



Oxfam Corporate Directory	4
Oxfam Mission	5
Trustees' Report	6
Chair's Introduction	6
Director's Report	8
Programme Overview	8
Programme by Aim	8
Developing Oxfam	15
Securing Resources	16
The Year Ahead	18
Where the Money Comes From and Where it Goes	20
Finance Summary	21
Organisation, Governance and Accountability	25
Auditors' Report	31
Consolidated Statement of Financial Activities	32
Summary Income and Expenditure Account	33
Balance Sheet	34
Consolidated Cash Flow Statement	35
Notes to the Accounts	36

Oxfam Registered Office
Oxfam House,
John Smith Drive,
Cowley,
Oxford OX4 2JY
Telephone: (+44) (0)1865 473727
www.oxfam.org.uk

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Registered Charity No. 202918.
Oxfam (also known as Oxfam GB) is a member of Oxfam International.

Oxfam Council of Trustees as at 30 April 2007 and 28 September 2007

John Gaventa (<i>Chair</i>) ^{2,3}	Angela Sealey (<i>Vice Chair</i>) ^{2,3}	Gareth Davies (<i>Treasurer</i>) ^{1,2}	Maureen Connelly ³
Sandra Dawson	Andy Friend	Jackie Gunn ¹	Adebayo Olukoshi
Norman Sanson ^{1,2}	Richard Taylor	Stan Thekaekara	

Richard Jolly retired from Council at its meeting on 21 July 2006, and Rosemary Thorp retired from Council at the AGM on 10 November 2006. Frank Kirwan retired from Council at its meeting on 27 April 2007. Sandra Dawson and Andy Friend were appointed at the AGM on 10 November 2006.

The following, who are not Trustees, held honorary positions at 30 April 2007: Amartya Sen (*Adviser to Oxfam International*), and Michael Rowntree (*Chair Emeritus*). Michael Rowntree died on 23 September 2007.

Oxfam Association as at 30 April 2007 (Refer to Trustees' Report: Organisation and Corporate Governance)

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

Miqdad Asaria	Naaz Coker ³	Sally Denham	Patrick Elliott	Geoff Foster ³
David Gait	Shirlene Goldsbrough	Alex Jacobs ¹	Rizwana Khan	Jabulani Ncube
John Richards	Tim Robinson ¹	Catherine Royce	Robin Stafford	Selvavinayagam Vireswer ³
Martin Whiteside	Bryan Zhang.			

Principal Professional Advisers

Oxfam's principal professional advisers include the following:

Principal Clearing Bankers: The Royal Bank of Scotland Group, 9th Floor, 280 Bishopsgate, London, EC2M 4RB.

Auditors: PricewaterhouseCoopers LLP, 80 Strand, London WC2R 0AF.

Principal Solicitors: Blake Laphorn Tarlo Lyons, Seacourt Tower, West Way, Oxford, OX2 0FB.

Weil, Gotshal & Manges, One South Place, London, EC2M 2WG.

Corporate Management Team

Oxfam's Corporate Management Team (CMT) comprises:

The Director (*Chief Executive*): Barbara Stocking, CBE.

Trading: Barney Tallack (acting Director to 6 June 06); David McCullough (appointed 7 June 06).

Fundraising: Edward Fox (resigned 22 Dec 06); Cathy Ferrier (appointed 2 Jan 07).

Human Resources: Jane Cotton.

International: Penny Lawrence.

Finance: John Shaw.

Campaigns and Policy: Phil Bloomer.

Company Secretary: Joss Saunders.

¹Member of Trustee Audit and Finance Group;

²Member of Remuneration Committee;

³Member of Recruitment and Development Group.

*This legal and administrative information forms part of the Trustees Report.

Our purpose: Oxfam works with others to overcome poverty and suffering¹

Who we are

Oxfam is an independent organisation, registered as a charity, affiliated to Oxfam International, with partners, volunteers, supporters and staff of many nationalities. We are all part of a global movement to build a just and safer world.

What we do

We are a catalyst for overcoming poverty. To achieve the greatest impact, we work on three interlinking fronts:

- saving lives by responding swiftly to provide support and protection during emergencies;
- developing programmes and solutions that empower people to work their way out of poverty;
- campaigning to achieve lasting change.

Our beliefs

We have five fundamental beliefs that underpin our work:

- All human lives are of equal value. Everyone has fundamental rights – these must be recognised and upheld at all times;
- Poverty makes people more vulnerable to conflict and natural disasters. Much of this suffering is unnecessary and must be relieved. We must work with others to respond with the most appropriate and effective solutions;
- People's vulnerability to poverty and suffering is increased by unequal power relations based on, for example, gender, race, class, caste, and disability. Women, who make up the majority of the world's poor people, are especially disadvantaged. Unequal power relations must be addressed wherever they occur;
- In a world rich in resources, poverty is a morally indefensible injustice, which must and can be overcome. Poverty, vulnerability and suffering are not pre-ordained events. All too often, poverty is the result of decisions taken, intentionally or unintentionally, by those in power. Unjust policies and practices, nationally and internationally, must be challenged and removed;
- With the right resources, support, and training, people living in poverty can solve their own problems. We all have a personal responsibility to work together to overcome poverty and suffering.

Our approach

All our work comes from a rights-based approach. To overcome poverty and suffering we work to ensure that the rights of women and men are fulfilled and protected. Our programme is focused within five aims:

- Right to a sustainable livelihood
- Right to basic social services
- Right to life and security
- Right to be heard
- Right to equity: gender and diversity

We may focus on a specific aim, but we know that poverty is experienced through a range of issues and will not be eliminated by addressing just one of them. The causes of poverty are often national or global so we work at all levels from global to local, including with international governments and global institutions as well as with local communities and individuals.

We are committed to the principle that whenever possible we should work with or through partners to support self-reliance not dependency. This is true in all areas of our work. However, in our work during emergencies, because of the extreme and urgent nature of these situations, we tend to work more directly, providing humanitarian assistance through the work of our own staff (e.g. to provide water and sanitation to refugees).

We believe that our programme work, spread across the world, gives Oxfam a greater understanding of the main causes of poverty and suffering, and hence we can achieve greater impact. We work in more than 70 countries in eight regions.

Oxfam (also known as Oxfam GB) is a member of Oxfam International (OI) – a global confederation of 13 independent Oxfams.

¹ The full statement of the charity's objects can be found as a PDF at www.oxfam.org.uk/about_us

Chair's Introduction

This Annual Report outlines the work of Oxfam during the period May 2006 – April 2007, and shares with the public not only our accomplishments, but also the financing and expenditures that made the work possible. I had the privilege of becoming Chair of Oxfam Great Britain part way through this year, taking over from Rosemary Thorp, the previous Chair, in November.

While I have been a Trustee for several years, being Chair has given me a closer insight into Oxfam's work and a renewed appreciation for it. The following pages outline very clearly our overall aims, which are built around our belief that everyone has a right to a sustainable livelihood, to basic social services, to life and security, to have their voices heard, and to equity.

Contemporary trends show how important Oxfam's work on these core rights continues to be. Globally, in recent years, we have seen a rise in inequality with devastating impacts on the lives of poor people. Access to fundamental services such as health, education and water continues to be an issue for large numbers of poor people. Climate change is already increasing the vulnerability of poor people to flooding in some parts of the world and to droughts in others. Strengthening the voices of ordinary people to demand justice and their rights on these issues, both for themselves and on behalf of others, is as critical a need as ever.

During the year, I have had several first-hand opportunities as Chair to learn more about the contribution of Oxfam's work on these issues, and which have made it for me all the more real.

For instance, in our 2005/06 Annual Report, we described the amazing response by the British public to the tsunami of December 2004, which had taken the lives of hundreds of thousands of people across parts of Asia and Africa. In November 2006, in one of my trips as Chair, I visited Aceh, Indonesia, and was able to witness how Oxfam's work has contributed not only to the immediate needs of recovery – through providing water, housing, and infrastructure, but also to advocate for the land rights and housing needs of the poorest and most vulnerable people, as well as to supporting local groups to continue their work for longer-term recovery. At the same time as this post-tsunami work continued in four tsunami-affected countries, in other parts of the world, Oxfam responded on the ground to the deepening crisis in the Darfur region of Sudan, and the conflict in Lebanon, about which Oxfam also joined forces with others in the UK to call for a ceasefire to end the suffering.

Last year's Annual Report commented on the incredible mobilisation in the Make Poverty History campaign, and the attempts by Oxfam, with thousands of others, to bring pressure to bear on world leaders at the G8 meeting in Gleneagles, Scotland, calling for strong action on issues of aid, debt and trade. In many ways, the follow-up response by the world's leaders during the year has been disappointing, both in the failure of the Doha round of trade talks (although the good news is that poor countries are not accepting a bad deal), as well as the failure of key countries to meet their aid commitments (although the UK government is largely on track to reach its expansion of aid). The positive news is on the continued impact of the cancellation of debt for poor countries. In Zambia, for instance, we are already seeing hundreds of thousands of people in rural areas able to have free basic health care. In the UK, while there has not been the same public visibility on these issues as there was during Make Poverty History, Oxfam's *I'm In* campaign involved 835,000 people who pledged to take an action to support ending poverty, more than two-thirds of whom were new to Oxfam. Oxfam has continued to keep the pressure on through support for the *Global Campaign for Action against Poverty*, which has mobilised more than 20 million people in countries around the world; for the *Global Campaign on Education*; and through preparations for further action in the G8 meetings in Germany in 2007 and in Japan in 2008.

In addition to this well-known work on aid, trade and debt, this last year has also seen some other significant accomplishments in advocacy and campaigning. In December, I had the pleasure of attending a celebration in London in honour of the work of Oxfam in coalition with Amnesty International and IANSA, in getting 153 members of the United Nations to vote in favour of an Arms Trade Treaty, the first ever of its kind. While travelling in India, I also was able to hear about the impressive growth of the South Asian *We Can* campaign, an alliance of more than 800 organisations and almost one million 'Changemakers', working to end violence against women.

While Oxfam's work in emergencies or in campaigning may receive more attention in the media, and be therefore slightly better known, equally important is the ongoing work for development, whether for improvement of livelihoods and economic justice, strengthening people's right to have a say in their own affairs, or achieving basic services. In February 2007, the Trustees of Oxfam had the opportunity to glimpse some of this work – not thousands of miles away, but by travelling together to Scotland, where we

visited groups supported by Oxfam's UK Poverty Programme, and also had a chance to learn more about Oxfam's global campaigning and development education work in Scotland. We were reminded that while poverty, injustice and inequality have a global reach, our work can and must address these issues at home as well.

During the year, one of the most important steps for the Trustees was to work with the Director and staff in completing and adopting a bold three-year plan, which will increase our work in the next period on these issues of global inequality, and on such issues as climate change and women's leadership. As Chair of the Trustees, I also serve on behalf of Oxfam Great Britain on the board of Oxfam International, the organisation that links all of the Oxfams around the world. Meeting together in Australia, Oxfam International also adopted an ambitious plan that will guide our collective work in the areas of economic justice, the provision of essential services, establishing the rights of individuals and communities in crises and gender equality over the next few years. We also heard there from emerging Oxfam organisations in Mexico and India, which will soon be joining the International network, adding to the diversity and spread of Oxfam's work.

All of this work is supported by a strong staff, both in the UK and internationally, and as I have had the chance to meet

more of our staff, I am impressed by the immense skills, dedication and energy, which they bring to Oxfam's work. I have also been impressed by the diversity of our staff around the world – when I was in Aceh, our staff carrying out the relief and development work had been drawn not only from Indonesia, but from more than 30 other countries. I have also been impressed by the energy and commitment of campaigners, both here and with our partners in other countries; of our volunteers, such as seen in the shops around the country; and of our supporters, who give not only money to support Oxfam, but increasingly, also want to contribute in other ways to bring about the changes we seek to make.

As a Trustee, I am one of those volunteers who support Oxfam's work through contributing time and effort on its behalf, and with other Trustees, helping to ensure that the organisation is responsible and follows its mission, as well as being accountable to its supporters and partners around the world. As Trustees, our job is strengthened by the work and contributions of such volunteers, donors, staff, campaigners and partners. It is a great privilege to be part of such a network, for I believe that it is through our action together that we can best contribute to our aim of creating a global movement to build a just and safer world.

On behalf of Oxfam I would like to pay tribute to Michael Rowntree, Oxfam's Chair Emeritus, who died on 23 September 2007. Michael was involved with Oxfam for sixty years and served as a trustee for nearly forty of these years (most of the period between 1951-1991). During that time he was Chair of a number of committees, and was Chair of Oxfam's Council from 1971 to 1977. In 1991 he was appointed Chair Emeritus of Oxfam and regularly attended Council meetings as an observer, ceasing only in 2004 when

ill health made this no longer possible. Many current and past Oxfam staff and trustees have contacted us to express appreciation for his contribution to international development and justice for poor people around the world.

His organisational ability, incisive mind and great modesty made him a valued colleague, leader and friend. His contribution to Oxfam is deeply appreciated, and our condolences go to the Rowntree family for their sad loss.

Oxfam reports include:

Annual Review

The story of Oxfam's work during a year, told by staff, volunteers, partners, and people who are working their way out of poverty. Published November.

Global Programme Learning Report 2006

Case studies of Oxfam's work around the world with poor communities, partners, and allies. All available as a PDF at www.oxfam.org.uk/about_us/index or as a printed document from 0870 333 2700.

Summary Oxfam GB Strategic Plan for 2007–2010

A summary of our strategic plan which explains the aims we are working towards and what we want to achieve over the next three years. Available as a PDF at www.oxfam.org.uk/about_us/index or as a printed document from 0870 333 2700.

Oxfam International Strategic Plan 2007–12

The Oxfam International Strategic Plan which sets out the 'change goals' that Oxfam affiliates will work to achieve over the next six years. Available as a PDF at www.oxfam.org/en/about/accountability/strategic_plan or as a printed document from 0870 333 2700.

Director's Report

Programme Overview

In 2006/07, we have built on the energy generated by *Make Poverty History* in 2005 and through Oxfam's *I'm In* campaign, we turned the public commitment to our cause demonstrated throughout 2005 into a whole new movement of people committed to ending global poverty. During the year, we continued to make progress across a wide range of programmes as part of our humanitarian, development and campaigning work.

Improving poor people's livelihoods remains a significant area of our development work in 58 of the 77 countries in which we work. Increasing income and security for smallholder farmers is a particular focus in 23 of our programmes, through increasing their access to and power in markets. We have focused attention on three country programmes in Honduras, India and Ethiopia, where we attempted to 'scale-up' our support to smallholder farmers. We have recognised the need to take the effects of climate change into account when supporting those with vulnerable livelihoods who are most likely to be affected. We have looked at how to support poor people in developing countries to have more of a voice in climate change debates over mitigation, adaptation, and the consequences of growing bio-fuels rather than food crops. We continue also to work for affordable and available education and health services wherever we work, as well as significant programmes under the 'right to life and security' and the 'right to be heard'.

In 2006/07, we enthusiastically renewed our commitment to gender equality – increasing our efforts to put women at the heart of everything we do. We are doing this not only through improving how we ensure that gender issues are being integrated into our work, but also by focusing on the successful regional *We Can* campaign to end violence against women in South Asia. Plans are now well developed to empower and support women's economic leadership within our livelihoods work.

