and partners face the challenge of tackling both the expected and the unexpected. And I'm proud to report that we have largely met that challenge, by making the most of our experience, skills, and resources.

That's true, not least, in the area of fundraising. Oxfam's gross income this year is an impressive £187 million. This is an all-time high, and a £23 million increase over last year. But it's also been a record year for expenditure, with most of the increase going on our response to humanitarian emergencies.

The worlds of fundraising and charity shops get more and more competitive, but we've taken steps this year to ensure our continued success. Oxfam now has more than half a million regular givers – a notable increase on the 70,000 regular givers we had only eight years ago – providing an income that we can depend upon to plan and support our everyday work. Further valuable income comes from our shops, thanks to the efforts of more than 22,000 volunteers.

But in recent years, with the increased competition on the High Streets, our shop sales have remained fairly stable, while costs have increased, leading to a fall in our profit on trading activities, from £9.2 million last year to £6.1 million this. That is why we undertook a major review of our trading operations. The review looked at ways to generate more income and led to improved ways of

working to enhance the ability of shop teams to increase sales, and at the same time reduced our operating costs.

It has also meant that we will focus more on book sales which have been very successful – we are now the largest secondhand booksellers in the UK.

This year has seen the deepening of drought in the Horn of Africa – the most prolonged and far-reaching that people can remember. Oxfam's response has been based on the needs of the local, mainly nomadic, pastoralist community. By working with the communities we've been able to deliver water and food aid to the spots that are most accessible to them, so that they can continue their livelihoods in spite of the drought.

This approach – using our local knowledge and working with local people – is at the heart of the way Oxfam tackles problems throughout the world. This year we've also provided rapid and appropriate relief to people suffering drought in South Asia, floods in the Mekong delta, conflict in Sierra Leone, and an earth-quake in Gujarat, to name but a few.

Oxfam staff face many dangers in the course of their work, especially in areas riven with conflict, but it is testimony to their commitment and understanding of the local situation that we can usually continue our work where it is needed. Insecurity, however, led us to suspend some programmes, for example in West Timor and Aceh, Sumatra (Indonesia), Uraba (Colombia), and Afghanistan. During the year, we continued our move to bring Oxfam's diverse country

programmes together into eight overseas regions, each with a management centre which is responsible for implementing all aspects of the programme, from development to advocacy. By managing the programme this way, our input will be more accountable at the local level, and more able to respond to national and regional demands.

In order to achieve ever greater impact on poverty and suffering, we are working more closely with Oxfam International (OI), and have built up a common agenda. The eleven members of OI, including Oxfam GB, are focusing on a limited number of aims on which we know we can have significant impact. They are that every individual should have a secure livelihood; good quality education and health care; protection from disasters and violence; the right to be heard; and the right to equity (gender and diversity).

In February 2001, we launched our *Cut the Cost* campaign, and it immediately reverberated around the world. With reports in the press and on global television we were able to bring the scandal of drug companies profiting at the expense of poor people to international attention. The campaign has continued to have notable success in the fight to bring affordable medicines to people in developing countries.

In the spirit of being more accountable, the director's report in these Annual Report and Accounts includes a round up of the year's developments and changes, as well as examples of our impact. I think they show how hard we have worked during the year to tackle poverty and suffering, and provide a good

indication of some of the challenges we face.

I will be stepping down as Chair of Oxfam at the end of November 2001. It has been a privilege to serve in this role and to work with an excellent and committed Council of Trustees, a talented management team, our remarkable volunteers and partners, our generous donors, and our enthusiastic, able, and committed staff in the UK and throughout the world. I am proud that Oxfam has developed into an organisation which values both idealism and professionalism, and which is becoming increasingly effective and respected. But all the time, Oxfam recognises that it is only by working on equal terms with others, and in particular with poor and oppressed people, that it will make a real difference in the battle against poverty and injustice.

I welcome the opportunity to pay tribute to David Bryer who in May stepped down after nine and a half years as Oxfam's Director. David was an outstanding leader in whom trustees, staff and supporters had total and well-justified confidence. He was admired and respected, not only in Oxfam, but throughout the development world, where he enhanced the reputation and influence of Oxfam at all levels.

Looking ahead, Oxfam is fortunate that Rosemary Thorp, an Oxfam Trustee for many years, and a leading authority on development in Latin America, is taking over as Chair. With our newly appointed, and highly regarded director, Barbara Stocking, they will form a powerful team to lead Oxfam in the twenty-first century.

Joel Joffe, Chair

3. DIRECTOR'S REPORT

I took up the post as Director, Oxfam GB in May 2001, so I am basing this contribution on an assessment of impact and the report on Oxfam's achievements against its annual objectives, made to Oxfam's Council of Trustees. It demonstrates that Oxfam has had to continue to change to meet the challenges of a complex, unequal world.

All that we do must help Oxfam to achieve its mission to overcome poverty and suffering. The examples on the next few pages reveal something of the breadth and variety of Oxfam's work toward this goal.

The Strategic Review in 1998 helped us to focus on the key changes that enable people to break out of poverty. We want everyone to have a secure livelihood; health care and education; protection from disasters and violence; the right to be heard; and the right to equity (gender and diversity).

Our work this year, both in programmes on the ground and in our advocacy and campaigning work, is described under these five key aims. By focusing on them we can do more of the things we do best, always working with people to help them find their own solutions to their problems.

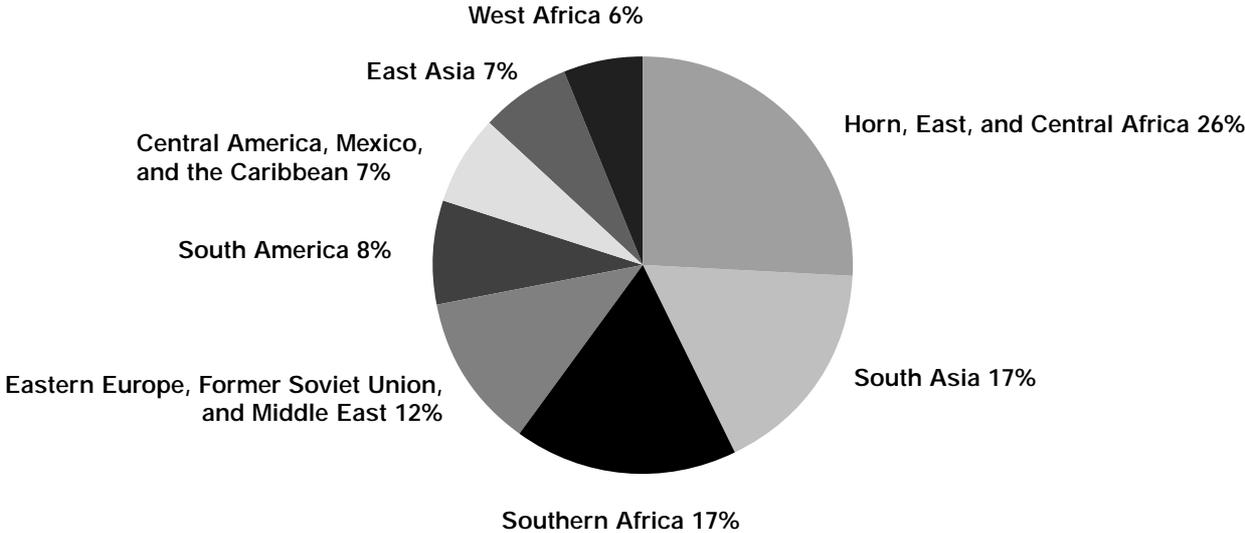
Changing lives: Oxfam's impact on poverty and suffering

Oxfam is working to bring about changes that enable people to break out of poverty. We need to continually assess whether we are making a difference. In the last year we have become much more systematic in measuring our impact. Staff have assessed all our programmes against the following criteria:

- **impact on people's lives;**
- **changes in policies, practices, ideas and beliefs;**
- **contribution to gender equity;**
- **participation;**
- **sustainability;**
- **cost effectiveness.**

This process is far from perfect, but it reveals important information on which we can base decisions about which projects and activities to support. We need to improve our ways of assessing the longer-term results of our work. This includes ensuring that beneficiaries tell us what they think.

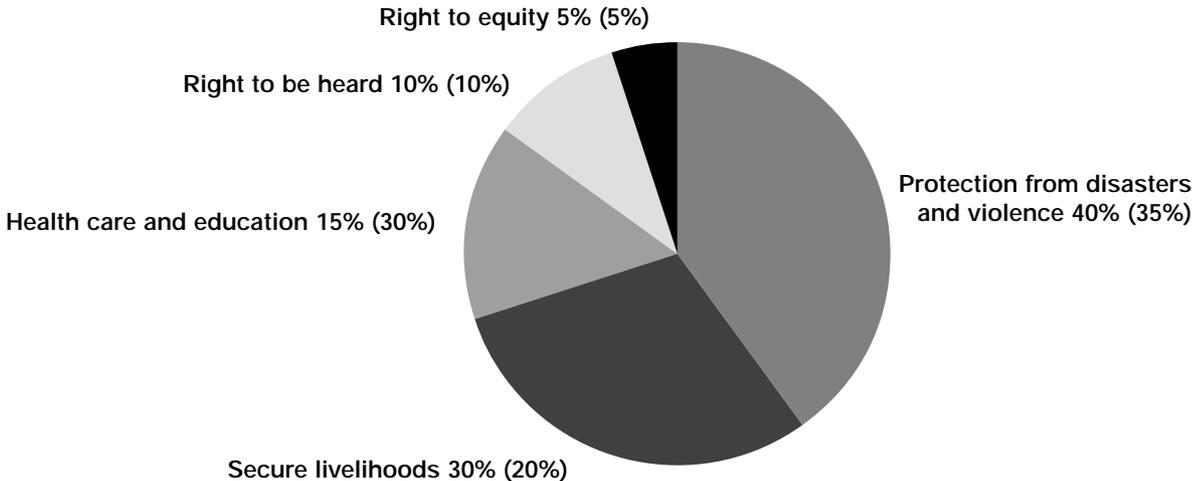
Spend by region



In 2000/01, Oxfam supported just over 1,400 projects, 300 fewer than in the previous year, as we refined our range of projects and moved towards larger ones that make more impact.

Spend by aim

(previous year's percentage in brackets)



On the following pages we have included a few examples of the impact Oxfam has made this year as we have worked towards the achievement of each of our aims. We could, of course, have included many more, but hope that these give a flavour of the projects we fund and support.

A secure livelihood



Ami Vitale/Oxfam

Oxfam's livelihoods work includes micro-credit and training schemes which enable people to earn a living; programmes to improve access to food; supporting communities in rebuilding their livelihoods following conflict or natural disaster; and helping people to secure fair working conditions and labour rights. It also includes advocacy work at national and international level, for policies that protect the livelihoods of poor people. This year, secure livelihoods represented nearly 30% of total programme expenditure.*

Oxfam works so that people living in poverty will achieve food and income security.

Examples of impact:

In urban areas in West Africa, micro-finance schemes for women's groups have had a significant impact, serving as a catalyst for women to get organised, speak out, and access training, and enabling them to earn an income.

In Bolivia indigenous communities are to gain title to more than one million hectares, and gas pipeline-affected indigenous communities have received compensation.