In addition to the campaigning and advocacy successes highlighted in the Chair's introduction, we kept up the pressure to resume talks through the Doha Round² throughout the year, and also focused on the need to enable developing countries to be more assertive in EU economic partnership agreements. We have had very positive feedback from Ethiopian partners on our role in supporting them to get a better deal for Ethiopian coffee producers with *Starbucks*, the coffee retailer.

Thankfully, there were no high-profile, large-scale, emergencies this year, but it was still an extremely busy

year, in which we responded directly to resurgent conflicts and advocated for civilian protection in Darfur, Chad, Sri Lanka, Lebanon and Somalia. Emergency staff continued to test and apply improvements to our responses through the Humanitarian Investment Plan, which we have introduced over the last two years, and responded effectively to floods in Indonesia, Bolivia and Southern Africa; an earthquake in Indonesia; a typhoon in the Philippines; cholera outbreaks in Ethiopia, Papua New Guinea and Angola, and food insecurity in the Horn of Africa and the Sahel. The ongoing crises of Darfur and Chad consumed the greatest attention over the year. We raised £2 million through a public appeal enabling us to continue to respond to water, sanitation, and other basic needs of half a million people in the region. We also worked hard to raise the profile of the political situation and the need for internal pressure in Darfur and Chad.

While we phased out or developed much of our tsunami-related work during the year, we also focused on learning important lessons about our organisational capability from our response to that event. In many ways, our response brought out the best in the organisation, but also showed us the importance of continuing to invest in our capacity to respond and the challenge of maintaining humanitarian standards.

The following section is a report on each of Oxfam's five aims. For each aim in 2006/07, we agreed specific objectives, targets and programmes within our eight regions of operation³. The relationship between the expenditure on these aims and the expenditure on our three main charitable activities (humanitarian, development, campaigning and advocacy) is expressed in the table set out in Note 3c of the accounts section.

Programme by Aim

AIM 1 RIGHT TO A SUSTAINABLE LIVELIHOOD

The primary focus of our work in this area is to ensure the rights of people to have food and income security that is sustainable – for their future, and for the environment. Our priority is to work, with others, to shift power imbalances in local, national and international markets, which are the fundamental cause of poverty for millions of people.

² Part of the World Trade Organisation's multi-lateral trade negotiations.

³ Oxfam's regions are East Asia; South Asia; Southern Africa; West Africa; Horn, East and Central Africa (HECA); South America; Central America, Mexico, Caribbean (CAMEXCA); Middle East, Eastern Europe and the Commonwealth of Independent States (MEEECIS).

This involves building the capacity of poor farmers and workers to participate in markets, and campaigning to change trade rules in favour of poor people.

For this year, the key objectives were to:

- **Scale-up agriculture** programmes in India, Ethiopia, and Honduras;
- Continue **Make Trade Fair** campaigning;
- Begin to implement our new **private sector strategy**;
- Ensure delivery of long-term livelihoods **response to the tsunami**.

In addition, we set out to define our future agenda for sustainable livelihoods work through the Oxfam International strategic review process for the economic justice change goal (2007–12) and the OGB Strategic Plan (2007/08–09/10). As part of this, programme policy was developed through the completion of sustainable livelihoods framework papers on smallholder agriculture and market chains, vulnerable livelihoods, decent work and labour rights and private sector and enterprise development. A framework and definition for a Vulnerable Livelihoods Strategy was agreed across the organisation. We delivered 58 programmes across all regions where Aim 1 was the principal aim. Of total expenditure on charitable activities, £42.9m (20 per cent) was attributed to this aim, compared to our objective of 22 per cent for 2006/07 and attributable spend of 17 per cent spent last financial year.

We made continuing progress in our **agricultural scale-up programme**. In Honduras, we supported community organisations to develop market gardens resulting in an additional 4,400 families improving their food security, and others gaining access to funds for agricultural production through community banks. In India, implementation has begun with co-ordinators in place in four designated regions and two initial projects to support cotton production and inland fisheries taken forward. Progress was also made in Ethiopia on design of the programme, but due to the political situation and other factors, Ethiopia will be replaced by Tanzania as the third global scale-up country. Ethiopia will, however, continue with its plans at a modest level. The main challenge for the coming year is to mitigate against further delays in implementation by ensuring project management resources and plans are in place. Substantial agriculture-related programming continues in an additional 20 countries such as the successful initiative to promote local food production for the hotel industry in the Eastern Caribbean. In Colombia, we are supporting smallholder producers to access supermarkets in the national capital, whilst in Chile we are supporting the rights of women workers in the salmon and fruit industries. Work has also started on plans for at least 11 countries to combine

advocacy and campaigning with strategies of direct support to farmers so that they can gain greater access to and power in markets.

Our focus for the **Make Trade Fair** campaign in the first three months of the year was on the Doha Round. But negotiations were formally suspended in July 2006, and resumed in February 2007. We continued to lobby key governments and their delegations in Geneva, ran popular campaigning and media work in the run up to the July 2006 deadline and worked with our allies and with key governments around key events such as G20 and G33 meetings. Pressure is still on to complete the round by the end of 2007, although hopes for a successful outcome are not high. In addition, we devoted considerable resources to campaigning for a development-friendly outcome on the EU/ACP Economic Partnership Agreements, and have been successful in influencing developing countries' assertiveness in these negotiations. A successful campaign was conducted to persuade *Starbucks* to sign a licensing agreement giving Ethiopia the right to control how the names of its speciality coffee brands: *Sidamo*, *Harar* and *Yirgacheffe* are used. The agreement, which came about through collective media and campaigning pressure from Oxfam and our supporters, has the potential to deliver significant financial benefit to Ethiopian coffee farmers in the long term.

Continued campaigning on TRIPs⁴ flexibilities for developing countries by challenging pharmaceutical company practices and supporting southern governments to stand firm on flexibilities has led to progress – especially in India, Philippines, Thailand and Brazil. We began to develop Oxfam's new campaigning agenda focusing on smallholder agriculture, trade rules and climate change in the final quarter of the year. A key challenge will be ensuring that these elements are well integrated and aligned with programme priorities – as in Mali, where a national advocacy plan for cotton farmers secured five-year funding from *Comic Relief*.

Our **private sector strategy** was further developed with the intention of maximising the contributions that business can make to alleviating poverty. It brings together existing private-sector work but also seeks to increase engagement with the private sector in key sectors such as financial services and agriculture supply chains. West Africa is pursuing various initiatives with the private sector, which include a cotton project and an innovative second-hand clothing enterprise called *Frip Ethique*. In Central America, we helped to develop a consortium with a diverse group of corporations to look at the development of sustainable food production.

⁴ Trade related aspects of Intellectual Property Rights.

This year, progress on ensuring the delivery of a **long-term livelihoods response to the tsunami** focused on readjustment to changing country contexts and to the forthcoming ending of tsunami appeal funding. In January 2007, management of the South India programme, was transferred to Oxfam Novib. This programme has made significant impacts on the income and empowerment of 9,000 people affected by the tsunami, mostly small-scale farmers, saltpan workers and disenfranchised *dalit* communities. In Sri Lanka, the programme focused on long-term livelihoods, particularly of women in the paddy, fisheries, market gardening, livestock and coir sectors. The programme helped community members to organise and train so they are better able to create market links and add value to their products. Renewed conflict is a significant challenge to the programme with large numbers of new internally displaced people and increased insecurity for staff and partners. In Aceh, we fulfilled obligations made in the preceding year in supporting about 23,000 affected people and began interventions that will have long-term benefits to farmers and fishers. The programme developed will have a greater emphasis on working with partners, and a deeper recognition of the problems caused to civil society by the previous conflict.

In the latter half of the year, we consolidated the learning from across our livelihoods and humanitarian work in recognition of the increased vulnerability and the threat of climate change to people living in poverty. Learning from programmes in Kenya, South Africa and elsewhere is being integrated into our future plans on programming, advocacy and campaigning work on vulnerable livelihoods and climate change. For example, Oxfam prepared a policy position and an influencing strategy on climate change adaptation in time for the G8 meeting in June 2007.

AIM 2 RIGHT TO BASIC SOCIAL SERVICES

Our aim is to ensure people's right to basic social services such as education, health care and water – in particular, ensuring quality basic education for girls and supporting the prevention and treatment of HIV and AIDS, and care for people living with HIV.

This year, the key objectives were to:

- Increase **governments' accountability to poor people to deliver basic services**, such as health and education;
- Ensure that more girls, as well as boys, are able to receive **good quality education**;
- Increase **scale and impact of programmes on HIV and AIDS**, particularly in Southern Africa.

Within this aim, we delivered 28 programmes across most regions where Aim 2 was the principal aim. Of total

expenditure on charitable activities, £22.4m (10 per cent) was attributed to this aim, compared to our objective of nine per cent for 2006/07 and attributable spend of nine per cent last financial year.

We extended our support to increase **governments' accountability to poor people regarding the delivery of basic social services**, particularly in health and education. There is recognition that more work is needed to turn aid commitments and increasing government revenues into results on the ground. Following success in global campaigns, this year has seen the start of more regional and national campaigns. Oxfam organised concerted civil society pressure on the African Union Health Ministers' annual meeting, to restore and confirm the focus on women's sexual and reproductive health rights in the Africa Health Strategy. In India, the *Nine is Mine* campaign, to which Oxfam contributed, was launched to gain popular understanding and support for the investment of nine per cent of India's GDP into basic social services. In order to be better able to strengthen the capacity of programmes to support strong social movements, Oxfam GB devoted much time and resources to successfully establishing an Oxfam International team of campaigners to provide strategic and technical support. This team has already started to function on public policy matters.

Based on experience from an international group of health practitioners, Oxfam co-ordinated civil society partners to influence the World Bank's new ten-year strategy for Health, Nutrition and Population so that the Bank's strategy would be more likely to support accountable government-led health strategies.

In addition to our campaigning work, the majority of education programmes are developing their skills and approaches to budget monitoring and tracking in a range of different ways. For example, in Ethiopia, we have been working with partners to produce a training booklet on budget monitoring; while in Sudan, we have carried out a successful study on the financing of education in two localities which UNICEF is now replicating at the national level. We are working with education programmes in Zambia, Nigeria, India and Ghana on budget monitoring and tracking.

This has been a year in which the issue of **good quality education** has come rightly to the fore. The increasing numbers of girls and boys attending school will be sustainable only if learners and their families value the education on offer. The education programme has been working with partners to develop good quality education and to establish how governments can deliver this, especially with increased resources – such as in Mozambique, where the number of new entrants to primary school has been

increasing by 7.5 per cent, or around 200,000 annually. Our understanding of good quality education for girls and boys has been strengthened by further publications from the *Beyond Access* project (transforming policy and practice for gender equality in education) and through a new Commonwealth Education Fund (CEF) gender project, managed by Oxfam GB. This is supporting high-quality gender analysis and gender-equitable practices in project planning, advocacy and budget monitoring by civil society partners in four countries: Kenya, Malawi, Ghana and Bangladesh. With contributions from Oxfam Education teams from the Philippines and DRC, the Inter-agency Network for Education in Emergencies' produced a set of 'Minimum Standards in Education in Emergencies' designed to ensure quality education.

The output from our co-management of the CEF in 16 low-income countries in Sub-Saharan Africa and South Asia is two pieces of research which have promoted the establishment of civil society education funds as the CEF itself comes to an end. The CEF has shown the importance of a civil society fund dedicated to supporting the work of national education coalitions and members so that they can actively participate in policy development and hold governments accountable to their *Education for All* (EFA) commitments.

We have been developing the capacity of programmes and partners in policy and budget analysis. The West Africa regional programme has linked Oxfam partners across the region from Liberia, Mali, Niger, Burkina Faso to Ghana – despite language barriers between Anglophone and Francophone countries. It has also supported an exchange visit to learn and share strategies and challenges with pastoralists' programmes and staff and partners in Kenya, Tanzania, Ethiopia and Sudan.

Oxfam's education work will continue to seek to ensure good cross-learning and sharing. Improved lines of communication across the regions will promote a stronger sense of belonging to a global programme and at the same time promote confidence to develop strong evidence-based advocacy from local programme learning for national and international campaigning.

The scale-up of our HIV and AIDS response continued as planned in Southern Africa. We now have established programmes and secured funding in most of the countries in this region. However, it has taken us longer than expected, in part due to vulnerabilities which partners and staff face due to the pandemic. Most of our work is addressing HIV and AIDS in the context of chronic livelihoods vulnerability. Additional work, in such areas as gender inequality, stigma, discrimination, and leadership

through established and innovative methodologies, (often involving a cross-sectoral collaboration at multiple levels) is being developed to address the fundamental causes of the pandemic. Our India team made significant progress in the implementation of our HIV programme, while programme/advocacy activities continued as planned in Thailand, Brazil and some Caribbean islands. Supported by all OI affiliates, HIV and AIDS are being mainstreamed, incrementally, in our work across HECA.

Several learning events were developed between Southern Africa and South Asia for (OGB and NOVIB) partners and staff, thus improving programme quality. As part of the OGB Strategic Planning process, a Global HIV Strategic Framework was produced. It informed OGB's and OI's Strategic Plans and consequently, the strategic choices across all aims and regions. OI was represented at the Global Forum for HIV and AIDS in Toronto and other strategic events and continued high-level advocacy and campaigning work on issues of funding, and on access to medicines and health care. Several publications were produced and/or facilitated for learning and advocacy purposes, including a joint CARE/OI DVD about workplace policies and a pamphlet about health workers.

AIM 3 RIGHT TO LIFE AND SECURITY

We aim to ensure the right to humanitarian assistance and protection for people caught in conflict and disaster. Oxfam specialises in public health (water and sanitation, hygiene promotion, food security and emergency livelihoods), and ensuring that humanitarian response work takes account of gender dynamics and threats to life and security. We seek to exert influence beyond our responses themselves, to demand the protection of civilians in conflict, and to improve both the quality and accountability of humanitarian assistance delivery, and the performance of the humanitarian system more widely.

The objectives for the year were to:

- Deliver **fast and effective responses** to emergencies;
- Undertake **campaigning work** to ensure the international community delivers:
 - professional, equitable, and rapid **humanitarian assistance** in response to suffering;
 - enhanced **protection of civilians in conflict**;
 - **control of arms**.

We delivered 67 humanitarian programmes with Aim 3 as the principal aim. This is fewer than 2005/06, reflecting the lessening of tsunami-related commitments. Of total expenditure on charitable activities, £94.2m (45 per cent) was attributed to this aim, compared to our objective of

44 per cent for 2006/07 and attributable spend of 50 per cent last financial year.

While few of the major events of 2006/07 made the international news headlines for anything more than a few days, Oxfam was busy throughout the year, responding to humanitarian needs across the world. Whether in response to resurgent conflicts and displacements in Sri Lanka, Lebanon and Somalia; the effects of Typhoon Durian in the Philippines; the Java earthquake; floods in Jakarta/Indonesia, Bolivia, Mozambique, Zambia and Angola; serious outbreaks of cholera in Papua New Guinea, Angola and Ethiopia; or the continuing deep-seated food insecurity in the Horn of Africa and the Sahel – Oxfam teams were there. Oxfam staff, under often difficult and dangerous conditions, continued to test and apply improvements to our responses, which we have introduced over the last two years. We are, for example, **more flexible in our use of appropriate responses** – although tried and tested responses may be attractive due to easy replication, they are not necessarily uniformly applicable. Our staff continue to innovate and find locally-appropriate solutions to peoples’ needs in the wide variety of contexts in which we work. Latrine designs and water-filtering systems have had to vary according to local materials and cultural factors; new ways of communicating health promotion messages had to be found for working in Papua New Guinea; food insecurity in southern Zimbabwe required an approach which takes real account of the desperate limitations created by HIV and AIDS both for families and communities. In the food security crisis in northern Kenya, our work focused on helping to find alternatives to food-aid, through cash transfers, support to the livestock system, and alternative livelihoods. We continue to break new ground and help the humanitarian sector to learn from our innovations through publications and other means. For example, we have made significant practical progress, and helped to lead sector thinking, on links between long-term livelihoods work and our shorter-term humanitarian food security responses.

The huge challenges of working in the Darfur region of Sudan and in Chad continued to consume a great deal of our energy and resources. The political and security situation constrains how we work at all levels, including that of our staff on the ground. A public appeal to Oxfam supporters secured more than £2m for us to add to the support received from institutional donors to continue meeting the needs of some 500,000 people displaced by conflict. Water, sanitation and health promotion continue to be the focus of our work in this long-running crisis. Furthermore, we have put increased efforts into enhancing protection of civilians and promoting the critical importance of political engagement to find a durable solution, adherence to ceasefire, and respect for

international humanitarian law.

We have worked on a number of other crises in relation to **advocating for protection of civilians** – in Lebanon, northern Uganda, DRC, and Somalia. We were a leading player in pushing for an unconditional ceasefire in the Lebanon crisis. Oxfam lobbied hard for the UN Security Council resolution on protection of civilians, adopted in late 2006, which has reference to the responsibility to protect. In April, we published a major paper on future UK foreign policy, seeking to influence post-Blair policy in the direction of better protection of civilians, which received extensive global media coverage.

While many of our specific tsunami-related responses have either been phased out this year or developed into longer-term development work, we considered the time was right to examine the effect of the tsunami on Oxfam as an organisation. The key lessons suggested that, while the response brought out the very best in the organisation, we must continue to invest in our capacity to respond, improve our risk-assessment methodologies, learn from our experience of how best to move from short-term to longer-term approaches in our work, and develop more flexible management structures if we are to remain responsive and agile. In addition, we confirmed our policy that we shall provide only emergency shelter where necessary and will not get involved in longer-term shelter or construction. The full report is available on the website: http://www.oxfam.org.uk/tsunami_lessons

We have maintained our focus during the year on continual improvement in the way we seek to fulfil our role as a leading global humanitarian actor. This included a work programme within Oxfam – the Humanitarian Investment Plan – which focused on the revision and development of internal procedures, systems and practical tools, to ensure that Oxfam continues to be one of the fastest and most-effective agencies responding to human suffering. We developed three key areas for strategic focus for the coming three-year period: continuing growth of our capacity to deliver water, sanitation and public health services to meet humanitarian need; the integration of Disaster Risk Reduction approaches into our one programme approach; and an explicit focus on recognising and developing our Humanitarian Management capacity as a specific area of expertise. In addition, this year we have continued our collaboration with six other major international NGOs within a project funded by the *Bill and Melinda Gates Foundation* to develop our collective capacity for humanitarian response in areas such as staffing, accountability to beneficiaries, and understanding the impact of our work.

Our briefing papers on the **new UN Emergency Response Fund** and on the reforms to the humanitarian aid system in the Democratic Republic of Congo, combined with high-level dialogue with the UN and major donors, have helped inform debate and position Oxfam as a significant NGO 'voice'. Our paper on African food crises achieved significant media impact.

Our biggest campaigning success in 2006 was on **arms control** through the *Control Arms Campaign*. At the UN General Assembly in December 2006, 153 governments voted in favour of an Arms Trade Treaty (ATT) resolution, with only one government (USA), voting against. This commits the UN to a process to begin work on an ATT from January 2007 onwards, and is an enormous breakthrough. This success followed a concentrated campaigning effort in 2006, including recruiting a million people from all over the world to the *Million Faces* petition for delivery to Secretary General Kofi Annan, and the launch of the 'People's Consultation', parallel with the UN Secretary General's consultation in early 2007.

During 2006/07, we agreed with Oxfam International the launch of a 'Rights in Crisis' campaigning framework within which all of our humanitarian campaigning will be located, (including that as 'Oxfam International'). The main thematic focus will be on issues of protection and assistance, continuing and consolidating much of the work referred to above.

AIM 4 RIGHT TO BE HEARD

We work towards achieving people's right to be heard as an integral part of all our programming. Under this specific Aim, we focus on helping people and communities to have greater influence and control over the decisions affecting their lives, and on promoting policy-making that considers the needs of people living in poverty. We seek to strengthen civil society organisations and increase government capacity to deliver equitable and accountable governance to poor and marginalised citizens.

For this year, the objectives were to:

- Work towards achieving women and men's rights to be heard as an **integral part of all our programmes** under other aims;
- Deliver specific programmes, including work to increase the effectiveness of the **Global Campaign for Action against Poverty**.

Within this Aim, we delivered 28 programmes across most regions with Aim 4 as the principal aim. Of total expenditure on charitable activities, £14.5m (7 per cent) was attributed to this aim, compared to our objective of nine per

cent for 2006/07 and attributable spend of seven per cent in the last financial year.

Against the specific objective to work towards achieving women and men's right to be heard as an **integral part of all our programmes** under other aims, work is ongoing. Some of this is about advocacy and campaigning – working in ways that enable the voices of women and men in poverty to be heard. In CAMEXCA, 'advocacy schools' have been held to support the development of community-based and indigenous advocacy on a wider range of issues. In Azerbaijan, there is a move to address livelihoods and basic services work explicitly through the 'lens' of governance and institutional accountability. There are many examples of work at grassroots level to empower women and men to speak out and participate in many ways; but there is still room for more explicit 'embedding' of the 'Right to be heard' in other Aims. For example, in approximately 10 African countries that have ratified the African Women's Protocol, initiatives have been started by coalitions of various women's organisations which will monitor the implementation of the protocol within their countries using national budgets as entry points for their activities.

Work on increasing the effectiveness of the **Global Campaign for Action against Poverty** has been considerable through the year. This has included significant mobilisation across the world, including 23.5 million people taking a pledge against poverty in October 2006; capacity building for national GCAP coalitions, including advocacy strategies, media work and power analysis; and support to the mobilisation of GCAP coalitions around the world for the G8 meeting in Germany in May 2007. In India, the GCAP coalition worked with other campaigners to hold the Indian government to account for delivering on its promise to spend nine per cent of GDP on education and health. There have been other initiatives, for example, in Sierra Leone, for GCAP and Global Campaign for Education members to get education issues into election debates.

The Oxfam Pan Africa programme has played an important role in supporting coalition-based campaign and lobbying of the African Union. We are improving our understanding of how corruption affects the environments in which our programmes operate, and the range of approaches that can be used to address it, or how to work effectively despite it. Research has been underway in the latter part of this year, which will report in 2007/08, to inform both Oxfam GB and the wider OI positioning as appropriate.

A new global framework for the 'Right to be heard' has been developed, with input from regions, and now provides a solid foundation to support the next phase of development for Aim 4 within the new strategic plan.

AIM 5 RIGHT TO EQUITY (GENDER AND DIVERSITY)

This Aim focuses on achieving equal rights for women and men, based on our understanding that poverty affects women and men differently, and that the majority of people living in poverty and suffering are women. We also work towards this as an integral part of all of our Aims (gender mainstreaming).

This year, the key objectives were to:

- Continue to improve Oxfam's **integration of gender issues** into all of our programme and campaign work;
- In South Asia, work with others to **reduce violence against women**.

We delivered 12 programmes across most regions with this Aim as the principal aim. Of total expenditure on charitable activities, £16.3m (8 per cent) was attributed to this aim, compared to our objective of 6 per cent for 2006/07 and attributed spend of seven per cent in the last financial year.

The last year has been one of renewing our commitment to continued work on gender equality, continued delivery, whilst increasing in our efforts and energy to put women at the heart of our entire programme.

We have continued to **strengthen efforts to carry out women's empowerment and gender equality** ('gender mainstreaming') across all our programmes but have specifically focused support on six countries: Liberia, Uganda, Nigeria, Tajikistan, Ethiopia and Mozambique, with work in Tajikistan and Uganda, in particular, reporting significant changes in attitudes on gender. Lessons learnt from this work have been captured and will feed into our practices in this area. In addition, we began Phase Two of Gender Action Research in the UK, Cambodia, and Sierra Leone, with Burkina Faso ready to implement.

During the year, we began to develop our focus on women's rights, participation and leadership. In a limited number of countries, for example, Sierra Leone, we have supported women's political participation and leadership in local and national governments. Additionally, we developed plans for taking forward work on poor women's economic leadership

in our existing livelihood programmes. In the three African regions, we made significant progress, working in coalition with women's movements, to bring into force the African Women's Protocol, which has shown potential for advocacy and campaigning on holding governments to account on women's rights issues.

In South Asia, work with others to **reduce violence against women (VAW)**, achieved a reduction in social acceptance of such violence in six countries. This year, Afghanistan joined Bangladesh, Sri Lanka, Nepal, India, and Pakistan with the campaign launched in four provinces of the country. In Sri Lanka, the campaign has been able to continue in a situation of conflict and has been instrumental in addressing violence against women among displaced people. The alliance has grown to include 800 organisations and more than 900,000 'Changemakers' from different walks of life. The Changemakers are addressing issues of violence and unequal relations in their own lives and influencing others around them. Their work is being supported through a public awareness-raising campaign using the media. In Bangladesh, the campaign has been able to have regular columns and features in national daily newspapers and in a soap opera using popular actors. In Nepal, radio and listener clubs are becoming an innovative way to reach Changemakers in far-flung and remote villages.

Within Oxfam, several regions and several OI affiliates have expressed interest in learning and becoming involved in taking forward the campaign. The *We Can* campaign in South Asia has been hosting exposure visits from these regions and affiliates and has developed learning documents to share experiences. An impact assessment framework to measure change in attitudes and practices has been developed and currently the campaigns in India and Bangladesh are assessing the first phase of the campaign using this framework and will complete the process by December 2007.

In order to sustain our programme work on gender, we need to continue to build staff awareness and change attitudes on gender equality issues and have therefore been preparing an internal gender campaign which will be launched in 2007/08.

Developing Oxfam

Developing the Oxfam International and Oxfam GB forward strategy

During the year, both Oxfam International's and Oxfam GB's strategies were developed, building on the work started in 2005/06. Staff from the thirteen different OI affiliates worked closely together, drawing on internal and external consultation and analysis, to produce a six-year Oxfam International Strategic Plan – *Demanding Justice* (2007–12).

The Oxfam GB three-year Strategic Plan (2007/08 – 2009/10) was developed at the same time as the OI plan and both contributed to, and was influenced by it. It also drew upon extensive consultation with OGB staff and partners, an analysis of current world trends and reviews of our work in key areas within the Aims framework. The Plan signals evolutionary rather than revolutionary change in the work of Oxfam GB over the next three years. Both the OI and OGB strategic plans are available on the internet (see page 7).

Increasing and improving our humanitarian capacity

The Humanitarian Investment Plan (HIP) (to position Oxfam to play its full role as a leading humanitarian agency) achieved the majority of its goals this year. Our goal with the HIP is to drive towards excellence and resilience in our humanitarian response capability. The ambitious plan included procedures for calling (categorising) and managing emergencies, which were used to good effect again in Lebanon and Mozambique and other responses; the development of day-to-day procedures for use in the first phase of emergencies; clarifying quality standards; communications activities; and work on logistics and human resources. Many of the outputs have been collated as tools in the new Humanitarian Handbook. The nature of this work is continuous and is now being adopted at regional and country level. (Please also see Aim 3 of the Director's Report).

Strengthening programme quality and management

Improving programme quality is fundamental to achieving greater and more lasting change and impact. Over the year, most regions and country programme teams identified their own priorities for improving programme quality, including better financial management and planning; strengthened programme design and delivery; more effective learning; and greater synergy between our local and national programmes and our global policy influencing work.

Wider organisational initiatives have reinforced the progress made in the regions by improving programme and finance management systems, developing a new monitoring,

evaluation and learning system and clarifying the principles and practice of our work with others through a partnership policy. Initial work on strengthening our accountability to beneficiaries in our humanitarian work has highlighted the importance of strengthening our accountability to people in poverty throughout our programme.

A global consultation with staff and partners in more than 15 countries alongside a major evaluation of partner relations in all regions has informed the principles in the new Partnership Policy. For the first time, Oxfam has a clear statement of principles regarding why we work with others and what we aspire to; partnerships that are inclusive, accountable and empowering, based on relationships of openness and trust. The learning and recommendations from the partnership evaluation will underpin how we improve our work with others and put the policy into practice over the coming years.

To ensure that we continue to respond and be relevant to the changing national contexts in which we work, all country programmes began a process of country analysis leading to a clear strategy for change and the programme choices needed to achieve greatest impact with limited resources. The process is phased over two financial years with all countries finalising their change strategies by September 2008.

A key element of increasing our accountability to poor people and donors is the new Monitoring, Evaluation and Learning System developed during the year to ensure that we listen to and learn from partners and communities more systematically and use this feedback to improve our programme analysis, design and delivery. Phased implementation will see all countries and regions conducting annual reviews – based on more local programme reviews over the next few financial years. Other elements of the approach will support global learning and impact assessment through specific evaluations on themes or ways of working.

Improving people management and development

This year saw the development of our Management and Leadership Programme, which was launched last year. The programme is designed for managers who have potential to play strong leadership roles within Oxfam. Twenty-five senior managers completed the first 10-month programme and 34 managers started the new programme, which will finish in September 2007. The 'Being an Oxfam Manager' course continues to be in demand around the world from Sudan to Sri Lanka; thirteen courses have taken place with a total number of 280 participants for the year.

In addition to these programmes, initiatives were developed to support more individual learning. These included the production of a new booklet, which gives guidance and ideas to help staff get the most from the performance management system and a UK Mentoring Exchange Scheme, which has enabled us to utilise offers from both internal and external mentors, ensuring that staff have the opportunity to learn from others. We have also introduced a new role, focusing on coaching managers within the international programme.

Improving cost-effectiveness and control in International Division

As part of our objective of improving management control and empowering staff to make appropriate decisions, efforts were made to ensure that the regions were making full use of the performance management system and that the individual objectives of all senior managers reflected organisational priorities and that these were then cascaded down through their teams. This included a focus on cost-effectiveness objectives. In addition, the International Division has published a 'toolkit' to share ideas and has agreed five key ratios which are being tried to help identify opportunities for improving cost-effectiveness, that will be included in plans being developed in 2007/08. All cost-effectiveness initiatives are tied closely to the improvements in the programme monitoring and learning work.

Increase the UK's public commitment to and action on overcoming poverty and suffering through the *I'm in* campaign

The *I'm in* campaign was launched in January 2006 to continue the momentum generated by *Make Poverty History* and build a growing movement of people in the UK, joined in the fight to end poverty. The campaign was designed to 'cut through' in an increasingly crowded communications environment and bring a more relevant profile and identity to Oxfam. The *I'm in* concept invited people to get involved with Oxfam, with a range of options for how to support us and start their personal commitment to ending poverty.