Oxfam International contributed to the European Union's adoption of its 'Everything But Arms' initiative, through which Least Developed Countries gain tariff- and quota-free market access for their exports.

Oxfam works for poor people to have secure paid employment, labour rights, and improved working conditions.

Examples of impact:

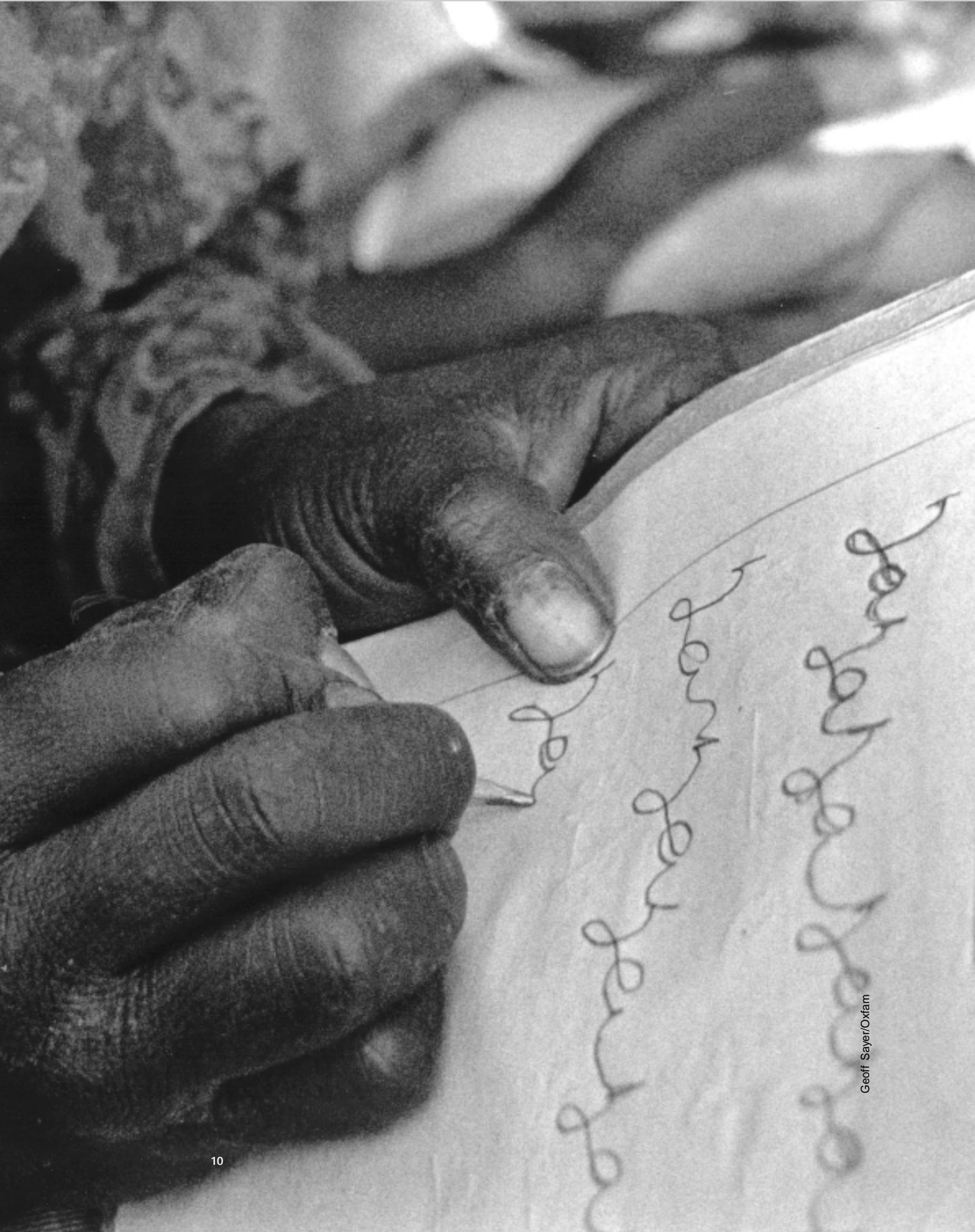
Vocational training and career counselling for young Palestinian refugees has improved livelihoods and reduced frustration. By October 2000, 46% of trainees had found secure paid employment.

National initiatives have led to government or multilateral plans to improve working conditions in assembly plants and to repeal legislation prejudiced against women workers in Chile.

Raised awareness in the UK of the impact of globalisation on industries, such as textiles, with a predominantly female workforce, and of the impact of government policy on poverty, in particular on poor women.

*Grant approval classifications are part of an internal management information system based on planned expenditure. The grant approval system covers operational and non-operational grants and gifts in kind. It excludes information, campaigning, and education expenditure, support costs, and the cost of managing and administering the charity.

Health care and education



Campaigning and advocacy is central to Oxfam's work on health and education. This year saw the launch of the *Cut the Cost* campaign to reduce the cost of life-saving medicines in developing countries, while the *Education Now* campaign continued to press international governments to honour their commitment to provide free primary education for every child by 2015.

Oxfam health work focuses on provision of clean water, sanitation facilities, and hygiene training (see also "Protection from Disasters and Violence"); on improving access to health services and medicines; and increasingly, on HIV/AIDS awareness. Oxfam's health work represented 10% of programme expenditure this year.*

Oxfam helps to increase access to education for children, especially girls, and for adults. This year, work on education accounted for 5% of programme expenditure.*

Oxfam works to improve the health of poor people, through increased access to basic health services, clean water, and sanitation.

Examples of impact:

Improved access to safe drinking water for people in Sri Lanka, Afghanistan, Rwanda, Tanzania, Yemen, Caucasus, Bosnia, and Kosovo, considerably reducing incidences of water-borne disease in the project areas.

Oxfam's *Cut the Cost* campaign had a major impact on the decision of 39 international pharmaceutical companies to withdraw from their court case against the South African government.

HIV/AIDS education in the Horn, East, and Central Africa gained widespread acceptance in communities, increasing awareness and changing behaviour.

Oxfam works so that all children have a good quality basic education, and poor adults have educational opportunities to help overcome their poverty.

Examples of impact:

The *Education Now* campaign contributed to significant increases in bilateral aid for education, and accelerated implementation of debt relief initiatives. For example, in Tanzania, the campaign led to the government providing special needs education and committing to abolish all school fees in future.

In the Afghanistan highlands, winter schools have trained more than 10,000 children (43% of them girls, who have no other educational opportunities) in basic literacy and numeracy, and essential life skills.

In Kenya and Tanzania, street children, especially girls, have gained access to education, and some have been reunited with their families.

*See note on page 9.

Protection from disasters and violence



Jonathan Rainsford/Oxfam

Oxfam delivers appropriate assistance in response to natural disaster or conflict; this includes providing water and sanitation facilities, shelter, and food aid in camps for people who have been made homeless, and health programmes to prevent the spread of disease. This year Oxfam delivered effective responses to a number of high profile emergencies which included: drought and food shortages in the Horn of Africa and in the western part of South Asia; conflict and displacement in Sierra Leone, Eritrea, and Indonesia; and earthquakes in Gujarat (India) and El Salvador.

Long-term programmes are put in place to help people affected by disaster to rebuild their lives, and to prepare for and minimise the impact of future crises. Oxfam also helps to reduce the impact of violence and conflict on people's lives, both through international advocacy and work at community level. Oxfam's work on protection from disasters and violence represented nearly 40% of total programme expenditure.*

Oxfam works so that fewer people die, fall sick, and suffer deprivation as a result of armed conflict or natural disasters.

Examples of impact:

Response to floods in Mozambique included: seeds and tools for farmers (17,500 families); re-establishing poultry production for 5,000 women; access to education for 16,000 students; and measures to control the spread of malaria.

In El Salvador, Oxfam provided clean water to 170,000 people within days of the earthquake, and distributed Oxfam buckets and basic hygiene kits to help more than 17,000 people. There were no reports of epidemics of water-borne diseases.

Training in Sphere standards (global standards for emergency response) and emergency-preparedness work influenced government officials in West Africa to work on emergency-preparedness plans in co-operation with civil society.

Oxfam works so that fewer people suffer personal or communal violence, forced displacement, or armed conflict.

Examples of impact:

Contributed to the UN temporary ban on the sale of diamonds from Sierra Leone, and the diamond industry's acceptance in principle of state certification of gems.

In Northern Mali a community-based conflict prevention/resolution scheme encouraged people from different ethnic groups to give up the weapons they had used against each other since 1990.

Oxfam's *Cut Conflict* campaign to reduce the impact of conflict on civilians contributed to the process which led to the UK government introducing a draft bill on arms control.

*See note on page 9.

Right to be heard



Oxfam enables people who are marginalised or excluded to have a say in their own future. This includes: training people to participate in local government bodies, lobbying decision-makers to recognise the role of civil society; and ensuring that people in poor communities have a say in the decisions that affect their lives. This year, work on the right to be heard accounted for 10% of programme expenditure.*

Oxfam works so that all poor and marginalised people can influence the decisions that affect their lives, achieve their civil and political rights, and enjoy equal status with others.

Examples of impact:

In Bolivia Oxfam's work around traditional lands and recovery of cultural identity has helped to overcome discrimination against indigenous peoples.

In the Philippines, an Oxfam partner has undertaken legal education work with indigenous communities. This has increased the capacity of local people to assert their ownership rights over their traditional lands.

In Guatemala, where more than 60% of the population is of Mayan descent and more than 20 languages are spoken, judicial system officials have been educated about the need to implement changes in the way law and regulations are applied.

*See note on page 9.

Right to equity: gender and diversity



This year, Oxfam's work on the 'right to equity' focused on gaining equal rights for women and men. This was divided into two key areas: ending violence against women, and ensuring that women have the same ability to access, and participate in institutions. Work included: improving services for women victims of violence; enabling women to participate in elections; and lobbying governments to introduce harsher penalties against abductors and rapists. This year, 5% of programme expenditure focused on the right to equity.*

Women and men will enjoy equal rights

Examples of impact:

Oxfam-funded projects in East Asia, particularly in Indonesia, the Philippines, and Cambodia, resulted in a notable decrease and, in some cases, ending of, violence against women.

In India, 50,000 women have been trained in leadership skills and are participating in local *panchayat* (local council) elections. In areas where Oxfam works in Madhya Pradesh state, 35% of those contesting *panchayat* elections were women.

In Oxfam programme areas in Nepal, perpetrators of violence against women and traffickers of women have been prosecuted and punished. The incidence of trafficking in one district was reduced by 15%.

*See note on page 9.

Raising the money for our work

Taking a hard look at our trading operations was on the agenda following a decline in shop performance. I am pleased that the local knowledge, imagination, and marketing know-how of the people who work in our shops is going to be allowed to flourish following the trading review. Having handed over more autonomy to our shop workers, we have already seen some positive results.

During the year, we also commenced a review of our Fair Trade programme, to assess its impact on poverty. Most of the recommendations will be put into action in the coming financial year. We currently intend to: separate our Fair Trade business in the UK from our development programme, but expand our development work to help producers gain access to markets; source Fair Trade products through Fair Trade distributors, and sell them in Oxfam shops; and focus on getting mainstream outlets, such as supermarkets, to adopt fair and ethical trade practices.