The campaign, in its first year, has delivered 835,000 supporters, who pledged their support to ending poverty, of which more than 670,000 were completely new to Oxfam. Of this group, 85,000 have taken a campaigning action on behalf of Oxfam and more than 20,000 have committed to donating every month to support Oxfam's work. It has been our best recruitment proposition for fundraising and campaigning in recent years.

The concept has the potential to address key factors for engaging support, and offers a sense of belonging and individual empowerment. It gives a distinct look and feel for our external advertising, helping to engage new audiences.

The campaign has also been well recognised and acclaimed by others in the sector and was seen by the advertising sector as innovative and compelling, winning several awards at both the Direct Marketing Association and the Precision Marketing Awards 2006.

Increasing the impact of communications

This year, our objective on communications was to increase the coherence and impact of Oxfam's external communications. We have agreed and implemented a UK communications strategy and calendar for the year. We will be working to make this a global strategy. Our research shows that people think we do a good job at working to eradicate poverty in developing countries but to attract greater levels of support, we need to communicate a more rounded picture of what Oxfam does and create a stronger emotional connection.

Our website has continued to gain significance as a key communications channel and is the most-visited website in the charity sector for 2006. We are continuing to pilot new ways to reach people online through interactive channels.

Securing Resources

From supporters and the public

This includes income from regular giving, legacies, public donations, appeals and fundraising events and also donated goods and services.

This year, we have again enjoyed the continued support of hundreds of thousands of people across the UK.

We met our target of raising £105m from the UK public. More than 500,000 people support Oxfam on a monthly basis and their contribution represents over £46 million. It is this broad-based support that allows us to respond to the changing needs of our beneficiaries. Of our regular supporters, 80 per cent have elected to Gift Aid their donations and this is a great benefit, with tax recovered from HM Revenue and Customs, on behalf of our supporters, this year reaching over £15m. Unfortunately, as a result of the proposed changes to the basic rate of income tax next year, we expect that our Gift Aid income for 2008/09 will be reduced by approximately £2m. Income from legacies to Oxfam increased this year to over £12m.

In addition to these 500,000 regular supporters, a further 120,000 people gave us a cash donation and more than 200,000 people bought from *Oxfam Unwrapped*. Our emergency appeals this year brought in £3.5m from supporters and the public. In August 2006, the Middle East Appeal, in support of people caught up in the conflict in Lebanon and Gaza, raised £1.1m, and in April 2007,

we launched an appeal for Darfur (Sudan) and Chad, which raised more than £2.0m (with £1.6m raised by the end of April 2007).

From institutions

This includes income from governments and other public authorities, the Disasters Emergency Committee, the Department for International Development's (DFID) Programme Partnership Agreement Fund and gifts in kind from institutional donors.

This year saw unprecedented growth and diversification in institutional, foundation and government funding which reached more than £103m in total, 48 per cent of which was for humanitarian work; 52 per cent being for other forms of development and advocacy programming. Total institutional income during 2006/07 was £13m (15 per cent) above our target of £90m, with £89m received in cash donations and over £14m in donation of goods-in-kind.

Increases in core funding above our objective have been predominantly from DFID (£21m in total), the European Commission Humanitarian Aid department (ECHO) (over £12m), the UN Agencies (over £7m) and OI Affiliates (over £11m), all of whom we thank for supporting our work.

Oxfam is cultivating relationships with some of the world's leading and most-influential donor agencies, both public and private. We meet regularly with representatives of DFID, ECHO, the European Commission (EC) and G8 government donors. Significant engagement and learning with private sector agencies experienced in tendering bids should result in some new collaborations in the coming year. With the ending of the EC co-financing line this year, a staple for Oxfam since 1976, new EC strategies and potential impact on Oxfam's programme funding is being analysed.

We have started new relationships with donor advisory funds – a hybrid of new and traditional philanthropy – unlocking new resources for programmes, while at the same time, diversifying and expanding Oxfam's funding base.

We are particularly grateful for the collaboration with global foundations such as the *Bill and Melinda Gates Foundation* (in support of the Emergency Capacity Building Project), the *William and Flora Hewlett Foundation* (in support of HIV and AIDS programmes in Southern Africa), the *Elma Philanthropies* (for humanitarian relief in Mozambique), and the *Geneva Foundation* (in support of the micro-finance programme in Russia).

From Trading

The objective for the year was to achieve income from Trading sales of £78m. However, this has been a tough year on the high street and the past year has also been something of a transition, with the development of the Trading strategy and a number of senior management changes. In spite of this, the total Trading income was more than £75m giving a contribution from Trading activities of over £15m.

Shop sales rose by 2 per cent since last year. The shop portfolio continues to strengthen, with the closure of poorly-performing shops and the opening of new shops in more favourable locations. Shop profitability has been hit by high levels of inflation in the retail sector. In particular, rises in rent, utility and fuel costs have meant that the growth in profits have not kept pace with the growth in sales. We have also invested more in our buildings this year, with additional work on fire risk and electrical safety assessment and high levels of unplanned maintenance.

Work is continuing on new ventures to secure income growth over the longer term, we are currently developing our e-commerce strategy, with a launch planned for August 2007, of Oxfam Shop Online.

Development of our people has continued apace, with the recruitment of new shop managers and structured development programmes for existing shop and area managers. We continue to work within our local communities, working with others to overcome poverty and suffering.

The Year Ahead

During the coming year, 2007/08, we will be taking forward our commitments in the new Strategic Plan including developing national change strategies in all our country programmes in order to achieve enhanced impact on poverty and suffering, and as part of this, strengthening our campaigning capacity at national level.

The focus of our livelihoods work will be to develop and extend our work on enhancing the power of smallholder producers in agricultural markets including delivery of the agricultural scale-up programme. We will position ourselves strongly in the climate change and poverty debate and enhance the impact of our assistance to those living with vulnerable livelihoods.

Our emergency response capacity will be strengthened through investment in public health, water and sanitation and we will work with other international organisations and governments to ensure that greater responsibility is taken to protect civilians caught in emergencies.

We will step up our commitment to gender equality through continuing to build our own capacities and mainstreaming in all our programmes, and through expanding the *We Can* campaign to end violence against women to regions beyond South Asia.

As an organisation, we will continue to focus on developing our staff and ways of working with a particular focus on delivery and accountability, simplicity and openness and honesty. We are also working to become a more international organisation (for example, through the diversity of our staff, partners, allies). During 2007/08, a number of new initiatives should enable us to meet the challenges of our income generation objectives. These include the launch of the Oxfam Shop Online which will allow donated goods to be sold on the Internet, and the implementation of a new Customer Relationship Management system which will improve the service we provide to supporters.

The key objectives that Oxfam will focus on during 2007/08 as developed through the annual planning process are set out below:

Programme delivery objectives 2007/08

Overall, we plan to deliver programme expenditure of £206m.

AIM 1: Sustainable livelihoods (23 per cent of charitable activity spend):

- Continue delivery of Agriculture Scale-up programme in three countries – Tanzania, Honduras, India – aiming to improve national agriculture policy and to generate income, especially for women;
- Continue to empower farmers' and workers' organisations in at least 11 countries to be able to take advantage of opportunities regarding regional trade agreements and national policies;
- Oxfam will position itself to engage strongly within the climate change and poverty debate and publicly call for poor countries' costs of adaptation to climate change to be borne by the countries causing climate change;
- Increase the resilience of vulnerable people through disaster risk-reduction strategies in 14 programmes;
- To further develop and ensure delivery of the Private Sector Strategy.

AIM 2: Basic services (15 per cent of charitable activity spend):

- Ensure aid and debt relief agreed in 2005 are delivered through Essential Services campaigns; Oxfam will work in partnership with global coalitions around key moments in 2007/08 e.g. G8, Global Campaign for Education, World Bank Annual meetings;
- Successfully campaign through partners for increased southern government budget allocation for education and health in at least four countries. User fees abolished in at least two countries, replaced with increasing government investment;
- Deliver programmes to increase access to quality education in five regions;
- Deliver a minimum of seven programmes which focus on HIV and AIDS in order to reduce vulnerability, increase awareness, and increase access to prevention, health care and treatment.

AIM 3: Life and security (42 per cent of charitable activity spend):

- Increase commitment to sustained water, sanitation and public health work in at least 10 key emergency response and post-crisis countries;
- Continue to demonstrate improvement in accountability to those affected by crises in five key humanitarian programmes;
- Rights in Crisis campaigning work to ensure:
 - *Controls Arms* achieves significant endorsement of the Arms Trade Treaty (ATT) at the United Nations;
 - Increased humanitarian aid, including agreement on a larger, faster UN emergency fund (CERF);
 - Greater UK commitment to 'responsibility to protect', ethical foreign policy and greater concern for conflict prevention/resolution.

AIM 4: Right to be heard (11 per cent of charitable activity spend):

- Increase civil society partners' capacity to hold government to account through budget monitoring in at least six regions;
- Increase six southern GCAP coalitions capacity to campaign on essential services;
- Strengthen the voice of marginalised women and men to demand their rights.

AIM 5: Right to equity (gender and diversity) (9 per cent of charitable activity spend):

- Continue the campaign to end violence against women in South Asia and initiate in three new regions (HECA, CAMEXCA and Southern Africa);
- Develop clear propositions and strategy on Women's Leadership and Political Participation and work on strengthening poor women's economic leadership;
- Continue gender mainstreaming in all programmes with focus in eight key countries.

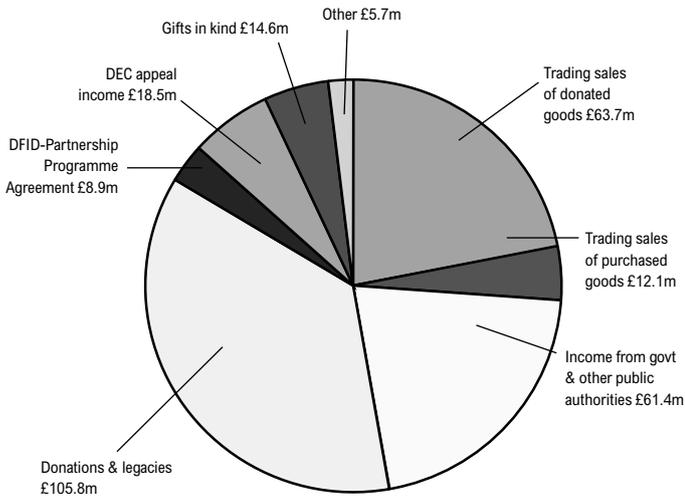
Securing resources and developing Oxfam

In order to increase the impact of our programme, we need to continue to secure resources and improve Oxfam's internal capability. The key objectives for 2007/08 are:

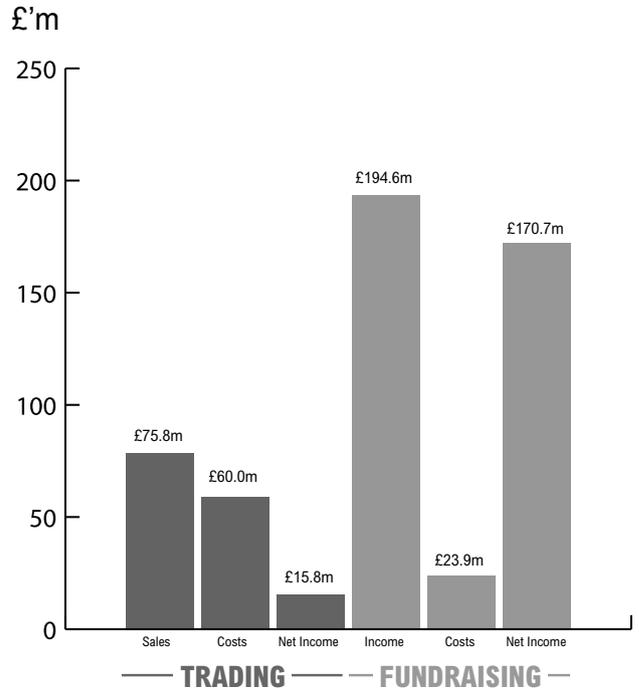
- Deliver **total income** of £294m. The main income streams are:
 - Trading income will have reached £78m;
 - Income from supporters and the public will have reached £114m;
 - Institutional donor income will have reached £96m.

- Improve **programme quality** by:
 - Improving the way we work with partners e.g. finalising our partnership policy, developing partnership protocols, good practice guidelines and partnership improvement plans;
 - Implementing a new programme monitoring, evaluation and learning system;
 - Strengthening staff capacity for national policy influencing and campaigning;
 - Undertaking country programme analysis.
- Develop **our people** by:
 - Continuing our learning and development initiatives to develop people and programme management skills through coaching, courses, better inductions and performance management guidelines;
 - Building talent and organisational capability through increased internal mobility, focused external recruitment and the ongoing development of national staff.
- Encourage **empowerment with accountability** by:
 - Reviewing organisational procedures and implementing a plan to simplify them;
 - Implementing the International Division cost-effectiveness plan.
- Actively manage **Oxfam's brand** for internal and external audiences through continued development of the communication strategy;
- As part of developing **our role as an international organisation**, become more relevant to diverse communities and continue to work on our own diversity activities and targets;
- Develop robust mechanisms for monitoring our **carbon footprint** and set and achieve challenging targets for reducing our carbon footprint both in GB and internationally;
- Continue to build a **mass movement of public support in GB** for overcoming poverty and suffering by building on the *I'm in* campaign and focusing on recruiting new campaigners around key moments – e.g. G8 meetings and at festivals and events;
- **Improve accountability to all stakeholders** through continued pilot work on accountability to beneficiaries and the development of an accountability report, which would set out how we are held accountable to our stakeholders and would respond to the Framework of the Global Reporting Initiative (GRI).