At this point I would like to thank our volunteers and supporters – especially those who work in our shops, who have been on the receiving end of many of the changes we have made this year – for their continued commitment to Oxfam. It is an old cliché that we could not do it without them, but it is true; the time, hard work, and enthusiasm of our volunteers are of immeasurable value to us.

The success of our fundraising has been assured by maintaining a diverse range of fundraising methods and testing new ideas to keep our competitive edge. It was a significant moment when we recruited our half-millionth regular donor, in the summer of 2000. And this year we have been able to take advantage of changes to the government's Gift Aid scheme, which mean we can now claim back just over 28p in tax for every £1 donated to us by most tax payers. We have also raised our fundraising profile by approaching more people "face to face" on the High Streets.

As a charity with limited resources, and especially one which works with some of the poorest people in the world, we are continually looking for ways to improve our cost effectiveness. This led to our new purchasing policy this year, which is improving our system of tendering so that we can make the most of our buying power. We have also continued to develop our financial systems and, by expanding our use of the PeopleSoft system we will, in future, be able to share financial information throughout the world.

Organisational developments

A major change within Oxfam this year has been the move to build a more coherent worldwide programme, and the continued decentralisation of management of our international programme to eight regional centres around the world. Gone are the days of country, or regional "desks" in the UK making decisions for the staff who had to deliver the programme on the ground. With improvements in electronic

communication, we can keep in touch with our colleagues overseas and they are better placed to decide how to spend their budgets in response to local needs and initiatives – while keeping within the framework of Oxfam's programme aims. We are also building media and advocacy capability at regional level so that there is better integration of programme and policy work.

This regionalisation has been matched by a strengthening of our partnership with the other members of Oxfam International and, in particular, by the adoption of a common framework to achieve our programme goals. Since we are all working towards the same broad aims, we have begun to link our programmes to ensure clarity of purpose, and to avoid duplication. In practice that means that we fund each other's work and specialise where appropriate.

There have also been structural changes in other parts of the organisation. This was the case following the adoption of our Corporate Communications Plan, which has changed our ways of working to increase the impact of our campaigns. We are now focusing our support on a smaller number of active and committed volunteer campaigners who help to influence policy, for instance by visiting their MPs. At the same time, all our communications contribute to building wider understanding of global issues that affect poor people, to help to generate mass movements in support of our campaigns.

The major structural changes resulting from the 1998 Strategic Review are now in place, but we must continue to develop by looking at our systems and processes, making sure we limit bureaucracy and focus on getting things done.

Looking forward

We will continue to look wider afield and more strategically at global trends. Over the next year or so we are planning to conduct a stocktake of progress in implementing the Strategic Review and what crucial issues – both threats and opportunities – we should now be considering. A special meeting of the Trustees and our Assembly meeting with stakeholders will form part of this process, in 2002.

I am looking forward to building on Oxfam's achievements in the year 2000/01 as we face the challenges of the year ahead.



Barbara Stocking
Director

4. TREASURER'S REPORT

Results for the year

The results for the year are presented in the form of a Statement of Financial Activities, prepared in accordance with the revised Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities". If Oxfam had reported on the same basis as in previous years, our total income for 2001 would have been shown as £131.8 million, compared to a figure of £124.1 million for 2000. The figure for 2000 shown below has been adjusted to £164.5 million for comparative purposes.

Incoming resources

Oxfam's total income was £187.3 million in the year ended 30 April 2001, £22.8 million more than the previous year – due primarily to an increase in donated food aid.

	2001 £m	2000 £m	Increase/(Decrease) £m
Trading sales	61.6	57.9	3.7
Donations, appeals, and legacies	66.2	61.4	4.8
Disasters Emergency Committee Appeals	3.0	14.7	(11.7)
	69.2	76.1	(6.9)
Income for specific programmes	36.0	26.3	9.7
Donated Food Aid	18.2	2.1	16.1
	54.2	28.4	25.8
Investment and other income	2.3	2.1	0.2
Total income	187.3	164.5	22.8

Trading sales of £61.6 million were £3.7 million (6%) higher than last year, driven by increased turnover from donated goods. Trading costs amounted to £55.5 million (1999/2000: £48.7 million). This includes £1.5 million exceptional costs for implementing a review of the operational and management costs of the trading activities.

Oxfam's trading activities contributed £6.1 million towards charitable

expenditure, down £1.6 million (16%) before exceptional costs on 1999/2000 and down £3.1 million (34%) after exceptional costs. Trading declined in profitability in the year with sales growth falling behind the increases in the cost base. The charity retail sector as a whole has experienced a downturn over the last three years. The profit margins made by trading were broadly in line with the sector as a whole. During the year Oxfam's trading management undertook a major

programme of cost cutting as well as introducing measures which have already resulted in increased sales and are expected to result in improved levels of profitability in future years.

Donations, appeals, and legacies continued to show strong growth with income increasing 8% to £66.2 million. This rise in income was due to the continued success of Oxfam's fundraising activities and the changes in Gift Aid made by the UK government in April 2000. The amount raised through regular monthly donations (committed giving) grew by 8%, while that from appeals and donations grew by 12%.

There was one **Disasters Emergency Committee** appeal during the year for the Gujarat earthquake. Oxfam received £1.0 million from this appeal and a further £2.0 million from the finalisation of last year's Mozambique flood appeal. This compared with £14.7 million from the three major appeals during 1999/2000.

Income for specific programmes (restricted) totalled £36.0 million, an increase of £9.7 million (37%) on 1999/2000. This was principally due to £5.5 million additional income from the Department for International Development, £2.0 million more from the European Union, and £0.7 million from the United Nations. Other members of Oxfam International added a further £0.9 million reflecting increased collaboration between the sister agencies. The year saw an exceptionally high level of **donated food aid** with food valued at £15.9 million received from the World Food Programme and £2.3 million from the European Union. This enabled Oxfam

to respond to famine situations in East Africa and Afghanistan.

On 1 May 2000 the accounting policy for income recognition was changed so that income is recognised when Oxfam is entitled to receipt and the amount can be measured with reasonable certainty (see Note 1b). This gave rise to a prior year adjustment, reducing opening restricted reserves and amounts due from institutional donors by £8.4 million (see Note 9). The 1999/2000 comparatives have been restated accordingly.

Cost of generating funds

Trading costs totalled £55.5 million. These costs include rent and other property costs, staff, product sourcing expenditure, and exceptional costs of £1.5 million. These exceptional costs are expected to reduce the annual running costs of the trading operation by £2.6 million in future years.

Trading	1999 £m	2000 £m	2001 £m
Profit on Trading Activities	14.6	9.2	6.1
Trading sales	60.1	57.9	61.6
Trading Profit Margin	24%	16%	10%

Trading profit margin has decreased from 24% in 1998/99 to 10% this year. The decline is primarily due to increased market competition and the introduction of full time paid shop managers following changes in employment legislation. We are implementing the results of a full review of our trading operations, to restore profitability.

Fundraising costs amounted to £15.0 million, an increase of £1.2 million (9%) on 1999/2000.

Fundraising	1999 £m	2000 £m	2001 £m
Donations, Appeals and Legacies	57.9	61.4	66.2
Fundraising Costs*	11.7	13.1	14.3
Fundraising Ratio	4.9	4.7	4.6

The fundraising ratio has remained between £4.50 and £5.00 raised for every £1 spent over the past three years. We have invested slightly more in our fundraising in order to deliver the increased income needed to expand the international programme. This has resulted in a slight decline in the ratio, but will ensure that Oxfam has the money available to allow us to plan ahead to meet the challenges we will face in the future.

Approximately £0.7 million of the fundraising costs are associated with the raising of income for specific programmes from institutions such as the British government. The remaining fundraising costs represent 22% (1999/2000: 21%) of the income raised from 'donations, appeals, and legacies' (see above). A recent study of fundraising ratios among 40 leading UK charities, carried out by the Institute of Charity Fundraising Managers, shows that charities typically spend about £1 for each £5 raised through donations, appeals, and legacies. Oxfam's fundraising ratio is therefore comparable with that of other large charities.

Our fundraising strategy is to continue to build long-term secure and reliable income streams. During the year Oxfam conducted a review of our major fundraising methods to ensure an appropriate balance between efficiency, level of donor restriction, and diversity of income sources.

This review confirmed our focus on growing the number and value of regular

monthly supporters (committed giving). The value of the donations provided by these supporters preserves Oxfam's independence, and enables us to plan significant long-term development programmes and to respond to man-made and natural emergencies.

Charitable expenditure

Charitable expenditure increased by £21.8 million (21%) to £125.7 million. This increase was funded almost entirely from restricted income while the £50.0 million spend from unrestricted income was in line with the previous year.

The increase in restricted expenditure related to the previous year's emergency appeals, and includes expenditure of £6.8 million following the Mozambique flood appeal and the distribution of the exceptionally high level of donated food aid.

The cost of activities in furtherance of the charity's objects ("operational programmes") has increased by £11.7 million to £60.4 million in the year, due primarily to expenditure of the proceeds of prior years' emergency appeals. The level of grants payable in furtherance of the charity's objects ("non operational programmes") has decreased by £5.2 million to £15.5 million. The move towards operational programmes is a continuation of the trend of recent years and reflects the high level of expenditure on emergency programmes.

Subsidiary undertakings

Oxfam Activities Limited, Oxfam's main trading subsidiary, made a profit of £0.1 million (1999/2000: £0.4 million), before interest on working capital of £0.4 million (1999/2000: £0.3 million) paid to Oxfam.

*Excludes the cost of raising income for specific programmes from institutions such as the British government.

The cost of sales of Oxfam Activities Limited includes payments totalling £1.9 million (1999/2000: £1.8 million) to producers of handcrafts and food under agreements promoting Fair Trade.

During the year, the Charity Commission ruled that Oxfam's Fair Trade activities were charitable and, on 1 April 2001, Oxfam's Fair Trade activities were transferred from Oxfam Activities Limited to Oxfam.

Living on the Line Limited is a wholly owned subsidiary of Oxfam. Its only activity in the year was the collection of an outstanding balance from the previous year.

Reserves

Reserves policy

The Council of Trustees has established a general reserves policy to ensure that Oxfam can maximise the programme impact for beneficiaries and maximise the value of net income. General reserves provide some protection to the organisation and its charitable programme and provide time to adjust to changing financial circumstances. This limits the risk to the programme in the event of a downturn in some of Oxfam's various sources of income or an unexpected need for additional expenditure. The policy also provides parameters for future strategic plans, contributes towards decision making, and influences Oxfam's ways of working.

Oxfam has gradually been building up general reserves from historically low levels to reflect the long-term nature of much of Oxfam's work in line with this policy.

The Council of Trustees is in the process of reviewing Oxfam's reserves policy. The objective of the review is to establish the appropriate range for the level of general reserves. These will reduce the risk of financial disruption to Oxfam's charitable programme due to income decline, an inability to meet financial obligations, or an inability to reduce expenditure. In addition, the review is seeking to set Oxfam's level of general reserves neither too high nor too low when measured against comparable international development charities and other leading charities.