Total Income £290.7m



Trading & Fundraising Net Income



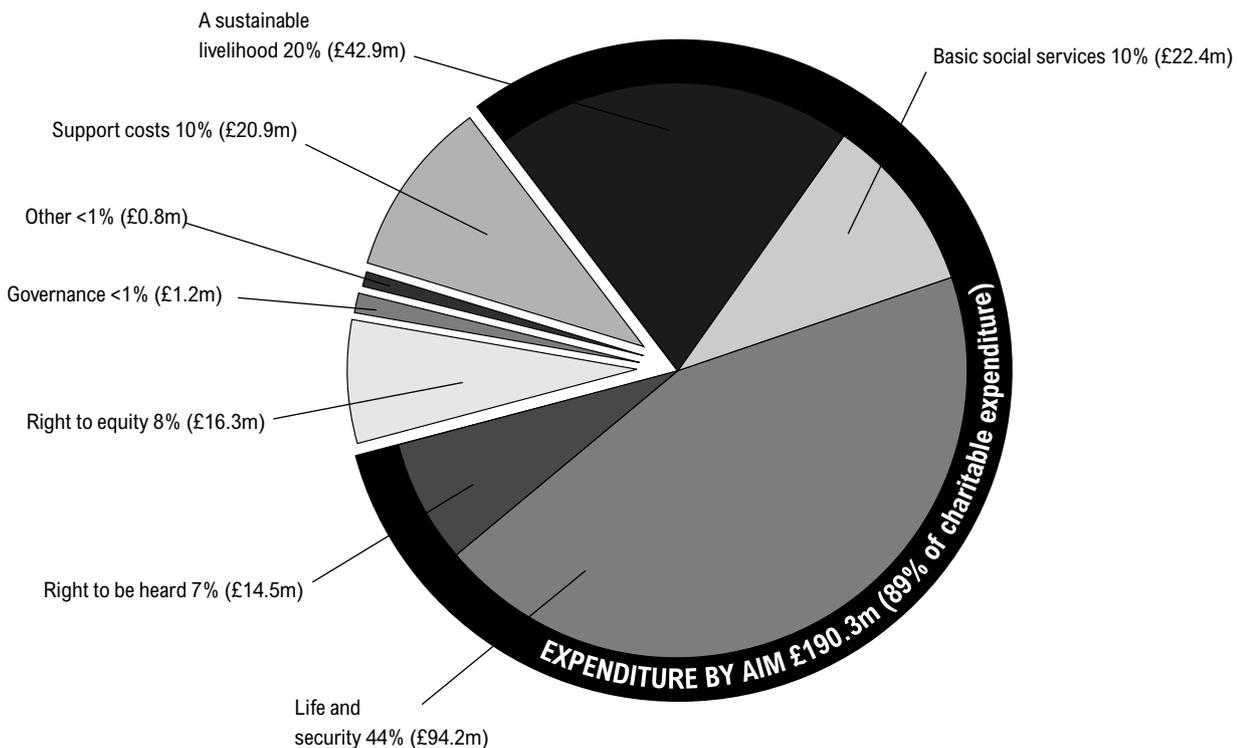
Trading & Fundraising Net Income £186.5m

Gifts in kind £ 14.6m

Other Net Income £ 5.6m

Total Net Income available for charitable application £206.7m

Charitable Expenditure £213.2m



Finance summary

Income

Oxfam's total income decreased by £19.8m to £290.7m in 2006/07. In many ways this was a positive factor in that it was mainly driven by the lower level of emergency responses and associated income. Our income derives principally from the activities of Trading and Fundraising. Trading income increased but the rate of growth slowed to just over one per cent. Fundraising income (which includes both income from supporters and the public and institutional donor income) decreased by 8 per cent to £194.6m, primarily because of the reduction in income to fund our humanitarian programme, with income from the Disasters Emergency Committee down by £18.4m. Trading income represents 26 per cent of total income, which is a similar proportion to the last two years. The ratio of unrestricted to restricted fundraising income was 42:58, which again was similar to the past two years. A detailed analysis of income is shown in the consolidated Statement of Financial Activities (SOFA) and Note 2 to the accounts.

Three-year* analysis of Trading and Fundraising net income

	2004/05 £m	2005/06 £m	2006/07 £m
Trading sales	71.5	74.7	75.8
Trading costs	(52.5)	(56.3)	(60.0)
Trading net income	19.0	18.4	15.8
Trading profit margin	27%	24%	21%
Fundraising income	172.6	211.8	194.6
Fundraising costs	(18.6)	(20.8)	(23.9)
Fundraising net income	154.0	191.0	170.7
Fundraising net margin	89%	90%	88%
Net income from Trading and Fundraising	173.0	209.4	186.5
Gifts in kind	5.0	12.2	14.6
Net miscellaneous income**	4.0	11.7	5.6
Total Net Income in year	182.0	233.3	206.7
Increase/(decrease) in funds	30.1	12.5	(6.5)
Total Charitable Expenditure in the year	£151.9	£220.8	£213.2

* As a result of the introduction of new Charity SORP 2005 regulations last year, the above analysis has been undertaken over a three-year period (with the 2004/05 accounts restated) to allow comparison, rather than the five-year analysis used in previous years. It is our intention to build up the analysis to cover a five-year period.

**This represents 'Other incoming resources' plus 'Primary purpose Trading income' plus 'Investment income' less 'Investment management costs'.

Despite a difficult year for charities on the high street, Trading sales increased by £1.1m (+ 1 per cent) this year to £75.8m. This represents continuing growth in sales of

donated goods over the past three years and is a real achievement given the high sales growth rates in the recent past (partly fuelled by increased footfall through shops because of the tsunami and *Make Poverty History*). However, the overall sales growth during 2006/07 failed to keep pace with the growth in shop costs. The shops have seen above average inflation on rents, waste disposal and utilities and have had to carry out a higher than expected amount of maintenance and health and safety work. Net Trading income therefore declined to £15.8m this year, down 14 per cent (£2.6m) on last year. Other Trading income, (*Oxfam Unwrapped* sales and donations) collected through the shops also decreased, driven by lower *Unwrapped* income at Christmas and the smaller amount of emergency appeals income collected in the shops as a result of fewer appeals.

Fundraised income decreased by £17.2m from £211.8m to £194.6m. There was a £28.2m decline in voluntary income which was due to a reduction in restricted voluntary income. As explained above, this primarily resulted from a £18.4m fall in DEC income for emergencies and restricted humanitarian income from Oxfam's own emergency appeals. Fundraised unrestricted income was slightly down at £82.5m compared with income of £83.1m in 2005/06.

The cost of raising voluntary income as shown in Note 3a has increased by 15 per cent to £23.9m during 2006/07. There are several one-off reasons for this rise. These include the costs of developing a new customer relationship management system which will allow us to provide a better service to supporters in future, the costs of setting up *Oxfam Unwrapped* online and the advertising campaign to encourage employees to set up tax-efficient payroll giving. Net fundraised income is £170.7m and the net margin is 88 per cent compared to 90 per cent last year.

Gifts in kind can fluctuate significantly, reflecting the scale and nature of our emergency response in any year. This year's gifts in kind, of £14.6m, is an increase of £2.4m on last year and mainly represent food aid for those affected by drought in Northern Kenya.

'Other incoming resources', includes investment income as well as other primary purpose trading and miscellaneous income. 'Primary purpose Trading' includes the income received from *Progreso Cafés* and the sale of humanitarian equipment and published materials. In 2005/06, the large number of 'one-off' sources of income such as the profit on the sale of fixed assets and the large fundraising VAT refund significantly increased 'Other incoming resources', which explains the significant decrease from £11.7m to £5.6m.

Expenditure

The Statement of Financial Activities shows the analysis of charitable expenditure between charitable activities (development, humanitarian and campaigning and advocacy), governance costs and other resources expended. Total charitable expenditure has reduced by three per cent to £213.2m. Whilst unrestricted charitable spend remains constant at £86.4m, the overall decrease in expenditure is mainly due to a reduction in humanitarian restricted spend from £89.8m in 2005/06 to £73.3m in 2006/07. In particular, expenditure on our three-year tsunami response programme has declined from £32.2m last year to £19.4m this year. A further analysis of charitable activity expenditure, showing the operational activities undertaken by Oxfam and those undertaken by partners through grants from Oxfam, is given in Note 3c to the accounts. This note also includes an analysis of support costs across the different charitable activities.

The allocation of expenditure across the strategic aims of Oxfam, has changed as a result of the reduction of emergencies work undertaken during the year, with spend on 'Life and Security' decreasing from 49 per cent in 2005/06 to 44 per cent in 2006/07. The proportion of expenditure made on sustainable livelihoods has increased by 3 per cent to 20 per cent of total charitable spend. This reflects the significant work being undertaken to increase income and food security for smallholder farmers through better market access and trade campaigning. The relationship between our strategic aims and our charitable activities is also shown in Note 3c. The table below shows the proportion of charitable expenditure spent on each charitable aim.

	2004/05	2005/06	2006/07
A sustainable livelihood	17%	17%	20%
Right to basic social services	11%	9%	10%
Life and security	44%	49%	44%
Right to be heard	8%	7%	7%
Right to equity (gender and diversity)	7%	7%	8%
Total	87%	89%	89%
Other charitable expenditure*	13%	11%	11%
Total Charitable Expenditure	100%	100%	100%
	£151.9m	£220.8m	£213.2m

* 'Other charitable expenditure' includes support costs, governance costs and other resources expended.

As a consequence of the high levels of reserves, our cash balances remain high and had reached £75.7m at the end of April 2007. As explained below, we plan to utilise our reserves and hence cash balances, over the medium-term. The cash is securely held in interest-bearing bank accounts, in accordance with our investment policy, and is being released as programme expenditure as required.

Reserves policy

The Council of Trustees has established a General Reserves Policy to protect the organisation and its charitable programme by providing time to adjust to changing financial circumstances. This limits the risk of disruption 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, and contributes towards decision-making. Oxfam's Reserves Policy establishes an appropriate target range for the level of general reserves; the target range for 2006/07 was established as £31m-£35m. The range is based on a risk assessment of the probability and likely impact on Oxfam's charitable programme that might be caused by a decline in income, an inability to meet financial obligations, or an inability to reduce expenditure in the immediate short-term. The Policy ensures a balance between spending the maximum amount of income raised as soon as possible after receipt, while maintaining the minimum level of reserves to ensure uninterrupted operation. The Policy and the target range are reviewed annually to reassess the risks and reflect changes in Oxfam's income, financial obligations and expenditure. The risks surrounding the pension liability have been taken into consideration when calculating the target range. Since Oxfam is confident that it can meet the required pension contributions from projected future income without significantly impacting on its planned level of charitable activity, it continues to calculate its 'free', or general reserves without setting aside designated reserves to cover the pension liability. We comment on this year's reserves performance below.

General reserves (unrestricted)

General reserves are not restricted or designated for use on a particular programme – or for some other defined or designated purpose. General reserves increased by £1.2m during 2006/07, with the balance of general reserves reaching £48.6m at the end of April 2007. This is significantly above the target range for general reserves, determined by our reserves policy, of £31m-£35m.

Part of the reason for the increase results from the higher level of reserves brought forward into the year (£47.4m) which was driven by a range of one-off factors in 2005/06 such as the sale of Oxfam's former head office buildings (£3.1m), a large VAT refund (£2.2m), changes in the accounting treatment of grants payable (£2.2m) and adjustments between restricted and unrestricted fund balances (£3.6m). Oxfam had planned to spend these additional funds over a three-year period, with some of these funds released for our programme work during 2006/07. However, although the amount spent on our unrestricted

programme was similar to last year, it was still £4.0m less than planned for the following reasons:

- We spent around £1.5m less than expected on our unrestricted humanitarian work partly because we were more successful in securing restricted funding for this work and partly because there were fewer emergencies in 2006/07 than in previous years;
- There was a £0.9m exchange gain on the purchase of foreign currency because of the continued weakening of the US dollar during the year;
- We spent £0.7m less on support costs than expected, partly due to deferring the start on some major support projects (for example, developing a new global HR system) and partly a result of cost savings in the support functions.

Our intention remains to spend these additional funds on programme activities over the next two years such that our general reserves should be back within the reserves range by the end of 2008/09. General reserves are represented by net current assets and are equivalent to just over three-and-a-half months' unrestricted expenditure at 2006/07 levels.

Pension reserves (unrestricted)

The valuation of Oxfam's pension scheme at 30 April 2007, for the purposes of FRS17, showed a funding deficit of £20.1m (2005/06: £23.3m), (see Note 20d). This deficit represents the difference between the liabilities of the pension fund and the value of its underlying assets; it does not represent an immediate cash commitment, as the cash flow required to meet the £20.1m deficit relates to future pension contributions. Therefore, the pension liability is expected to arise over the long-term rather than in the immediate future. The valuation of the pension scheme's assets under FRS17 is different from the triennial actuarial valuation which determines the pension contributions required to reduce the deficit. Current financial projections indicate that Oxfam will be able to make these contributions as they fall due. FRS17 requires a pension reserve to be established to meet the pension deficit. The defined benefit pension scheme was closed to new members during 2002/03.

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 £14.9m (2005/06: £14.8m) represents resources invested in the charity's fixed assets (excluding investments), that are, therefore, not available for other purposes. Further details of the Designated funds and their movements during the year are shown in Note 19 of the accounts.

Restricted funds

These funds are tied to particular purposes, as specified by the donor or as identified at the time of a public appeal. They are not available for use in other Oxfam work. At the year-end, unspent restricted funds were £24.5m (2005/06: £29.1m). Most of the large restricted funds balances available at the end of last year in respect of on-going humanitarian crisis have been spent during the year. As we enter the final stages of our tsunami work, there remains a tsunami-restricted fund balance of £2.0m at the end of April 2007. The largest restricted fund balance of £7.5m (2005/06: £11.6m) relates to Oxfam Unwrapped, which primarily represents income from the Christmas catalogue which, in line with our policy, we intend to spend by April 2008, the end of the following accounting year. The restricted fund balance includes total deficit balances of £8.3m. These deficit balances have arisen on project funds where total expenditure has exceeded income; it is expected that the expenditure will be reimbursed by a government or other agency in the following accounting year (see Note 18 for further details).

Endowment funds

Endowment funds of £2.6m (2005/06: £2.6m) represent monies received from donors where there is some restriction on the use of the capital (see note 17).

Financial position

The Council of Trustees considers that there are sufficient reserves held at the year-end to allow the organisation to manage any disruption 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.

Investment policy and performance

Oxfam has fairly limited investments, essentially just to cover the approximately three months' operating expenditure referred to above. Our objective therefore is to maintain high liquidity while ensuring maximum security, meeting our ethical standards and achieving the highest possible return. To meet this objective, during 2006/07 Oxfam has invested in fixed-term or call deposits with a high security rating and either fixed interest rates or a fixed relationship to base rate. During the year, the average return earned by the charity's investments was 5.00 per cent, in line with an average base rate of 4.88 per cent.

Currently, equity investments are held only to support Oxfam's advocacy and lobbying activities, or to further Oxfam's objectives, or when a donor has specified they should be held for a specified time period.

Financial Risk

Prices of goods and services purchased are subject to contracts with suppliers based on market prices and salary costs are subject to a formal annual review. Our standard payment terms are thirty days. Credit risk on amounts owed by donors is low. Oxfam GB has no borrowings and our policies regarding the management of investments and reserves are

set out above. Net exchange rate risk is kept under review and appropriate action taken to mitigate the risk.

Auditors

A resolution proposing the re-appointment of PricewaterhouseCoopers LLP as Oxfam's auditors will be submitted at the Annual General Meeting.

Grant-making policies

In 2006/07, we spent £46.0million in grants to international, national and local partner organisations, an increase of £5.3m (13per cent) on the previous year. 1,698 grants were made to 1,242 organisations. The average grant per project was £27,000 and per partner was £37,000.

Before making a grant, Oxfam staff aim to ensure that appraisals are completed for the project(s) and the proposed partner organisation(s). Appraisals include ensuring that:

- Roles and responsibilities are clear;
- There is a coherent and well-justified project design;
- The proposed partnership(s) will be a cost-effective way of bringing about the intended changes;
- The partner's mission, values, credibility and accountability are compatible with our own;
- The partner has the management and professional competence and capacity to deliver the programme on time, on budget, and to agreed professional standards;
- Agreeing what support they need to ensure the project is implemented effectively and how that support will be provided.

Grants are managed through specific agreements with partners, which set out the conditions of the grant

including reporting requirements and when and how disbursement will happen. Grants are usually distributed in separate instalments to ensure that agreed timings and results are being met and managed.

Oxfam staff monitor and evaluate throughout the period of the grant. The nature of these activities will depend on the size and importance of the grant and the perceived level of risk. Monitoring and evaluation may include:

- Support visits to the partner;
- Visits to beneficiaries with or without the partner;
- Formal evaluation processes such as impact reporting by Oxfam or a third party;
- Auditing of the project and/or the partner;
- Project closure reports.