General Reserves (unrestricted)

General Reserves are not restricted or designated, as are other funds, for use on a particular programme or for some other defined or designated purpose. There was a £0.5 million deficit of general income over expenditure in 2000/01, compared with a £1.7 million deficit in 1999/2000. However, a combination of the prior years' unspent unrestricted operational grant balances and excess depreciation over capital expenditure enabled £2.1 million to be released from designated funds into General Reserves. Overall this increased the balance of General Reserves to £16.7 million. General Reserves are represented by net current assets and are equivalent to approximately two months' unrestricted expenditure at 2000/01 levels.

Designated Funds (unrestricted)

Designated Funds are those unrestricted funds that have been allocated by the Trustees for particular purposes.

The **Designated Fund for Fixed Assets** of £17.1 million represents resources invested in the charity's fixed assets that are therefore not available for other purposes.

Other Designated Funds of £2.7 million are set aside by Trustees to cover specific operational programmes (not funded by restricted income) which have not been completed by the year-end. The amount transferred from Designated Funds to General Reserves in the year was £2.1 million, being £0.6 million from the Fixed Asset Fund and £1.5 million from Other Designated Funds.

Restricted and Endowment Funds

These funds are tied to particular purposes.

Restricted Funds of £13.3 million represent unspent monies received from donors subject to the conditions specified by them. These funds may arise because of restrictions on their use required by the donor at the time of receipt or because the funds were collected in a public appeal to raise money for a particular purpose. They are not therefore available for use in other Oxfam work.

Endowment Funds of £1.6 million represent monies received from donors where there is some restriction on the power to convert the capital into income (see Note 20).

The Restricted and Endowment Funds are fully covered by matched assets (see Note 22).

Investment policy

Oxfam's investment objective is to maximise the return on its investment funds while maintaining maximum security and a high degree of liquidity to allow a response to emergencies as they occur. To meet this objective Oxfam invests in fixed term or call deposits with a high security rating and either fixed interest rates or with a fixed relationship to base rate. Equity investments are nominal in amount and are held only to enable attendance and participation at

annual general meetings of companies whose roles Oxfam considers to be developmentally strategic. The Council of Trustees reviews Oxfam's investment policy annually.

Fixed assets

In order to support its programme management, fundraising, administration, humanitarian development, and support activities, Oxfam owns tangible assets in the form of leasehold and freehold property (shops, depots, offices, and warehouses), office and computer equipment, and vehicles. At 30 April 2001 the total value of these assets was £16.9 million, an analysis of which is given in Note 10 to the accounts.

Financial position

The Council of Trustees considers that there are sufficient reserves held at the year end to avoid an unacceptable level of disruption to the organisation in the event of a downturn in future income, and that there is a reasonable expectation that Oxfam has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Council of Trustees continues to adopt the going-concern basis in preparing the accounts.

Risk management

The Council of Trustees reviews Oxfam's key risks annually as part of the strategic plan. It considers that maintaining Oxfam's general reserves at the levels stated above, combined with the reviews of controls over key financial systems carried out through an internal audit programme have, in the past, provided Oxfam with adequate risk assurance.

The Council of Trustees is in the process of developing a more comprehensive

mechanism to identify, monitor, review, and manage the major operational and business risks that Oxfam faces on a regular basis. This will enable the Trustees to assess, review, and manage the key risks in a more controlled manner.

However, the nature of some of Oxfam's work requires active acceptance and management of some risks in undertaking activities in order to achieve the objectives of the charity.

Organisation

Oxfam is a registered charity, (registration number 202918) and is constituted as a company registered in England and limited by guarantee (registration number 612172). Its objects and powers are set out in its Memorandum and Articles of Association.

The directors of the company are the charity's Trustees, and they are known as Oxfam's Council. This Council, by which Oxfam is governed, comprises a minimum of ten and a maximum of twelve Trustees. The Trustees retire after a maximum of six years' service, extendible up to a maximum of nine years in the case of Honorary Officers.

The members of the company are known as the Association. This Association is comprised of all the Trustees plus a number of ex-Trustees and other members up to a maximum membership of thirty-two. Members are appointed by the Council, and ratified by the Association. New Trustees are appointed by the Association on the recommendation of Council (the Council being the governing body of Oxfam). Members of the Association have guaranteed the liabilities of the company up to £1.00 each.

Oxfam is managed by a Corporate Management Team who report to the

Council of Trustees. The members of the Corporate Management Team, whose names are listed on page 2, are not directors for the purposes of company law.

Applications and nominations for trusteeship and for membership of the Association may be submitted by anyone involved with Oxfam to a group of Trustees and other Association members known as the Recruitment and Development Group. This group considers applications and nominations in the light of specific criteria and the needs created by retirements. Trustee appointments are based on the need for Council as a whole to have the skills and experience to determine the policies of Oxfam and to monitor the implementation of those policies.

The Trustee Audit and Finance Group has the responsibility of ensuring that the audit, risk management and control processes within Oxfam are effective. It is chaired by the Honorary Treasurer and meets quarterly, one of these meetings being with the external auditor without management being present. It oversees the work programme of internal audit and sets the terms of engagement of the external auditor.

In order to be accountable both to supporters and to the people we work with all over the world, Oxfam undertakes two key initiatives. An Assembly, of about 200 participants, is held periodically for volunteers, staff, and Oxfam's overseas partners to discuss issues and share information. A regular 'Stakeholder Survey' gathers views on Oxfam's work and impact from a broad spectrum of people and helps determine future strategy. Copies of the most recent 'Stakeholder Survey' are available from www.oxfam.org.uk/survey.

Oxfam (also known as Oxfam GB) is a member of Oxfam International, a separate legal entity registered in the Netherlands as a charitable foundation (registration number 41159611). Oxfam International encourages and co-ordinates joint activities with ten other affiliated international agencies, each separately constituted under the appropriate national regulations. Most of these use the name 'Oxfam', and all share many common values. Oxfam GB also receives grants from and makes grants to members of this group. During the year Oxfam received income of £9.4 million from the other members of Oxfam International and made grants of £0.6 million to them.

Oxfam has a wholly owned subsidiary, Oxfam Activities Limited, which raises funds by means of trading activities. Oxfam Activities Limited has a 25 per cent interest in cafédirect limited (a company registered in Scotland with registration number 141496) which promotes Fair Trade primarily through the marketing and distribution of tea and coffee.

On the Line Trust, (registration number 3692394) a registered charity and company limited by guarantee receives grants for the On the Line project. Living on the Line Limited, a wholly owned subsidiary of Oxfam (registration number 3549003), was formed to raise funds, by means of trading activities, for the On the Line project, but it did not trade during the year.

Trustees and their statutory responsibilities

The names of the Trustees who have acted during the year are given on page 2.

Company Law requires the Trustees to be

responsible for the preparation of accounts for each financial year, which give a true and fair view of the state of affairs and the results of the charity and the group for that period. In preparing those accounts, the Trustees are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and prepare the accounts on the going-concern basis, unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the charity, and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing these accounts, Trustees have sought to follow best practice in accounting by charities, as laid down in the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", other current statutory requirements, and the requirements of Oxfam's Memorandum and Articles. Any departures and reasons for departures from the SORP are disclosed in the relevant notes to the accounts. Oxfam's Memorandum and Articles of Association give the Trustees wide-ranging powers of investment, including investment in stock, shares, and debentures in any part of the world.

Oxfam investments are held in accordance with these powers.

Staff and volunteers

The Trustees wish to record their appreciation to all staff and volunteers for their devoted work, often beyond the call of duty. Without this commitment the work of Oxfam could not continue.

Consultation

Oxfam has well-established arrangements for consulting and involving staff in its work. Management and staff bodies negotiate terms and conditions of employment through the Staff Associations in countries outside Britain and through the Oxfam Negotiating Committee in Britain. All managers are expected to hold regular meetings with their staff to provide an opportunity for communication of information and discussion of events as they develop. The Oxfam newsletter, VOX, is produced every two weeks to keep staff and volunteers informed.

Equal opportunities

Equal opportunities in employment within Oxfam is seen as an integral part of Oxfam's overall aims and objectives. The aim of the Equal Opportunities policy is to ensure that all people receive equality of opportunity within Oxfam irrespective of gender, race, colour, religion, or disability. This policy affects staff and volunteers alike.

Disabled employees

Oxfam gives full and fair consideration to applications for employment from disabled people. In line with Oxfam's Equal Opportunities policy and the Disability Discrimination Act, every

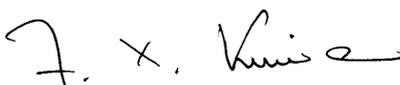
reasonable measure is taken to adapt the site and working conditions to enable appointment. Oxfam's policy on training, career development, and promotion of disabled people is, as far as possible, identical to that for other employees. If employees become disabled, every effort is made to ensure their continued employment and, where possible, the site and working conditions are adapted.

Volunteers

More than 22,000 volunteers work in Oxfam shops and thousands of others contribute their time to Oxfam in other ways. Most make a regular commitment, ranging from a few hours to a full working week. Some use their professional expertise, others give their time and energy in work that is not related to their everyday jobs. Some volunteers may be retired, or not in paid employment. Oxfam tries to apply the principles of involvement and equality to its many volunteers. Everyone who works with Oxfam is encouraged to feel part of a world-wide movement of people who are working together to overcome poverty and suffering.

Auditors

Critchleys have expressed their willingness to continue in office as Auditors. A resolution proposing their re-appointment will be submitted at the Annual General Meeting.



Frank Kirwan, Hon Treasurer



Joel Joffe, Chair of Oxfam

5 October 2001

AUDITORS' REPORT

To the Members of the Association of Oxfam

We have audited the accounts of Oxfam on pages 29 to 54

Respective Responsibilities of Trustees and Auditors

As described on page 26, the charity's Trustees are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied, and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the charity and the group at 30 April 2001, and of the group's deficit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Oxford

5 October 2001

Critchleys

Chartered Accountants

Registered Auditors

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

NOTES	Unrestricted Trading Activities £'000	Unrestricted Funds £'000	Restricted Funds £'000	Totals 2001 £'000	Totals as restated 2000 £'000
Incoming resources					
2a		56,066	13,196	69,262	76,052
	<i>Donations, legacies & similar incoming resources</i>				
	<i>Activities in furtherance of the charity's objects:</i>				
2b			54,177	54,177	28,361
	<i>Resources from government & other public authorities</i>				
	<i>Activities for generating funds:</i>				
2c	61,575			61,575	57,934
	<i>Trading sales</i>				
2d		2,172	150	2,322	2,136
	<i>Investment income & other incoming resources</i>				
2e	61,575	58,238	67,523	187,336	164,483
	Total incoming resources				
Less: Cost of generating funds					
2c	55,491			55,491	48,716
	<i>Trading costs</i>				
		14,938	17	14,955	13,731
	<i>Fundraising costs</i>				
	6,084	43,300	67,506	116,890	102,036
	<i>Net incoming resources</i>				
2c	(6,084)	6,084			
	<i>Transfer of profit on trading activities</i>				
	0	49,384	67,506	116,890	102,036
	Net incoming resources available for charitable application				
Charitable expenditure					
3b		9,010	6,459	15,469	20,649
	<i>Grants payable in furtherance of the charity's objects</i>				
3c		10,408	50,022	60,430	48,699
	<i>Costs of activities in furtherance of the charity's objects</i>				
2a,2b		82	18,209	18,291	2,435
	<i>Gifts in kind</i>				
3d		7,748		7,748	7,797
	<i>Information, campaigning & education</i>				
3e		20,746	1,017	21,763	20,926
	<i>Support costs</i>				
3f		1,979		1,979	3,408
	<i>Managing & administering the charity</i>				
3a		49,973	75,707	125,680	103,914
	Total charitable expenditure				
		120,402	75,724	196,126	166,361
	Total resources expended				
		(589)	(8,201)	(8,790)	(1,878)
	Net (outgoing)/incoming resources before transfers				
20		1	(1)	–	–
	<i>Transfers between funds</i>				
		(588)	(8,202)	(8,790)	(1,878)
	Net (outgoing)/incoming resources before revaluations & investment asset disposals				
	<i>Gain on investments:</i>				
11		71	40	111	97
	<i>Unrealised</i>				
		2	–	2	52
	<i>Realised</i>				
		(515)	(8,162)	(8,677)	(1,729)
	Net movement in funds				
		37,105	31,496	68,601	61,972
	Total funds brought forward as previously stated				
9			(8,358)	(8,358)	
	Prior year adjustment				
		37,105	23,138	60,243	61,972
	Total funds brought forward restated				
		36,590	14,976	51,566	60,243
	Total funds carried forward				

Included in restricted funds carried forward is £1,636,000 (1999/2000 £1,582,000) endowment funds. The detailed analysis of restricted funds and endowment funds is provided in notes 19 and 20 respectively.

SUMMARY INCOME AND EXPENDITURE ACCOUNT (SEE NOTE 7)

Oxfam Group	2001	2000
	£'000	As restated £'000
Income		
Donations, legacies & similar incoming resources	69,247	75,986
2b Resources from Government and other public authorities	54,177	28,361
2c Trading sales	61,575	57,934
2d Investment income and other incoming resources	2,322	2,136
Realised gains on disposal of investments	2	52
Total realised income	187,323	164,469
Less:		
2c Trading costs	(55,491)	(48,716)
Fundraising costs	(14,955)	(13,731)
Charitable expenditure	(125,680)	(103,914)
8 (Deficit)/Surplus of income over expenditure	(8,803)	(1,892)
Transfers (to)/from Other Funds:		
19 Transfer (to)/from Restricted Funds	8,216	(121)
18 Transfer from Designated Fund – Other	1,493	2,079
Transfer (to)/from Designated Fund – Fixed Assets	651	(1,045)
Transfer from Endowment Fund	1	228
18 General Reserves at 30 April 2000	15,161	15,912
18 General Reserves at 30 April 2001	16,719	15,161

This income and expenditure account is included in the accounts in compliance with the Companies Act 1985. It excludes receipts on Endowment Funds and unrealised gains on investments, in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities". All activities are continuing. As a company limited by guarantee, and with charitable objects, a "reconciliation of shareholders' funds" is not considered appropriate.

BALANCE SHEET

NOTES	Oxfam		Oxfam Group	
	2001 £'000	2000 As restated £'000	2001 £'000	2000 As restated £'000
	Fixed Assets			
10	16,596	16,808	16,866	17,502
11	4,359	4,368	1,922	1,931
	20,955	21,176	18,788	19,433
	Current Assets			
12	4,186	1,864	5,298	5,907
13	21,244	18,005	21,786	17,374
14	22,663	38,744	22,679	38,772
	48,093	58,613	49,763	62,053
15	(17,144)	(19,545)	(16,920)	(21,123)
	30,949	39,068	32,843	40,930
	Net Current Assets			
	51,904	60,244	51,631	60,363
	Total Assets less Current Liabilities			
16	0	0	(65)	(120)
	51,904	60,244	51,566	60,243
	Net Assets			
	Charitable Funds			
20	1,636	1,582	1,636	1,582
19	13,340	21,556	13,340	21,556
18	17,126	17,706	17,126	17,706
18	2,745	4,238	2,745	4,238
18	17,057	15,162	16,719	15,161
	51,904	60,244	51,566	60,243

Approved by the Council of Trustees:



Lord Joel Joffe (Chair of Oxfam)
5 October 2001

CONSOLIDATED CASH FLOW STATEMENT (SEE NOTE 24)

	2001	2001	2000	2000
	£'000	£'000	£'000	£'000
Net Cash (Outflow)/Inflow from Operating Activities		(10,646)		3,012
Returns on Investments and Servicing of Finance				
Deposit Interest Received	1,156		1,644	
Investment Income (on endowment investments)	6		108	
Finance Lease Interest Paid	(19)		(19)	
Loan Interest Paid	0		(12)	
		1,143		1,721
Capital Expenditure and Financial Investment				
Payments to acquire Tangible Fixed Assets – additions	(3,112)		(3,592)	
Payments to acquire Tangible Fixed Assets – on finance leases	0		53	
Receipts from sales of Tangible Fixed Assets	479		259	
Acquisition of Fixed Asset Investments	(19)		(1,456)	
Disposal of Fixed Asset Investments	141		186	
Net increase in Endowment Investments	14		1,288	
		(2,497)		(3,262)
Net Cash (Outflow)/Inflow before management of Liquid Resources and Financing		(12,000)		1,471
Management of Liquid Resources				
(Increase)/Decrease in Short Term Deposits		13,000		(3,000)
Financing				
Capital element of Finance Leases	(92)		(94)	
Release of endowments to Revenue Funds	(1)		(250)	
Additions to endowments	15		66	
Net (increase) in Endowment Investments	(14)		(1,288)	
		(92)		(1,566)
Increase /(Decrease) in Cash in the Year		908		(3,095)

1. ACCOUNTING POLICIES

a. Accounting conventions

The accounts are prepared under the historical cost convention, as modified by the inclusion of investments at market value and in compliance with applicable accounting standards. In preparing the accounts Oxfam has sought to follow best practice as laid down in the SORP “Accounting and Reporting by Charities” issued in October 2000. This has required the restating of the 1999/2000 reported results onto a comparable basis.

As a large and complex charity, Oxfam seeks to provide certain ancillary services in-house, such as printing, design, warehousing, and support of information systems and technology. These services are recharged to user departments on the basis of units of output, rather than by apportioning costs, such as salaries and depreciation, to supported functions as appearing in the Statement of Financial Activities. Therefore, where appropriate, the recharged costs have been excluded from some of the analyses across some of the categories of expenditure.

The charity has had to adjust the formats from those prescribed by the 1985 Companies Act, to include headings which are relevant to its activities, to enable it to show a true and fair view.

b. Incoming resources

Income is recognised in the period in which Oxfam is entitled to receipt and where the amount can be measured with reasonable certainty.

Income from ‘Gift Aid’ tax reclaims is recognised for any ‘Gift Aid’ certificates received up to a month after the year-end, in relation to donations made prior to the year-end.

Legacy income is recognised in the period in which Oxfam is entitled to receipt and where the amount can be measured with reasonable certainty.

Income is deferred when Oxfam has to fulfil specific contract conditions prior to entitlement to it or where the donor has specified that the income is to be expended in a future period.

Grants from governments and other agencies have been included as income from “activities in furtherance of the charity’s objects” where these amount to a contract for services, but as donations where the money is given in response to an appeal or where greater freedom of use exists.

c. Expenditure

Grants to other organisations for relief and development projects are accounted for on the basis of approved allocations. The value of grants approved, but still to be paid, are included in the Balance Sheet as current liabilities.

Expenditure on operational projects managed by Oxfam is accounted for as it is incurred. Any unrestricted expenditure that has been approved, but remains unspent at the year end, is provided for under designated funds.

Value Added Tax Expenditure subject to VAT which is not recoverable by Oxfam is shown inclusive of VAT. All other expenditure is shown exclusive of VAT.

d. Basis of consolidation

The accounts of Oxfam's trading subsidiary company, **Oxfam Activities Limited**, are consolidated with the accounts of Oxfam, in accordance with current legislation. The taxable profit of Oxfam Activities Limited is donated to Oxfam by 'Gift Aid' so that there is no liability to corporation tax. The accounts of **cafédirect limited**, in which Oxfam Activities Limited has a 25 per cent holding, have not been included as the amounts involved are not considered material.

The accounts of Oxfam's trading subsidiary company, **Living on the Line Limited**, are consolidated with the accounts of Oxfam, in accordance with current legislation. **Living on the Line Limited** did not trade during the year and there is no liability to corporation tax.

The accounts of **Oxfam (India) Trust** are included within the accounts of Oxfam. **Oxfam (India) Trust** was set up as a UK charity in 1978, in order to take responsibility for the funds which Oxfam remits to India in the course of its ongoing development and relief programme, and to comply with the India Foreign Contributions Regulation Act 1976.

e. Gifts in Kind

Blankets and clothing, etc. received and given to overseas projects are included in the accounts at market value at the time of export. Goods held pending dispatch

are not included in the accounts. Goods which have been dispatched overseas but are not yet distributed from Oxfam-controlled stores are included in the value of aid provided and are not included on the Balance Sheet. This is taken to be the point at which the goods have a value to the beneficiary.

Food aid from the World Food Programme and the European Union, for which Oxfam accepts full responsibility for distribution, is included in 'Resources from government and other public authorities' at its market value, and under 'Charitable Expenditure' at the same value.

Properties, investments, and other fixed assets donated to the charity are included as donation income at market value at the time of receipt.

f. Depreciation of tangible fixed assets

Freehold land is not depreciated.

The cost of **tangible fixed assets** is written-off by equal annual instalments over their expected useful lives as follows:

Freehold buildings	50 years
Leasehold warehouse	10 years
Computer infrastructure	10 years
Leasehold premises	5 years
Furniture, fixtures, and equipment in GB	5 years
Computer equipment	3-5 years
Motor vehicles	4 years
Furniture, fixtures, and equipment Overseas	3 years

Vehicles and equipment used in operational programmes are not capitalised but are charged in full to charitable expenditure when purchased. The expected useful life of these assets is significantly reduced in such programmes.

g. Fixed asset investments

Fixed asset investments include freehold properties where it is unlikely that Oxfam will be able to realise its investment in the foreseeable future. Included in this are properties where the proceeds, once realised, will be used for charitable purposes, rather than reinvestment. These fall within the definition of current asset investments given in the SORP “Accounting and Reporting by Charities”. However, due to the specific circumstances relating to these properties the Trustees consider it appropriate to classify them as fixed asset investments.

Fixed asset investments are included in the Balance Sheet at market value where there is a material difference between cost and market value.

h. Stocks

Bought-in stocks are valued at the lower of cost or net realisable value, after making due allowance for any obsolete or slow-moving items. Unsold donated items are not included in closing stock since their cost is nil and their value is uncertain until sold.

i. Foreign currencies

Transactions in foreign currencies, including capital transactions, during the year are translated at prevailing rates. Foreign currency balances are translated at the rate of exchange prevailing at the Balance Sheet date.

j. Pension scheme

Oxfam operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charity and are managed by The Pensions

Trust. The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the Statement of Financial Activities. The charge spreads the cost of pensions over employees’ working lives with Oxfam, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll costs.

k. Fundraising costs

Fundraising expenses include the salaries and overhead costs of the staff who undertake fundraising activities.

l. Management and administration costs

Management and administration expenses represent the salaries, direct expenditure, and overhead costs of central servicing departments at head office, such as Corporate Finance and Corporate Human Resources, net of any appropriate recharge to the operational divisions.

m. Finance and operating leases

Assets held under finance leases are included in tangible fixed assets and are depreciated at the appropriate rates. Obligations under such agreements are included in creditors net of finance charges allocated to future periods.