In circumstances where we are not satisfied that the grant is being managed according to the partner agreement, we discontinue the grant.

All information about the partner and the project (e.g. budgets, agreed activities, contracts) is stored on our online management information system.

In 2007/08 Oxfam intends to produce a comprehensive partner policy that will ensure greater consistency in the development and support of partners.

Organisation, governance and accountability

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. Oxfam has several subsidiaries only two of which were consolidated into Oxfam's group accounts; these subsidiaries were Oxfam Activities Ltd and Progreso Cafés Ltd. Oxfam also has two dormant subsidiaries and several micro-credit schemes which were not consolidated as they were immaterial in the context of these Financial Statements (see Note 10a for further details).

Oxfam's subsidiary, Oxfam Activities Limited, raises funds by means of trading activities. Its principal operations are a) the purchase of goods from commercial suppliers to be sold at a profit mainly through Oxfam shops, and b) the recycling of donated goods at a textile recycling plant in Huddersfield (known as Oxfam Wastesaver). Oxfam Activities Limited made a profit of £1.8m (2005/06: £2.1m), before interest on working capital of £0.2m (2005/06: £0.2m) paid to Oxfam. This represents a 14 per cent reduction in profit due to high growth in shop and Wastesaver costs compared to the rate of growth in sales. Its results are consolidated in the Trading results for Oxfam.

Oxfam Activities Ltd has a 50 per cent interest (2005/06: 50 per cent) in Progreso Cafes Ltd (a company registered in the United Kingdom number 5125426) and a 'special share' in Coffee Producers Company Ltd (a company registered in the United Kingdom number 5144719). Two Progreso Cafés were started in 2004/05 to promote and sell fairly traded coffee. This is a joint venture with coffee producers. Progreso made a profit of £7,956 this year compared to a loss of £29,959 last year. We now believe that the company has reached the point where it is capable of generating a profit and being expanded and it is therefore our intention in 2007/08 to waive Oxfam Activities Ltd's loan to Progreso and to transfer its shareholding in Progreso to our operating partner Tinderbox (Scotland) Ltd. We will maintain representation on the board of the Coffee Producers Company Ltd who owns 50 per cent of Progreso.

Oxfam Activities Limited has a 10 per cent (2005/06: 10 per cent) interest in Cafédirect plc (a company registered in Scotland with registration number 141496), which promotes Fair Trade primarily through the marketing and distribution of tea and coffee. Cafédirect shares are traded on a 'matched bargain facility' called Ethex operated by Brewin Dolphin.

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 twelve other affiliated international agencies, each separately constituted under the appropriate national regulations. Oxfam GB received grants from, and made grants to, members of this group. During the year, Oxfam received income of £11.2m (2005/06: £12.4m) from the other members of Oxfam International and made grants of £3.5m (2005/06: £3.8m) to them.

Oxfam GB is a member of the Oxfam International Tsunami Fund (OITF) which was established during 2004/05 as a common fund to co-ordinate and manage the funds from Oxfam International members, where the donations they received were in excess of their planned programme expenditure. Oxfam GB received £0.2m from the fund during 2006/07 (£0.0m in 2005/06) but, as in previous years, did not contribute any funds to the OITF as it remains one of the main operational affiliates in respect of Tsunami activities and has had most of its tsunami work funded by donations from the DEC and its own public appeal. The opportunity has also been taken to co-ordinate and manage the response to the tsunami across all Oxfam International members. Oxfam GB has played a key role in this.

Oxfam is a member of the Disasters Emergency Committee (DEC), an umbrella organisation representing 13 leading UK agencies. It aims to maximise income from the public in respect of a humanitarian disaster and co-ordinate an effective humanitarian response.

Trustees

The directors of Oxfam GB are the Trustees, collectively 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 serve an initial term of three years that can be extended up to a maximum of eight years but is normally no more than six years. The Chair, Vice-Chair, and Treasurer may also serve until the end of their term as Officers. The members of the company are known as the Association. This Association comprises all the Trustees plus a number of other members up to a maximum membership of 32. Members are appointed by 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.

A sub-committee of Council, the Recruitment and Development Group (RADG), is responsible for the recruitment and training of Trustees and Association members. Each year the Recruitment and Development

Group issues an advertisement which is widely publicised in Oxfam publications and this year we also advertised for Trustees on the Oxfam website. Short-listed applicants are interviewed by a selection panel. The RADG may also use the services of an executive search group to find potential trustees with specific skills.

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. Each new Trustee is linked with a serving Trustee, and provided with a structured induction programme over the first year. As part of their ongoing training, Council has seminars on key areas, such as risk and accountability. The annual review of board performance includes input from the Chair's formal discussions with individual Trustees.

Oxfam's Trustees are responsible for everything that Oxfam does. However, to ensure Oxfam is managed efficiently and effectively the Trustees have delegated a range of day-to-day decision making powers to management, that is, to the Corporate Management Team (CMT) of Oxfam, which reports directly to Council. In conjunction with this Trustees have established appropriate controls and reporting mechanisms to ensure the CMT operates within the powers delegated to it. The levels and content of delegation of authority is reviewed by the Trustees every three years. The last review took place in 2004; the next will be in 2007. The Trustees have reserved to themselves certain powers which only they can exercise. These include those statutory powers which cannot be delegated, such as policies on investment and reserves, and decisions linked to major policy or programme initiatives, strategic planning and changes to organisational structure.

The Trustee Audit and Finance Group (TAFG), Oxfam's Audit Committee, meets regularly with the external auditors, both with and without the presence of management. The group agrees the external audit plan, reviews the external auditor's management letter, and monitors implementation of actions required as a result. TAFG also has the responsibility of ensuring that the audit, risk management, and control processes within Oxfam are effective, and has actively considered how Oxfam should apply the Turnbull guidance on internal control and the Smith guidance on Audit Committees. TAFG undertakes a detailed review of the draft Annual Plan, the Risk Register and the Annual Report and Accounts prior to their submission to Council. It is chaired by the Treasurer, approves the annual internal audit plan and oversees the work programme of Internal Audit and the control implications of Internal Audit reports.

One further committee that carries out specific functions on behalf of the Council is the Remuneration Committee. This committee monitors the implementation of Oxfam's rewards policy (i.e. the remuneration and benefits for Oxfam staff). It also specifically determines Oxfam's policy on the remuneration and benefits for CMT. The Chair of Oxfam chairs the Remuneration Committee. Trustees are also involved in a number of other Oxfam committees, working groups, areas where a duty cannot legally be delegated, and areas where there are specific issues around Oxfam's reputation. Committees include the Pension Committee and the Oxfam Activities Limited Board, both of which have at least one Trustee member.

In July 2006 the Trustees reviewed the governance of Oxfam in the light of the Code of Governance for the Voluntary and Community Sector in the UK (www.governancehub.org.uk). In our UK operations we comply with the seven Principles of the Code (the Code does not address international operations of UK charities). There are a number of detailed standards in the Code and we comply with most of these, although we consider that full compliance for some of the standards is not possible. We have our own complaints and public information policies.

The names of the members of CMT, Council and the Association, and the committees that they have served on, are given in the Corporate Directory. The members of CMT are not directors for the purposes of company law.

Trustees and their statutory responsibilities

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

The Trustees are responsible for preparing financial statements for each financial year which give a true and fair view (in accordance with United Kingdom Generally Accepted Accounting Practice) of the state of affairs of the charity and group, and of the surplus or deficit of the charity and group for that period. In preparing those financial statements, the trustees are required to:

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

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group, and enable them to ensure that the financial statements comply with the Companies Act 1985, the Statement of Recommended Practice 'Accounting and Reporting by Charities 2005', other current statutory requirements and the governing document. They are also responsible for safeguarding the assets of the charity and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Trustee confirms that

- a) in so far as the Trustee is aware, there is no relevant audit information of which Oxfam's auditors are unaware;
- b) the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that Oxfam GB's auditors are aware of that information.

The maintenance and integrity of Oxfam's website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Risk management

The Council of Trustees has overall responsibility for Oxfam's system of internal control. Such a system of control can provide only reasonable and not absolute assurance against inappropriate or ineffective use of resources, or against the risk of errors or fraud. These risks are further heightened, given the difficult nature of communications, institutional, and financial infrastructure in some parts of the world where Oxfam operates. There is clear delegation of authority from Council through the Director and CMT to the rest of the organisation. On an annual basis the major strategic and operational risks that Oxfam faces – and the ways in which they are being monitored, managed, and mitigated – are assessed by CMT, and considered by Council. During the year, a risk workshop was held where, using scenarios, CMT and Trustees were able to identify and discuss levels of risk, providing a shared view on risk appetite. Additionally, CMT continues to assess the risks (as identified in the risk register) which Oxfam faces regularly during the year.

The Internal Audit department carries out a programme of audits across all operations and activities. The audits undertaken cover all the major risk areas as identified by CMT and Council, and the Head of Internal Audit submits regular reports to the Audit Committee, including an annual opinion on internal control. Action plans are developed by management to address any weakness in controls, and progress against these plans is regularly reported back to the Audit Committee. CMT, via the Control Assurance report, provide Trustees with an annual opinion on the control environment. Both the external auditors (PricewaterhouseCoopers LLP) and the Head of Internal Audit meet annually with the Audit Committee in private session. Taken together, these processes ensure that major risks and key controls are reviewed and monitored on an ongoing basis by staff and skilled volunteers who act on behalf of the Trustees. The Audit Committee reports annually to Council on the control environment.

Council recognises that in order to achieve the objectives of the charity, the nature of some of Oxfam's work requires acceptance of some risks which are outside Oxfam's control, i.e., risk which cannot be eliminated or fully managed, but where that happens there is active and clear monitoring of the risk. Council considers that maintaining Oxfam's general reserves at the levels stated above, and the reviewing of key systems and processes carried out through an internal audit programme provides Oxfam with adequate risk assurance. The Council of Trustees is satisfied that systems are in place to monitor, manage, and mitigate Oxfam's exposure to major risks.

Accountability

1. Our humanitarian work

We believe that by being more accountable to people affected by crisis our humanitarian programmes have substantially greater impact, can help individuals and communities recover more quickly and can lay stronger foundations for sustainable development. There is no single, universally accepted definition among international humanitarian organisations of what it means to be accountable in humanitarian responses, but Oxfam defines accountability to humanitarian beneficiaries as:

- providing clear, appropriate and accessible information relevant to their situation, whether about their rights and entitlements, or our capacity to respond to their needs;
- ensuring our staff and partners do their work honestly and openly, involving beneficiary communities in decision-making that affects them and their lives;

- opening ourselves up to both positive and negative feedback, committing to responding to complaints in a systematic and respectful way, and making changes accordingly.

Increasingly, we are using checklists that allow beneficiaries to score the key features of our programming (such as the Mango Checklist), and directly involving beneficiaries in monitoring and evaluating our programmes, including 'voting' on questions on our accountability and what it means to them. In 2006/07 we piloted different practical ways for staff and partners to explore and measure accountability to beneficiaries, working closely with other humanitarian organisations. We plan to extend the practical steps that we already take.

2. In our development work

Increasing our accountability to individuals and communities for and with whom we work is a key objective for our long-term development work over the next several years. Whilst our participatory approach (including people and communities in programme planning and delivery) is a step towards ensuring accountability, our overall self-assessment is that major improvements are needed in systems, mechanisms and ways of working to ensure consistency and that we and our partners can be held more accountable by poor communities with and for whom we work. Ensuring that people in poor communities can hold us to account will improve the quality of our programmes and bring greater impact; and, build a stronger network of local and national civil society organisations.

During 2006/07, we have been working on the development of a Partnership Policy which outlines the principles to which we hold ourselves accountable and for which we seek to be held accountable by partners and people in poverty. The new policy was informed by a consultation with partners in all eight Oxfam regions and a global strategic evaluation of our partnership work to date. The consultation supported a number of partner for a to discuss the policy and how to improve ways of working. The strategic evaluation involved eleven in-depth case studies and an on-line survey of 852 Oxfam partners. The survey produced a 47 per cent response rate with a rich body of feedback to Oxfam about how well it was doing in building open, accountable and effective partnerships and what needed to be improved.

The Partnership Policy will be finalised in 2007/08 and will incorporate the lessons learned from this consultation work. In particular, it is envisaged that the new policy will incorporate specific mechanisms to ensure our greater accountability, for example, the wide dissemination of the partner policy to partners; the inclusion of partner feedback in staff annual appraisals; ensuring Oxfam's new complaints

mechanism is in place and being utilised; the development of mutual accountability charters which provide a formal framework for open dialogue about expectations and commitments. Alongside this, our new approach to Monitoring, Evaluation and Learning will offer a number of ways of reviewing Oxfam's performance with partners and creating spaces and mechanisms for partners and people in poverty to begin to hold us to account more systematically.

3. In our campaigning and advocacy work

Our accountability for what we say depends on the integrity of our research and our policy formulation. We have a strong process to try to ensure this. Oxfam policy is a reflection of what we think and say about an issue, based on our experience and our underlying values. We make policy on a range of issues, to help us decide what to do or say. We are responsible in our public criticisms of institutions, whether governmental or corporate for ensuring such criticism amounts to fair comment, so it is important that our facts are right. Where appropriate, we share our research and policy position with those institutions, and have dialogue with them before taking a public position.

In our campaigning and advocacy work we are regulated by the Charity Commission, The Advertising Standards Authority, and OFCOM. Sometimes we have to tone down our radio and television broadcasts because of OFCOM's objection to content which it regards as political. For example, in 2006 we had to change our 'I'm In' advertisements to remove such phrases as 'Drop the Debt' and 'Make Trade Fair', on the grounds that these were policy changes directed towards a political audience and therefore breached regulations.

4. Donors and supporters

Oxfam aims to be open and transparent with donors and supporters. Our accountability to our UK donors and supporters will be strengthened through the UK Fundraising Standards Board, launched in February 2007, with Oxfam as a member. We apply its Funding Promise (at www.fsboard.org.uk), and have committed to apply all the relevant codes of the Institute of Fundraising. This includes a new code on Accountability and Transparency, published in 2007.

Our Supporters' Charter, which is publicly displayed in every Oxfam shop, clearly defines our commitment of care to the supporter and provides a unified approach to the quality of customer care across the organisation. We aim to provide extensive information to all our donors and supporters through our website or emails. To subscribe to our monthly e-mails, log on at www.oxfam.org.uk/about-us/email. We encourage supporters to attend one of our series of nationwide road shows, known as *Oxfam Live*, each spring.

5. Staff and volunteers

Oxfam recognises that staff and volunteers should be consulted about significant issues that affect them. The process of thinking through and justifying decisions to staff and volunteers can make a significant contribution to the quality of the decision-making.

We are committed to an open and accountable management system in which staff are properly line-managed. We also have human resource policies, to which staff with grievances, or those wishing to disclose information about malpractice have recourse.

Every two years, all Oxfam staff and a sample of our 20,000 volunteers are encouraged to participate in a confidential survey. This is an opportunity for staff and volunteers to air their views about Oxfam, knowing that they will be heard. The results of the survey are used to guide and inform future decisions.

6. Legal status

We are accountable to the Charity Commission and to the Office of the Scottish Charity Regulator and to be able to operate as a charity within Great Britain we must comply with their regulations. We are also accountable to the host governments in countries where we operate.