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

n. Other commitments

Provision is not made in the accounts for future liabilities in respect of future period grant allocations.

o. Fund accounting

Restricted, designated, and other unrestricted funds are separately disclosed, as set out in Notes 18 and 19. The different funds held are defined as follows:

Restricted and Endowment funds are subject to specific restrictions imposed by the donor or by the nature of the appeal.

Designated funds are set aside at the discretion of the Trustees for specific purposes. They would otherwise form part of the other unrestricted funds. The specific designated funds held are:

Designated Fund for Fixed Assets, which represents resources invested in the charity's fixed assets. The Fund is therefore not readily available for other purposes.

Other Designated Funds that are set aside by Trustees to cover operational programmes (not funded by restricted income) where grants have been allocated during the year, but not paid out by the year-end.

2. INCOME

a. Donations, legacies, and similar incoming resources

	2001 £'000 Unrestricted	2001 £'000 Restricted	2001 £'000 Endowment	2001 £'000 Total	2000 £'000 Total
Committed Giving	39,765			39,765	36,754
Legacies	9,246			9,246	8,238
Public donations, appeals, & fundraising events	6,973	4,627	15	11,615	10,351
Gifts in Kind – blankets & clothing	82			82	342
Disasters Emergency Committee (DEC) appeals		2,981		2,981	14,731
DfID Block Grant		5,573		5,573	5,636
	56,066	13,181	15	69,262	76,052

There was one Disasters Emergency Committee appeal during the year for the Gujarat earthquake. Oxfam received £1.0 million from this appeal and a further £2.0 million from the finalisation of last years' Mozambique flood appeal. This compared with £14.7 million from the three major appeals during 1999/2000.

As explained in Accounting Policies Note 1, income is accounted for as soon as it is prudent and practicable to do so, that is once there is reasonable certainty as to the amount and entitlement.

At 30 April 2001, in addition to legacy income that has been included in the accounts on the above basis, Oxfam expected to benefit from a number of legacies from estates for which the administration had yet to be finalised. Oxfam's future income from these legacies is estimated at £0.8 million (2000: £1.3 million).

b. Resources for specific programmes from governments and other public authorities

	2001 £'000	2000 As restated £'000
UK Government – Department for International Development	10,533	5,001
European Union	10,382	8,399
UNHCR	2,323	2,723
Other UN agencies	1,243	122
Members of Oxfam International	9,437	8,519
Non-UK governments	533	162
Other International agencies	1,013	841
National Lottery Community Fund	427	478
Other UK agencies	77	23
Gifts in Kind – vehicles and medical supplies	57	0
Gifts in Kind – Food Aid received from World Food Programme	15,915	1,092
Gifts in Kind – Food Aid received from European Union	2,237	1,001
	54,177	28,361



Oxfam acknowledges funding from the National Lottery Community Fund for the GB Poverty Programme (£225,000) and AIDS intervention in India (£202,000).

On 1 May 2000 the accounting policy for income recognition was changed so that income is recognised when Oxfam is entitled to receipt and the amount can be measured with reasonable certainty (see Note 1b). This gave rise to a prior year adjustment that reduced opening restricted reserves and amounts due from institutional donors by £8.4 million (see Note 9). The 1999/2000 income comparatives have been restated accordingly.

c. Activities for generating funds: Trading income

	2001 Oxfam £'000	2001 OAL £'000	2001 Total £'000	2000 Oxfam £'000	2000 OAL £'000	2000 Total £'000
Turnover from donated goods	46,217	3,348	49,565	42,972	3,267	46,239
Turnover from purchased goods	448	11,562	12,010	–	11,695	11,695
Total trading sales	46,665	14,910	61,575	42,972	14,962	57,934
Operating expenses	(36,256)	(9,593)	(45,849)	(30,754)	(9,528)	(40,282)
Management expenses	(4,420)	(5,222)	(9,642)	(3,415)	(5,019)	(8,434)
Total trading expenses	(40,676)	(14,815)	(55,491)	(34,169)	(14,547)	(48,716)
Net trading income	5,989	95	6,084	8,803	415	9,218
<i>In addition, the following amounts, included within donations, were collected through the shops:</i>						
Restricted donations	1,313	28	1,341	2,068	15	2,083
Unrestricted donations	971	0	971	602	–	602
Net income including donations	8,273	123	8,396	11,473	430	11,903

Oxfam's wholly owned subsidiary, Oxfam Activities Limited (OAL), raises funds by means of trading activities.

During the year the Charity Commission ruled that Oxfam's Fair Trade activities were charitable and, from 1 April 2001, Oxfam's Fair Trade activities were transferred from Oxfam Activities Limited to Oxfam.

Trading sales represents income from the sale of donated and bought-in goods through the charity's shops, catalogues, recycling operations, and licensing income.

Turnover from donated goods includes rental income from sublet units of Oxfam shops of £0.6 million (1999/2000 £0.6 million).

No charge is made to the trading subsidiary for rags provided from Oxfam shops. Oxfam Activities Limited made a loss after interest so there is no liability to Corporation Tax.

Interest on working capital of £0.4 million (1999/2000: £0.3 million) was charged to the trading subsidiary by Oxfam, resulting in an overall loss for Oxfam Activities Limited of £0.3 million (1999/2000: profit £0.1 million).

By reporting the turnover and results of its subsidiaries separately, Oxfam is taking advantage of the concession, given by paragraph 304 of the Charities SORP October 2000, not to prepare separate consolidated and charity Statement of Financial Activities. (No material contribution was made to the group turnover or net results in the year by Living on the Line Limited.) For further details of Oxfam's subsidiaries see Note 10.

d. Investment income and other incoming resources

	2001 £'000	2000 £'000
Deposit Interest – unrestricted	1,006	1,493
Deposit Interest – restricted	150	152
Sale of printed material	473	151
Surplus/(Loss) on Disposal of Fixed Assets	7	68
Investment Income		
Quoted Investments	0	6
Cash held for investment (interest on endowments)	6	102
Rental income from investment properties	0	7
Nursery fees	156	146
Sale of humanitarian equipment	372	0
Miscellaneous overseas income	118	0
Others	34	11
	2,322	2,136

e. Total unrestricted incoming resources

Total unrestricted incoming resources for the year amounted to £119.8 million (1999/2000 £110.3 million).

3. CHARITABLE EXPENDITURE

a. Charitable expenditure – functional analysis

Oxfam's relief and development programme can be analysed into the following sectors:

	2001 £'000	2000 £'000
Health and nutrition	33,876	13,766
Water supply and sanitation	18,319	23,760
Agriculture	8,568	6,982
Institutional development and social organisation	12,783	11,465
Shelter	1,076	2,634
Income generation/production	5,576	3,435
Information/lobbying	5,812	4,549
Education and Legal Aid	4,551	6,139
Logistics support	4,540	2,189
Movement on operational grant balances	(1,375)	(3,748)
Information, campaigning, and education	7,748	7,797
Support costs	21,763	20,926
Managing and administering the charity	1,979	3,408
Other	464	612
Total charitable expenditure	125,680	103,914

Included in health and nutrition is £18.2 million (1999/2000 £2.1 million) of distributed food aid.

b. Grants payable in furtherance of the charity's objects

Much of Oxfam's development programme is carried out through grants to local organisations that support long-term, sustainable benefits for a community. Grants are also made to fund immediate emergency relief provision in times of crisis, catastrophe, or natural disaster. Details of the largest fifty grants made by Oxfam to institutions are listed at Note 23.

c. Costs of activities in furtherance of the charity's objects

Oxfam's own staff overseas are also involved in delivery of the programme through the provision of specialist services (e.g. to address the water and sanitation needs of refugees) and also through training and networking for local organisations.

Charitable expenditure on "costs of activities in furtherance of the charity's objectives" amounted to £60.4 million (1999/2000: £48.7 million). This increase was primarily due to expenditure of the proceeds of prior years' emergency appeals.

d. Information, campaigning, and education

Oxfam's information, campaigning, and education programme has several key objectives. One is to contribute the experience that comes from the international programme to the curricula and methods of school teaching and youth work in Great Britain. Another is to inform our supporters and the wider British public about our international experience of work with poor people. We also carry out research and analysis of the issues raised by our work, as a contribution to public debate and policy-making in Britain and the European Union, in the interests of alleviating poverty and suffering world-wide. The information, campaigning, and education programme is seen by Oxfam's Trustees as an important activity, complementary to the international programme, in the furtherance of Oxfam's purposes.

Information, campaigning, and education includes the payment of a grant of £0.2 million (1999/2000: £0.7 million) to the On the Line Trust, for the charitable purposes of the On the Line project.

e. Support costs

Support costs represent the cost of Oxfam's core field offices and the costs incurred by GB-based staff, directly providing support for Oxfam's international programme. It includes management, policy and advocacy work, supervision and technical support for Oxfam's emergency programmes, and the running costs of the Oxfam emergency warehouse, purchasing, and logistics operations. This expenditure may be analysed as follows:

	2001 £'000	2000 £'000
Staff costs	13,833	12,656
Other costs	7,930	8,270
	<u>21,763</u>	<u>20,926</u>

f. Managing and administering the charity

Management and administration expenditure represents costs incurred by finance, human resources, internal audit, and directorate departments, attributable to the management of the charity's assets, organisational administration, and compliance with constitutional and statutory requirements. This is analysed as follows:

	2001 £'000	2000 £'000
Staff costs	1,109	1,159
Other costs	870	2,249
	1,979	3,408

The 1999/2000 other costs include one-off costs of £1.0 million for the upgrade of Oxfam's information systems prior to the millennium.

4. EMPLOYEES

The average number of employees (head count) throughout the year was:

	2001	2000
GB contracted employees		
Trading Division	1,119	949
Marketing Division	360	354
Corporate Functions	135	123
Programme Headquarters	247	262
Programme Field (based overseas)	66	72
	1,927	1,760
Staff based overseas on local contracts	2,254	1,585
	4,181	3,345

Improvements in reporting systems, combined with the increase in the size of the programme, particularly on humanitarian projects, have increased the reported number of staff based overseas on local contracts. It has not been possible to restate the reported 1999/2000 staff based on local contracts on a comparable basis.

Oxfam operates 'family friendly' employment policies that encourage a wide range of working patterns including job sharing and part-time working. These result in a significantly lower number of employees when based on full-time equivalents rather than on head count.

5. GB CONTRACTED STAFF COSTS

	2001 £'000	2000 £'000
Salaries and wages	32,810	28,508
National Insurance	2,743	2,598
Pension scheme	1,468	1,239
	37,021	32,345

Salary costs are allocated according to the functions of each staff member and, therefore, form part of trading costs, fundraising costs and charitable expenditure, as appropriate.

In addition, a great amount of time, the value of which is impossible to reflect in these accounts, is donated by tens of thousands of volunteers throughout Britain.

The number of higher paid staff with emoluments falling in the following ranges were:

	2001	2000
£50,000 to £59,999	3	4
£60,000 to £69,999	3	1
£80,000 to £89,999	1	0

Emoluments include salary and taxable benefits in kind.

Retirement benefits are accruing under defined benefit schemes for five (1999/2000: three) higher paid employees. In addition, Oxfam paid £6,000 (1999/2000: £12,000) into a defined contribution pension scheme for one (1999/2000: two) higher paid employee.

6. TRUSTEES' EXPENSES

Members of Oxfam's Council of Trustees receive no remuneration for their services. Directly incurred expenses of the charity in 2000/01 totalled £23,000 (1999/2000: £9,000).

The increase in directly incurred expenses in 2000/01 was largely due to the cost of travel by Trustees to see Oxfam's overseas programmes at first hand.

7. INCOME AND EXPENDITURE ACCOUNT

An income and expenditure account is an alternative summary of the information contained in the Statement of Financial Activities. As recommended in the Charity SORP, this statement excludes gifts of capital which are not currently available for revenue expenditure (see Note 19 on Endowment Funds) and unrealised revaluations of investment assets. The income and expenditure account is included in the accounts in order to comply with the Companies Act 1985.

Oxfam is relying on the exemption conferred by section 230 of the Companies Act 1985 in not preparing a separate Income and Expenditure Account for Oxfam, excluding its wholly owned subsidiaries.

8. SURPLUS OF INCOME FOR THE FINANCIAL YEAR

STATED AFTER CHARGING/(CREDITING):

	2001 £'000	2000 £'000
Loan interest	0	12
Finance lease interest	19	19
Depreciation of Tangible Fixed Assets	3,276	2,977
Hire of vehicles and equipment	1,200	1,123
Property rental	14,766	13,827
Auditors' remuneration – Statutory Audit (GB)	40	40
– Audit (Overseas)	15	20
– Other	5	2
Rental income	(632)	(642)
Exchange rate differences	845	815
Indemnity insurance	8	8
Income from endowment capital	77	77
Irrecoverable VAT	770	705

The reported exchange rate loss was £845,000 (1999/2000: £815,000). This reported difference consists of two elements;

- i) The notional accounting losses due to Oxfam using standardised internal exchange rates when transferring funds abroad. Where these standardised rates differ from actual rates, the difference is reported as an exchange gain or loss. This reported loss has no impact on the level of resources available for programmes.
- ii) The actual exchange losses related to receiving income predominantly in Sterling and Euros and incurring some charitable expenditure in currencies related to the US Dollar during a period where the US Dollar has strengthened.

9. PRIOR YEAR ADJUSTMENT

On 1 May 2000 the accounting policy for income recognition was changed so that income is recognised when Oxfam is entitled to receipt and the amount can be measured with reasonable certainty (see Note 1b). This gave rise to a prior year adjustment that reduced opening restricted reserves and amounts due from institutional donors by £8.4 million (see Notes 2b, 13 & 19). The 1999/2000 consolidated statement of financial activities, summary income and expenditure account, balance sheet, and consolidated cash flow comparatives have been restated accordingly.

10. TANGIBLE FIXED ASSETS

Oxfam	Freehold property £'000	Leasehold property £'000	Furniture Fixtures Equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 30 April 2000	11,428	25,384	15,479	1,971	54,262
Reclassifications	0	(364)	364	0	0
Additions	2	668	2,053	332	3,055
Transfers	0	319	439	103	861
Disposals	(251)	(1,431)	(1,655)	(125)	(3,462)
At 30 April 2001	11,179	24,576	16,680	2,281	54,716
Depreciation					
At 30 April 2000	2,465	21,682	11,722	1,585	37,454
Charge for the year	201	1,061	1,512	363	3,137
Transfers	0	234	235	51	520
Disposals	(64)	(1,226)	(1,613)	(88)	(2,991)
At 30 April 2001	2,602	21,751	11,856	1,911	38,120
Net Book Value					
At 30 April 2001	8,577	2,825	4,824	370	16,596
At 30 April 2000	8,963	3,702	3,757	386	16,808

Oxfam Group	Freehold property £'000	Leasehold property £'000	Furniture Fixtures Equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 30 April 2000	11,428	25,803	16,351	2,641	56,223
Reclassifications	0	(364)	364	0	0
Additions	2	697	2,081	332	3,112
Disposals	(251)	(1,431)	(1,655)	(158)	(3,495)
At 30 April 2001	11,179	24,705	17,141	2,815	55,840
Depreciation					
At 30 April 2000	2,465	21,981	12,289	1,986	38,721
Charge for the year	201	1,068	1,549	458	3,276
Disposals	(64)	(1,226)	(1,613)	(120)	(3,023)
At 30 April 2001	2,602	21,823	12,225	2,324	38,974
Net Book Value					
At 30 April 2001	8,577	2,882	4,916	491	16,866
At 30 April 2000	8,963	3,822	4,062	655	17,502

The book value of land (which is not depreciated) included in freehold properties is £1.8 million (2000: £1.9 million). The net book value of leases over 50 years, grouped with the freeholds, is £0.1 million (2000: £0.1 million).

During the year the Charity Commission ruled that Oxfam's Fair Trade activities were charitable. The tangible fixed assets relating to the Fair Trade activities were transferred from Oxfam Activities Limited, Oxfam's wholly owned trading subsidiary, to Oxfam, at net book value as at 1 April 2001.

11. FIXED ASSET INVESTMENTS

Oxfam	Freehold property £'000	Cash £'000	Unquoted £'000	Total £'000
Market Value:				
At 30 April 2000	229	1,637	2,502	4,368
Additions	–	19	–	19
Disposals	(15)	(124)	–	(139)
Revaluations	111	–	–	111
At 30 April 2001	325	1,532	2,502*	4,359

Oxfam Group	Freehold property £'000	Cash £'000	Unquoted £'000	Total £'000
Market Value:				
At 30 April 2000	229	1,637	65	1,931
Additions	–	19	–	19
Disposals	(15)	(124)	–	(139)
Revaluations	111	–	–	111
At 30 April 2001	325	1,532	65**	1,922

*This includes a loan of £2.5 million to Oxfam Activities Limited, which is incorporated in England and Wales. The loan is secured by a fixed and floating charge. Interest was charged on the outstanding balance of the loan at 6 per cent during the year. Terms regarding interest and repayment are agreed between the parties, and repayment is due in three equal annual installments following the issue of a repayment notice.

**This includes 32,500 ordinary shares at £1 each and 32,500 redeemable preference shares of £1 each in cafédirect limited, a company registered in Scotland, which represent a 25 per cent interest in the company. The principal activity of the company is the promotion of Fair Trade through the marketing and distribution of coffee and tea.

Investment properties have been valued by surveyors, all of whom are Associates of the Royal Institute of Chartered Surveyors and are employees of Oxfam. The valuation of the assets was on an open market value basis, in accordance with the guidelines issued by the Royal Institute of Chartered Surveyors.

At 30 April 2001, Oxfam had an interest in the following subsidiary and associate undertakings, all of which are registered in Great Britain.

Organisation name	Class of share capital held	Portion held by parent company	Portion held by other group companies	Nature of business
Oxfam Activities Limited	Ordinary	100%	–	Raises funds through Trading activities
cafédirect limited	Ordinary	–	25%	Promotes Fair Trade
cafédirect limited	Preference	–	25%	Promotes Fair Trade
Living on the Line Limited	Ordinary	100%	–	Promotes education

All the fixed asset investments are held in the UK. All investments are quoted at original cost value, with the exception of the freehold property which had an original cost of £132,000.

In addition, Oxfam (India) Trust is included within the accounts of Oxfam.

The share capital of Oxfam Activities Limited, 2,000 ordinary shares of £1 each, is wholly owned by Oxfam and its nominee.

The share capital of Living on the Line Limited, 2 ordinary shares of £1 each, is wholly owned by Oxfam and its nominee.

12. STOCK

During the year the Charity Commission ruled that Oxfam's Fair Trade activities were charitable. The stock relating to the Fair Trade activities was transferred from Oxfam Activities Limited, Oxfam's wholly owned trading subsidiary, to Oxfam, at net book value as at 1 April 2001.

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Oxfam Trading stocks	2,051	0	3,163	4,043
Emergency stocks	1,799	1,245	1,799	1,245
Other stocks	336	619	336	619
	4,186	1,864	5,298	5,907

13. DEBTORS

On 1 May 2000 the accounting policy for income recognition was changed so that income is recognised when Oxfam is entitled to receipt and the amount can be measured with reasonable certainty (see Note 1b). This gave rise to a prior year adjustment that reduced opening restricted reserves and amounts due from institutional donors by £8.4 million (see Note 9). The 2000 debtor comparatives have been restated accordingly.

	Oxfam		Oxfam Group	
	2001 £'000	2000 As restated £'000	2001 £'000	2000 As restated £'000
Amounts due from institutional donors	2,748	5,342	2,748	5,342
Amount due from subsidiaries	0	1,507	0	0
Other debtors	12,593	5,536	13,012	6,257
Prepayments	5,903	5,620	6,026	5,775
	21,244	18,005	21,786	17,374

14. CASH AT BANK AND IN HAND

* This money is held on interest-earning deposit to be readily available to meet current liabilities.

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Cash on short term deposit*	15,345	28,209	15,345	28,209
Cash and bank balances	7,318	10,535	7,334	10,563
	22,663	38,744	22,679	38,772

15. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Bank overdraft*	2,756	6,526	2,926	6,927
Obligations under finance leases	0	0	56	93
Allocated grants to be paid (Unrestricted)	1,408	1,611	1,408	1,611
Allocated grants to be paid (Restricted)	2,368	2,589	2,368	2,589
Amount due to subsidiaries	722	0	0	0
Trade creditors	3,166	3,332	3,416	3,938
Accruals	5,679	4,373	5,697	4,584
Other tax and social security	800	811	804	1,078
Interest-free loans	245	303	245	303
	17,144	19,545	16,920	21,123

*Overdrafts arise on certain accounts as a result of Oxfam's banking arrangements.

16. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Obligations under finance leases payable in two to five years	0	0	65	120

17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Amounts payable:				
Within one year	0	0	75	112
Between two and five years	0	0	72	146
	0	0	147	258
Less finance charges allocated to future periods	0	0	(26)	(45)
	0	0	121	213

Finance leases and hire purchase liabilities are secured on the assets concerned.

18. UNRESTRICTED FUNDS

Movements on group unrestricted funds are as follows:

	General Reserves £'000	Designated Fund Fixed Assets £'000	Designated Funds Other £'000	Total £'000
Balance at 30 April 2000	15,161	17,706	4,238	37,105
Deficit for the Year	(515)	0	0	(515)
Transfers between funds	2,073	(580)	(1,493)	0
Balance at 30 April 2001	16,719	17,126	2,745	36,590

Criteria for the use of these funds can be found in the Accounting Policies, Note 1 o.

The definition of restricted funds can be found in the Accounting Policies, Note 1 o.

19. RESTRICTED FUNDS

On 1 May 2000 the accounting policy for income recognition was changed so that income is recognised when Oxfam is entitled to receipt and the amount can be measured with reasonable certainty (see Note 1b). This gave rise to a prior year adjustment that reduced opening restricted reserves and amounts due from institutional donors by £8.4 million (see Note 9). The 1999/2000 opening restricted fund balances have been restated accordingly.