One of the requirements of the Office of the Scottish Charity Regulator is that we report separately upon the activities Oxfam has undertaken in Scotland. During 2006/07, our work included campaigning for an end to poverty and suffering with a focus on the need for more health and education professionals in the developing world, for tighter controls on the arms trade, for more and better aid from the Scottish Government and the need to reform trade rules to ensure they help reduce poverty. Furthermore, our campaigning has included work to gain the support of the Scottish public, as well as media relations and advocacy work with politicians from the Holyrood and Westminster parliaments.

We also focused on tackling poverty and inequality in Scotland. In particular, we concentrated on ensuring that regeneration programmes and resources meet the often very different needs of women and men who experience poverty; that local communities have a proper stake in economic development and investment; that particularly vulnerable groups have their labour rights and incomes secured; and that the media portrays the issue of asylum in a more balanced and accurate manner. We continue to work in Development Education, working with education authorities, the International Development Education Association of Scotland (IDEAS) network and other partners to improve Scottish pupils' knowledge of international

development issues and the concept of global citizenship. Our fundraising work in Scotland has included the work of our network of 56 shops, plus regular donations from many Scots and support from trusts and institutional funders.

Legitimacy

Our legitimacy stems from our work for people living in poverty. We work with over 1,000 partner organisations in more than 70 countries. We also depend for our legitimacy on the integrity of our advocacy and campaigning, which involves a focus on the quality of our work, and also the involvement of many members of the public who campaign for us both in the UK and internationally, and on the 500,000 supporters in the UK who contribute to our work through their monthly giving.

Operational sustainability

Operational sustainability embraces the environment, social and economic impact. Oxfam's environmental focus has been on climate change, which has its greatest impact on poor people around the world.

Oxfam recognises that its own activities leave a carbon footprint. We are committed and passionate about reducing our carbon footprint and have recently appointed a senior manager to lead the organisation to achieve this objective.

Oxfam's retail activities are a prime example of actively following the principle of 'Reduce, Reuse, Repair, Recycle'. Donated items such as clothing or books that were probably heading for landfill are reused in the community and reduce the need for more products to be manufactured and the carbon emissions that manufacture generates. Donated clothing that we are unable to sell in our shops is processed at our 'Wastesaver' operation.

Oxfam's UK carbon footprint is currently under review with the aim of setting new and challenging reduction targets.

Over the last five years, Oxfam has set itself a number of Key Performance Indicators (KPIs) to assess how we are performing in environmental terms. One of the KPIs for last year was to reduce air travel by 5 per cent. A reduction of 10.5 per cent carbon dioxide emissions was achieved. Air travel accounts for approximately 12 per cent of Oxfam's UK carbon footprint, and we are targeting further significant reductions.

Other KPIs included paper use and recycling in Oxfam's office. Unfortunately, there has been no further reduction in paper use during the year. Furthermore, no improvement has been seen in recycling due to difficulties encountered in finding a comprehensive waste contractor operating in the Oxford area.

Oxfam also focuses on ethical purchasing, regarding the labour and environmental standards in our supply chains. In January 2007, a more robust framework for managing suppliers of high-risk goods and services was agreed. Implementation is being phased, initially concentrating on new products for sale in Oxfam shops and campaigning products. Currently 122 out of 175 suppliers have been mapped and 72 identified as high-risk. All high-risk Christmas 2007 suppliers to Oxfam shops have committed to an ethical audit as a condition of business with Oxfam. Contracts with preferred auditors have been agreed for China, Europe and North America. We have received positive feedback from Chinese suppliers about the practical and respectful approach of the auditors. Oxfam is also working closely with allies on purchases such as *Red Nose Day* and *I Count* merchandise.

Communicating with staff and volunteers

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 the UK, and through the Oxfam Negotiating Committee in the UK. In Oxford, the Directors hold regular 'Have your Say' meetings to enable staff and volunteers to question them; this also now includes an international office by video-conferencing and Oxfam has an electronic 'Have your Say' so that all staff can raise questions and comment on issues of interest. There are many other formal and informal opportunities for consultation. 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. To keep staff and volunteers informed, Oxfam produces a quarterly magazine called *Voices*, a monthly letter from the Director, a monthly International Division bulletin, and a bi-monthly magazine called *Shoptalk*. Oxfam also

maintains an intranet site and holds annual *Oxfam Live* events in locations around the UK.

Diversity and disability

Oxfam has a strong commitment to developing the diversity of its staff and volunteers through equal opportunity policies, training, targets and practical action. This includes encouraging applications from disabled people, developing their skills, and taking every reasonable measure to adapt our premises and working conditions to enable disabled people to work or volunteer with Oxfam.

Volunteers

More than 20,000 volunteers work in Oxfam shops, and thousands of others contribute their time to Oxfam in a variety of ways. Most make a regular commitment, ranging from a few hours to a full working week. Some use their professional expertise, while 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.

Approved by the Council of Trustees on 28 September 2007 and signed on its behalf by:



John Gaventa
Chair of Oxfam

5 October 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OXFAM GB

We have audited the group and parent charity financial statements ("the financial statements") of Oxfam GB for the year ended 30 April 2007 which comprise Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Oxfam GB for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report (including the Chair's Report and the Director's Report), the Oxfam Corporate Directory and the Oxfam Mission. We consider the implications for our report if we become aware of any apparent misstatements or

material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

11 October 2007

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Notes	Unrestricted Trading Funds £m	Unrestricted Funds £m	Restricted Funds £m	Endowment Funds £m	Totals 2007 £m	Totals 2006 £m
Incoming resources						
Incoming resources from generating funds						
2a		82.5	65.3	–	147.8	176.0
2b	75.8	–	–	–	75.8	74.7
2c		2.7	0.6	–	3.3	3.0
Incoming resources from charitable activities						
2d		–	61.4	–	61.4	48.0
2d		1.3	–	–	1.3	1.7
2e		1.1	–	–	1.1	7.1
Total incoming resources						
	75.8	87.6	127.3	–	290.7	310.5
Costs of generating funds						
3a		18.6	5.3	–	23.9	20.8
2b	60.0	–	–	–	60.0	56.3
3b		0.1	–	–	0.1	0.1
Net incoming resources available for charitable application						
	15.8	68.9	122.0	–	206.7	233.3
	(15.8)	15.6	0.2	–	–	–
Net incoming resources available for charitable application						
	–	84.5	122.2	–	206.7	233.3
Charitable activities						
3c		46.9	52.5	–	99.4	91.3
3c		21.9	73.3	–	95.2	112.1
3c		15.6	1.0	–	16.6	14.4
3d		1.2	–	–	1.2	1.0
3e		0.8	–	–	0.8	2.0
Total charitable expenditure						
		86.4	126.8	–	213.2	220.8
Total resources expended						
		165.1	132.1	–	297.2	298.0
Net (outgoing)/incoming resources before transfers						
		(1.9)	(4.6)	–	(6.5)	12.5
17		–	–	–	–	–
7		(1.9)	(4.6)	–	(6.5)	12.5
Net (outgoing)/incoming resources before other recognised gains and losses						
Other recognised gains/losses						
9		–	–	–	–	–
20		2.0	–	–	2.0	(2.6)
Net movement in funds						
		0.1	(4.6)	–	(4.5)	9.9
Reconciliation of funds						
Total funds at 30 April 2006						
		43.5	29.1	2.6	75.2	65.3
Total funds at 30 April 2007						
		43.6	24.5	2.6	70.7	75.2

Total unrestricted incoming resources for the year amounted to £163.4 million (2005/06 £169.2 million).

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities. There is no difference between the results above and the historical cost equivalent. All activities are continuing.

SUMMARY INCOME AND EXPENDITURE ACCOUNT

Oxfam Group

Notes	2007	2006
	£ m	£ m
Income		
2a Voluntary income	147.8	176.0
2b Activities for generating funds	75.8	74.7
2c Investment income	3.3	3.0
2d Resources from government, other public authorities	61.4	48.0
2d Primary purpose trading	1.3	1.7
2e Other income	1.1	7.1
Total realised income	290.7	310.5
Total expenditure		
3a Fundraising costs	23.9	20.8
2b Trading costs	60.0	56.3
3b Investment management costs	0.1	0.1
3c Charitable activities	211.2	217.8
3d Governance	1.2	1.0
3e Other expenditure	0.8	2.0
Total expenditure	297.2	298.0
7 (Deficit)/surplus of income over expenditure before realised gains and losses	(6.5)	12.5
Realised loss on disposal of investment	–	(0.1)
(Deficit)/surplus of income over expenditure	(6.5)	12.4
Transfers (to)/from other funds:		
17 Transfer (to)/from Endowment funds	–	0.2
18 Transfer (to)/from Restricted funds	4.6	(3.5)
19 Transfer (to)/from Designated funds – Fixed assets	(0.1)	1.2
19 Transfer (to)/from Designated funds – Other	4.4	(0.8)
19 Transfer (to)/from Pension reserve	(1.2)	(1.4)
19 General reserves at 30 April 2006	47.4	39.3
19 General reserves at 30 April 2007	48.6	47.4

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 that are not currently available for revenue expenditure (see Note 17 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 uses the exemption conferred by section 230 of the Companies Act 1985 in not preparing a separate Income and Expenditure Account for Oxfam that excludes its wholly owned subsidiaries. The net expenditure for Oxfam excluding its wholly owned subsidiaries for the year ended 30 April 2007 was £6.6 million (2005/06: net income £12.4 million).

BALANCE SHEETS AT 30 APRIL

Notes	Oxfam		Oxfam Group		
	2007 £m	2006 £m	2007 £m	2006 £m	
Fixed assets					
8	Tangible assets	16.6	17.1	16.9	17.4
9	Investments:				
9a	Investments	4.4	4.4	2.8	2.8
9b	Programme related investments	–	–	0.1	0.1
		21.0	21.5	19.8	20.3
Current assets					
10	Stocks	1.5	1.6	2.9	3.3
11	Debtors	20.4	25.5	20.6	25.9
12	Cash at bank and in hand	75.6	73.8	75.7	73.6
		97.5	100.9	99.2	102.8
13	Creditors: amounts falling due within one year	(18.0)	(14.0)	(18.3)	(14.6)
	Net current assets	79.5	86.9	80.9	88.2
	Total assets less current liabilities	100.5	108.4	100.7	108.5
14	Creditors: amounts falling due after more than one year	(1.3)	(2.0)	(1.4)	(2.1)
15	Provisions for liabilities and charges	(8.5)	(7.9)	(8.5)	(7.9)
	Net assets before pension scheme liabilities	90.7	98.5	90.8	98.5
20	Defined benefit pension scheme liability	(20.1)	(23.3)	(20.1)	(23.3)
	Net assets	70.6	75.2	70.7	75.2
Charitable funds					
19	Designated fund – fixed assets	14.7	14.6	14.9	14.8
19	Designated fund – other	0.1	4.5	0.1	4.5
19	General reserves	48.8	47.8	48.6	47.4
	Charitable unrestricted funds excluding pension reserves	63.6	66.9	63.6	66.7
19	Pension reserves	(20.1)	(23.3)	(20.1)	(23.3)
	Total charitable unrestricted funds	43.5	43.6	43.5	43.4
17	Endowment funds	2.6	2.6	2.6	2.6
18	Restricted funds	24.5	29.0	24.5	29.1
	Total Charitable funds	70.6	75.2	70.6	75.1
19	Funds retained within a non-charitable subsidiary	–	–	0.1	0.1
	Total funds	70.6	75.2	70.7	75.2

Approved by the Council of Trustees on 28 September 2007
and signed on its behalf by:



John Gaventa
Chair of Oxfam
5 October 2007

CONSOLIDATED CASH FLOW STATEMENT

	2007		2006	
	£ m	£ m	£ m	£ m
Net cash inflow from operating activities		2.4		2.8
Returns on investments and servicing of finance				
Deposit interest received	3.5		2.8	
Investment income (on endowment investments)	—		0.1	
		3.5		2.9
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets – additions	(4.2)		(7.6)	
Receipts from sales of tangible fixed assets	0.4		5.0	
Receipts from sales of investments	—		0.1	
		(3.8)		(2.5)
Net cash inflow before management of liquid resources and financing		2.1		3.2
Management of liquid resources				
Cash withdrawn from short term deposit	83.0		79.0	
Cash invested on short term deposit	(81.0)		(87.5)	
		2.0		(8.5)
Increase/(decrease) in cash in the year		4.1		(5.3)

Notes

a Reconciliation of net (outgoing)/incoming resources to net cash inflow from operating activities

	2007	2006
	£ m	£ m
Net (outgoing)/incoming resources before revaluations and investment asset disposals	(6.5)	12.5
Deposit interest and investment income receivable	(3.3)	(3.0)
Depreciation charge	4.6	4.5
Profit on disposal of fixed assets	(0.3)	(3.5)
Decrease/(increase) in stocks	0.4	(1.2)
Decrease/(Increase) in debtors	5.1	(10.0)
Increase in creditors and provisions	3.6	4.9
FRS17 difference between pension contributions and current service costs	(1.2)	(1.4)
Net cash inflow from operating activities	2.4	2.8

b Analysis of net funds

	At 1 May 2006	Cashflow movement	At 30 April 2007
	£ m	£ m	£ m
Cash at bank and in hand	25.6	4.1	29.7
Cash on short term deposit	48.0	(2.0)	46.0
Debt due after one year	(0.1)	—	(0.1)
Net funds	73.5	2.1	75.6

c Reconciliation of net cash flow to movement in net funds

	2007
	£ m
Increase in cash	4.1
Cash inflow from decrease in liquid resources *	(2.0)
Net funds at 1 May 2006	73.5
Net funds at 30 April 2007	75.6

* Liquid resources comprise monies held on short term Money Market accounts.

NOTES TO THE FINANCIAL STATEMENTS

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 “Accounting and Reporting by Charities: Statement of Recommended Practice (Revised 2005)” (“the SORP”), and applicable accounting standards.

The charity has adjusted the formats from those prescribed by the Companies Act 1985, to include headings that are relevant to its activities, to enable it to show a true and fair view. No separate Statement of Financial Activities (“SOFA”) is presented for the charity itself as permitted by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

b. Basis of consolidation

The accounts of Oxfam’s trading subsidiary company, Oxfam Activities Limited, are consolidated with the accounts of Oxfam on a line-by-line basis.

Oxfam has a 50 per cent interest in Progreso Cafés Limited which owns two fair trade cafés. The accounts of Progreso Cafés Limited have been consolidated on a line by line basis.

Oxfam also holds a special non-redeemable £1 share in Coffee Producers Company Limited. This company exists to allow coffee producers’ co-operatives to hold an interest in Progreso Cafés Limited. The special share provides Oxfam with super voting rights and the consent of the special shareholder is required to appoint directors and change the nature of the business of Coffee Producers Company Limited.

Coffee Producers Company Limited, “On the Line Trust Ltd” (which remains dormant) and three micro credit schemes are excluded from consolidation on the grounds of materiality.

Oxfam Activities Limited holds a 25 per cent shareholding (one £1 ordinary share) in The Guardian Share Company Limited. This company is equally owned by the four founders of Cafédirect and has a right to nominate a director to the Cafédirect Board. The consent of the Guardian Share Company is also required for the appointment of the Chair of the Board and for any changes to Cafédirect’s Gold Standard. The accounts of this associated company have not been included on the grounds of materiality.