Restricted expenditure is recognised on project approval whereas income is recognised when Oxfam is entitled to receipt. This gives rise to negative restricted fund balances on individual project funds. Where the project is subject to a third party contract the committed future expenditure gives rise to restricted creditors (see Note 15). Where the project is directly undertaken by Oxfam, the planned expenditure gives rise to unspent operational grant balances.

These are held centrally rather than allocated to individual projects.

	Balance at 30 April 2000 £'000	Prior Year Adjustment £'000	Restated balance at 30 April 2000 £'000	Income £'000	Programme and fundraising expenditure £'000	Balance at 30 April 2001 £'000
EMERGENCY APPEALS						
Orissa (India) cyclone	220		220	39	(293)	(34)
Mozambique flood	4,571		4,571	2,106	(6,755)	(78)
Gujarat (India) earthquake	0		0	1,636	(256)	1,380
General catastrophe	1,207	(4)	1,203	1,323	(2,102)	424
CONTRACTS/REGIONAL FUNDS						
Horn, East, and Central Africa	3,174	(1,510)	1,664	7,765	(12,461)	(3,032)
Southern Africa	2,004	(324)	1,680	5,539	(3,525)	3,694
West Africa	49	(233)	(184)	1,521	(2,507)	(1,170)
East Asia	1,189	(410)	779	1,880	(2,883)	(224)
South Asia	521	(1,750)	(1,229)	9,396	(9,505)	(1,338)
Eastern Europe, Former Soviet Union and Middle East	2,554	(2,188)	366	6,240	(7,599)	(993)
South America	323	(1,387)	(1,064)	1,643	(1,036)	(457)
Central America, Mexico, and the Caribbean	297	(642)	(345)	2,617	(3,647)	(1,375)
GB Programme	280	90	370	213	(433)	150
Food Aid	0		0	18,209	(18,209)	0
Block grant and offset income	0		0	7,380	(7,380)	0
	16,389	(8,358)	8,031	67,507	(78,591)	(3,053)
Unspent operational grant balances	13,500		13,500	0	2,867	16,367
Endowment Fund	25		25	1		26
	29,914	(8,358)	21,556	67,508	(75,724)	13,340

20. ENDOWMENT FUNDS

	Balance at 30 April 2000 £'000	Income/ Revaluation £'000	Transfer between funds £'000	Balance at 30 April 2001 £'000
Mary & Henry Makinson Spink Memorial Fund	1,366			1,366
Carr-Webb Fund	90	40		130
Other	126	15	(1)	140
	1,582	55	(1)	1,636

The Carr-Webb endowment is represented by a property that has been revalued in the year.

The income generated by these funds is used for the unrestricted purposes of Oxfam, except for income generated from £100,000 of the other endowment funds, which is required to be used for restricted purposes.

21. COMMITMENTS

a. Capital

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
At 30 April 2001 the following capital expenditure had been authorised	255	552	255	552

b. Financial

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
At 30 April 2001 Oxfam had committed the following amount in grants to international projects which will form part of the grants allocated in the				
Year ended 30 April 2001	0	3,252	0	3,252
Year ended 30 April 2002	2,595	613	2,595	613
Year ended 30 April 2003	705	569	705	569
Year ended 30 April 2004	67	0	67	0
	3,367	4,434	3,367	4,434

c. Operating leases:

At 30 April 2001 there were the following annual commitments under non-cancellable operating leases.

	Oxfam		Oxfam Group	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
i) Land and Buildings				
Operating leases which expire:				
Within one year	1,430	1,634	1,441	1,919
In the second to fifth year inclusive	3,676	2,844	3,676	2,844
After five years	8,647	8,865	9,250	9,151
	13,753	13,343	14,367	13,914
ii) Vehicles				
Operating leases which expire:				
Within one year	26	33	26	33
In the second to fifth year inclusive	186	196	186	196
	212	229	212	229

d. Pension scheme commitments:

Oxfam operates a final salary (ie defined benefit) pension scheme for its employees. The assets of the scheme are held separately from those of Oxfam and are administered by The Pensions Trust. The Pensions Trust is a centralised occupational pension fund (or "industry-wide") for organisations involved in social, educational, charitable, voluntary, and similar activities.

The pension cost is determined on the advice of independent qualified actuaries, Watson Wyatt. The pension cost for 2000/2001 is based on the results of the actuarial valuation of the scheme as at 30 September 1998, using the projected unit method.

The valuation of the scheme was based on the following assumptions:

	2000 & 2001 %
Rate of return on investments	7.75
Rate of earnings increases	5.5
Rate of pension increases	5.0
Rate of inflation	3.5

The market value of the scheme's assets at 30 September 1998 was £27.0 million. On the assumptions used to calculate the pension cost, the actuarial value of the assets at that date represented 107% of the value of the members' accrued benefits. These accrued benefits include all benefits for pensioners and other former members, as well as benefits based on service completed for active members, allowing for future pay rises. The employer contribution during the year was 8.4% of earnings. The employee contribution was 5.0% of earnings.

The movement on the Pension Prepayment account (included in debtors) was:

	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Balance at 30 April 2000		660		852
Regular pension costs	(1,405)		(1,603)	
Amortisation of surplus	182		157	
Charge to Statement of Financial Activities		(1,223)		(1,446)
Contributions paid		1,457		1,254
Balance at 30 April 2001		894		660

The balance represents the timing difference, calculated in accordance with SSAP24, between the charge to the consolidated Statement of Financial Activities and the contributions actually made.

22. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
Fund Balances at 30 April 2001 are represented by:				
Tangible Fixed Assets	16,866	0	0	16,866
Investment Assets	260	26	1,636	1,922
Current Assets	36,449	13,314	0	49,763
Current and Term Liabilities	(16,985)	0	0	(16,985)
Total Net Assets at 30 April 2001	36,590	13,340	1,636	51,566

23. GRANTS TO PARTNERS

The largest fifty grants made by Oxfam to institutions in 2000/2001 are listed below.

	NAME OF INSTITUTION	AMOUNT £'000	Geographic region
1)	Uganda Participatory Poverty Assessment Project	744	Horn, East, and Central Africa
2)	Oxfam Canada	506	Southern Africa and CAMEXCA
3)	CARE International	465	Southern Africa
4)	Union de Cooperativas Agropecuarias de Siuna	280	CAMEXCA
5)	Service Formation Action pour le Développement Economique et Social	233	CAMEXCA
6)	On the Line Trust	196	Countries on the Greenwich Meridian
7)	Across Borders	174	EEFSUME
8)	Association of Handicapped People of Kosovo	168	EEFSUME
9)	Kapan Business Center	161	EEFSUME
10)	Association Nationale des Maisons Familiales Rurales	142	West Africa
11)	JVC Cambodia	136	East Asia
12)	Comision de Accion Menonita	125	CAMEXCA
13)	Centro de Estudios y Prevención de Desastres	116	South America
14)	Vocational Development Social Association	108	EEFSUME
15)	Asociacion de Organizaciones No Gubernamentales	108	CAMEXCA
16)	ACORD	100	UK
17)	Kulima	98	Southern Africa
18)	Cearah Periferia	94	South America
19)	Association Nationale de Formation des Adultes	88	West Africa
20)	Negev Weaving Project – SIDREH	86	EEFSUME
21)	Centro de Estudios para el Desarrollo Laboral y Agrario	86	South America
22)	Caribbean Policy Development Centre	84	CAMEXCA
23)	Micro-Region Costa Atlantica	80	South America
24)	Consejo Regional Indígena del Cauca	80	South America
25)	Fundacion para la Cooperacion con Desplazados y Repoblados Salvadoreños	80	CAMEXCA
26)	Bureau de Coordination des Activités de Développement Eglise Methodiste d'Haiti	74	CAMEXCA
27)	Centre for Research and Training on Development	72	EEFSUME
28)	Rural Unity for Development Organisation	70	Southern Africa
29)	Comite Ambiental de Chalatenango	68	CAMEXCA
30)	Southern African Roots and Tubers Network	68	Southern Africa
31)	C.C.A.P. Blantyre Synod Projects	63	Southern Africa
32)	Relief Society of Tigray	63	Horn, East, and Central Africa
33)	Federacao de Orgas para Assistencia Social Educational	63	South America
34)	Yayasan Kalyanamitra	61	East Asia

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2001

NAME OF INSTITUTION	AMOUNT £'000	Geographic region
35) Yayasan Nen Mas II	60	East Asia
36) Centro para la Accion Legal de Derechos Humanos	58	CAMEXCA
37) Federacion Caficultores de la Region Sur	55	CAMEXCA
38) Ky Anh Association for Promoting Education and Assisting the Poor	55	East Asia
39) FIRD – Jamasatira Perkasa	54	East Asia
40) Georgian Health Law and Bioethics Society	50	EEFSUME
41) Instituto de Estudos Socio-Economics	50	South America
42) British Red Cross	50	World wide
43) Coordination Sefades/Ineadi	50	CAMEXCA
44) Organizacion para la Promocion Comercial y la Investigacion	50	CAMEXCA
45) Oxfam Hong Kong	50	East Asia
46) Centro de Paz	49	CAMEXCA
47) Christian Service Committee	49	Southern Africa
48) Co-ordination Unit for Rehabilitation of the Environment	47	Southern Africa
49) Windward Islands Farmers Association	47	CAMEXCA
50) Centro de Assessoria e Apoio aos Trabalhadores e ONG's Alternativa	46	South America

Key to geographic regions:

CAMEXCA – Central America, Mexico, and the Caribbean

EEFSUME – Eastern Europe, Former Soviet Union, and Middle East

24. CONSOLIDATED CASH FLOW

a. Reconciliation of surplus of income to net cash inflow from operating activities

	2001 £'000	2000 As restated £'000
Net (Outgoing) resources for the Year before revaluations and investment asset disposals	(8,790)	(1,878)
Release of expendable endowment	1	250
Increase in endowment funds	(15)	(66)
Deposit Interest and Investment Income Receivable	(1,162)	(1,752)
Loan Interest Payable	0	12
Finance Lease Interest Payable	19	19
Depreciation Charges	3,276	2,977
Depreciation – Lease adjustment	0	(8)
(Surplus) on Disposal of Fixed Assets	(7)	(68)
(Increase)/Decrease in Stock	609	(417)
(Increase)/Decrease in Debtors	(4,412)	4,673
(Decrease) in Creditors	(165)	(394)
(Decrease) in Deferred Income	0	(336)
Net Cash (Outflow)/Inflow from Operating Activities	(10,646)	3,012

b. Analysis of net funds

	30 April 2000 £'000	Cashflow Movement £'000	30 April 2001 £'000
Cash in hand	10,563	(3,229)	7,334
Overdrafts (see Note 15)	(6,927)	4,001	(2,926)
Finance leases (see Note 15)	(213)	92	(121)
Deposits on one day notice	3,209	136	3,345
	6,632	1,000	7,632

c. Reconciliation of net cash flow to movement in net funds

	2001 £'000
Increase in cash	908
Cash outflow from decrease in lease financing	92
Movement in net funds in the year	1,000
Net fund as at 1 May 2000	6,632
Net fund as at 30 April 2001	7,632

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