Oxfam has a less than 10 per cent membership of the Board of Oxfam International Tsunami Fund (OITF), by only having

one member of the board out of a total of twelve. OITF is not considered an associate and has not been consolidated.

To comply with overseas local legislation, Oxfam has established 100 per cent owned subsidiaries and other overseas legal entities in a number of countries. These are fully controlled by Oxfam and their accounts are included within the accounts of Oxfam.

c. Fund accounting

General funds are unrestricted funds that are available for use at the trustees’ discretion in furtherance of the objectives of the charity.

Designated funds are set aside at the discretion of the trustees for specific purposes. They would otherwise form part of the other unrestricted funds.

In accordance with FRS17 – Retirements Benefits, a pension reserve is included within unrestricted funds to meet the pension deficit.

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

A final review of the allocation of expenditure is performed after a project or contract has been completed, which can give rise to a transfer between funds.

d. Incoming resources

Income, including donations, legacies and investment income is recognised in the period in which Oxfam is entitled to receipt and where the amount can be measured with reasonable certainty.

Grants from governments and other agencies have been included as incoming resources from charitable activities where these amount to a contract for services but as voluntary income where the money is given in response to an appeal.

Income received in the year has been deferred in respect of specific fundraising events taking place after the year end. In addition the income relating to certain fixed assets held under leasehold agreements has been deferred and is being released to the Statement of Financial Activities over the period up to the break clause of the relevant lease of these assets.

Recognition of legacy income is dependent on the type of legacy, with pecuniary legacies recognised when notification

is received and residuary legacies when the final accounts under the will are received. Reversionary legacies are not recognised during the lifetime of the original beneficiary under the will.

Gifts in Kind – Food aid, for which Oxfam accepts full responsibility for distribution, is included in ‘Voluntary income’ at its market value when it is distributed, and under ‘Charitable activities’ at the same value and time.

Gifts in Kind – Properties, investments, and other fixed assets donated to the charity are included as ‘Voluntary income’ at market value at the time of receipt.

Donated services and facilities are included as ‘Voluntary income’ at their estimated value to the charity when received, and under the appropriate expenditure heading depending on the nature of service or facility provided, at the same value and time.

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.

In many cases costs are incurred on projects before the relevant restricted income is received. Therefore, unless contrary to a donor’s wishes, income generated from restricted funds is treated as unrestricted to cover the prefinancing costs incurred.

Income from endowments is either restricted or unrestricted depending on the conditions attached to the endowment when provided.

e. Costs of generating funds

Costs of generating funds comprise the costs incurred in commercial trading activities, fundraising and managing investments. Trading costs cover all the costs of the shops and other trading activities including the costs of goods sold. Fundraising costs include the costs of advertising, producing publications, printing and mailing fundraising material, staff costs in these areas, and an appropriate allocation of central overhead costs. Investment management costs represent staff costs.

f. Charitable expenditure

Charitable expenditure is reported as a functional analysis of the work undertaken by the charity, being humanitarian, development and campaigning & advocacy. Under these headings are included grants payable and costs of activities performed directly by the charity together with associated support costs.

Grants payable in furtherance of the charity’s objects are recognised as expenditure when payment is due to the partner organisation in accordance with the terms of the contract. Standard partner contracts are typically for a year’s duration, but can span several years. The contracts contain conditions, the fulfilment of which is under the control of Oxfam. For contracts in place at the year-end which include payments to be made in future years, these payments are disclosed in note 21 to the accounts as commitments.

Costs of activities in furtherance of the charity’s objects are accounted for as they are incurred. These activities include campaigning, advocacy and capacity building together with humanitarian aid and development programme expenditure, which are delivered directly by Oxfam staff and costs associated with the local management of Oxfam’s programme. Any unrestricted expenditure that is required to complete an approved project is provided for under designated funds.

g. Governance costs

Governance costs represent the salaries, direct expenditure, and overhead costs incurred by directorate, central finance, legal, corporate communications, and internal audit departments in the strategic planning processes of the charity and compliance with constitutional and statutory requirements.

h. Allocation and apportionment

Costs to be recharged to specific activities or departments within the charity are apportioned on the following bases:

Buildings costs are allocated on the basis of floor area used.

In-house printing and warehousing are allocated to user departments on the basis of units of output.

Information systems costs are allocated on the basis of computer numbers.

The cost of the Director’s office and central finance, human resources and legal departments are allocated on the basis of employee numbers after an appropriate proportion has been allocated to Governance costs.

Irrecoverable VAT is allocated to the principal areas in which it is incurred namely fundraising income and campaigns.

Support costs represent the costs of providing direct support to Oxfam’s programme by staff based in regional centres and in the UK as well as central costs previously included in management and administration, which include central finance, central human resources and corporate communications.

i. Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental expenses of acquisition.

Depreciation is provided on tangible fixed assets at rates calculated to write-off the cost by equal annual instalments over their expected useful economic lives as follows:

Freehold land	Nil
Freehold buildings	50 years
Warehouse fittings and equipment	10 years
Computer infrastructure	10 years
Leasehold assets	5 years
Furniture, fixtures, and equipment in GB	5 years
Motor vehicles	4 years
Computer equipment	3 years
Furniture, fixtures, and equipment overseas	3 years

Vehicles and equipment used in programmes overseas are considered to have a useful economic life of one year or less. They are not capitalised but are charged in full to charitable expenditure when purchased.

Where appropriate, provision has been made for impairment in the value of tangible fixed assets.

j. Fixed asset investments

Fixed asset investments include freehold properties that Oxfam are required to retain until conditions specified by the donor have been met. The consequence of these conditions is that 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. However, due to the specific circumstances relating to these properties the trustees consider it appropriate to classify them as fixed asset investments.

Investment property and listed investments are included in the Balance Sheet at market value. Unlisted investments are included at cost as an approximation to market value unless there is specific evidence to the contrary. Investments in subsidiaries are included in the charity's accounts at cost.

Programme related investments, which are investments made directly in pursuit of Oxfam's charitable purposes, and include Cafédirect and micro credit schemes, are included in the Balance Sheet at the amount invested less impairment.

Realised gains on the disposal of programme related investments are included in 'Other incoming resources' in the Statement of Financial Activities. Gains or losses arising on disposal or revaluation of other investments are credited or charged to the Statement of Financial Activities under 'Gains and losses on investment assets'.

k. Stocks

Bought-in goods are valued at the lower of cost and net realisable value. Unsold donated items are not included in closing stock since their cost is nil and their value is uncertain until sold.

Goods in-transit to overseas projects are removed from stock and included in programme expenditure when released from the warehouse.

l. Provisions

In general, provisions for future liabilities are recognised when Oxfam has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

m. Foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange prevailing at the time of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date or, if appropriate, at a forward contract rate. Foreign exchange gains and losses are included in the SOFA for the period in which they are incurred.

n. Pension scheme

Oxfam operates defined benefit and defined contribution pension schemes.

Defined benefit scheme

The pension liabilities and assets are recorded in line with FRS17, with a valuation undertaken by an independent actuary. FRS17 measures the value of pension assets and liabilities at the Balance Sheet date, determines the benefits accrued in the year and the interest on assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Financial Activities and the expected return on scheme assets and interest cost on scheme liabilities are allocated across the appropriate incoming/outgoing resource categories. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of

deficit attributable to members is recognised in the Statement of Financial Activities within actuarial gains/losses on defined benefit pension schemes. The resulting pension liability or asset is shown on the Balance Sheet.

Defined contribution scheme

Pension contributions are charged to the Statement of Financial Activities as incurred.

o. Micro credit schemes

Oxfam provides funds under micro credit schemes either direct to individual members of local communities or via local community groups. Oxfam generally retains a

responsibility for managing these schemes until such time as it is possible to transfer the management responsibility to the local community. Under SORP 2005, these micro credit schemes are treated as programme related investments. Programme related investments are included in the Balance Sheet at the amount invested less any impairment. Impairments are charged to charitable expenditure in the Statement of Financial Activities. Details on micro credit schemes which are locally registered organisations are given in note 9 to the accounts.

p. Operating leases

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

2 INCOMING RESOURCES

a. Voluntary income

	2007 Unrestricted £ m	2007 Restricted £ m	2007 Endowments £ m	2007 Total £ m	2006 Total £ m
Regular giving *	57.7	0.3	–	58.0	58.3
Legacies	12.1	0.2	–	12.3	9.9
Public donations, appeals, and fundraising events *	11.6	22.8	–	34.4	48.6
Disasters Emergency Committee (DEC) appeals	–	18.5	–	18.5	36.9
UK government: Department for International Development – Partnership Programme Agreement	–	8.9	–	8.9	9.5
Gifts in kind	–	14.6	–	14.6	12.2
Donated goods and services	1.1	–	–	1.1	0.6
	82.5	65.3	–	147.8	176.0

* Includes related gift aid.

At 30 April 2007, in addition to legacy income that has been included in the accounts, 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 £4.5 million (2005/06: £3.8 million). Accrued legacy income included within the accounts amounts to £0.4 million (2005/06: £0.3m).

b. Activities for generating funds: Trading income

	2007 Oxfam £ m	2007 OAL £ m	2007 Total £ m	2006 Total £ m
Turnover from donated goods	58.7	5.0	63.7	62.1
Turnover from purchased goods	–	12.1	12.1	12.6
Total Trading sales	58.7	17.1	75.8	74.7
Direct trading expenses – donated goods	44.5	3.8	48.3	44.6
Direct trading expenses – purchased goods	–	11.5	11.5	11.5
Support costs	0.2	–	0.2	0.2
Net trading income	14.0	1.8	15.8	18.4
In addition, the following other amounts were collected through the shops:				
Oxfam Unwrapped net income	2.6	–	2.6	3.9
Net Trading income including Oxfam Unwrapped	16.6	1.8	18.4	22.3
Unrestricted donations	1.2	–	1.2	1.8
Restricted donations	0.6	–	0.6	1.7
Total net trading income	18.4	1.8	20.2	25.8

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

c. Investment income

	2007 £ m	2006 £ m
Deposit interest – unrestricted	2.7	2.6
Deposit interest – restricted	0.6	0.3
Interest on endowments – unrestricted	–	0.1
	3.3	3.0

d. Incoming resources from charitable activities

i. Income from government and other public authorities

	2007	2006
	£ m	£ m
UK government: DFID		
Resources for specific programmes	12.1	11.2
European Union	21.4	15.9
UNHCR	0.6	0.9
Other UN agencies	6.8	2.3
Members of Oxfam International (Note 3c)	11.2	12.4
Non-UK governments	4.0	1.5
Other international agencies	1.6	0.9
Big Lottery Fund	0.7	0.5
Commonwealth Education Fund	0.8	0.2
Other UK agencies	2.2	2.2
Cash sub-total	<u>61.4</u>	<u>48.0</u>

ii. Primary purpose trading

	2007	2006
	£ m	£ m
Income		
Progreso Cafes Limited	0.6	0.6
Sale of humanitarian equipment	0.3	0.4
Sale of printed material	0.4	0.4
Sale of campaigning merchandise	–	0.3
	<u>1.3</u>	<u>1.7</u>
Costs included within charitable activities		
Progreso Cafes Limited	(0.6)	(0.6)
Humanitarian equipment	(0.2)	(0.3)
Printed materials	(0.1)	(0.2)
Campaigning merchandise	–	(0.2)
	<u>(0.9)</u>	<u>(1.3)</u>
Net income from primary purpose trading	<u>0.4</u>	<u>0.4</u>

e. Other incoming resources

	2007	2006
	£ m	£ m
Profit on disposal of fixed assets	0.3	3.5
Nursery fees	0.2	0.2
Miscellaneous overseas income	0.2	0.3
Other *	0.4	3.1
	<u>1.1</u>	<u>7.1</u>

* 2005/06 includes £2.9m VAT refund.

3 RESOURCES EXPENDED

a. Costs of generating voluntary income

Costs of generating voluntary income represents fundraising costs to raise both restricted and unrestricted income, excluding trading sales. This is analysed as follows:

	2007 £ m	2006 £ m
Regular giving	7.3	6.8
Legacies	0.2	0.3
Public donations, appeals, and fundraising events and Disasters Emergency Committee (DEC) appeals	7.9	5.5
Income from government and other public authorities	1.1	0.9
Irrecoverable VAT	0.6	1.3
Support costs	0.2	0.2
Other *	6.6	5.8
	<u>23.9</u>	<u>20.8</u>

* Other costs include costs of developing and maintaining fundraising information systems, market analysis and developing future fundraising products.

b. Investment management costs

	2007 £ m	2006 £ m
Staff costs	<u>0.1</u>	<u>0.1</u>

c. Charitable activities

i. Functional analysis

Expenditure on charitable activities can be analysed by the three main areas of activity as follows:

	2007 Activities undertaken directly £ m	2007 Grant funding of activities £ m	2007 Support costs * £ m	2007 Total £ m	2006 Total £ m
Humanitarian	60.0	12.2	8.4	80.6	99.9
Gifts in Kind (mainly Food Aid)	14.6	–	–	14.6	12.2
Total humanitarian	74.6	12.2	8.4	95.2	112.1
Development	58.9	30.4	10.1	99.4	91.3
Campaigning and advocacy	10.8	3.4	2.4	16.6	14.4
	<u>144.3</u>	<u>46.0</u>	<u>20.9</u>	<u>211.2</u>	<u>217.8</u>

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the dual role played by programme support functions.

Oxfam's relief and development programme can also be analysed as shown below. Many programmes achieve aims in more than one of these categories, but are analysed for these purposes under the principal aim only:

	Humanitarian £ m	Development £ m	Campaigning and advocacy £ m	2007 Total £ m	2006 Total £ m
A sustainable livelihood	–	39.0	3.9	42.9	38.1
Right to basic social services	–	18.5	3.9	22.4	20.0
Life and security	86.8	4.0	3.4	94.2	107.9
Right to be heard	–	13.2	1.3	14.5	14.6
Right to equity (gender & diversity)	–	14.6	1.7	16.3	15.9
Total costs of activities and grants	86.8	89.3	14.2	190.3	196.5
Support costs	8.4	10.1	2.4	20.9	21.3
Total charitable activities	95.2	99.4	16.6	211.2	217.8

ii. Grants payable

Much of Oxfam's development programme is carried out through grants to 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. Oxfam's grant making policy ensures that its expenditure meets its charitable objectives and aims. Oxfam reviews potential grants against the following criteria: fits into at least one of Oxfam's five strategic aims; complies with UK charity law and, for humanitarian projects, complies with Red Cross and NGO Code of Conduct and Sphere Standards; is the best technical solution in the circumstances; will be implemented cost-effectively; meets Oxfam's procedural, accountability, and reporting requirements; and meets donors' expectations and reporting requirements.

Oxfam's standard partner agreement allows for all grants to partner organisations to be audited to ensure that the grant has been spent in line with the above criteria.

The top 50 financial grant recipients in 2006/07 are listed below.

Name of Institution	No of grants	£'000	Geographic Region
1) MERLIN	4	1,983	HECA
2) Action Against Hunger UK	2	1,673	HECA
3) Organismo Cristiano de Desarrollo Integral de Honduras	12	1,157	CAMEXCA
4) Horn Relief	1	708	HECA
5) Muslim Aid	2	688	MEEECIS
6) Horn of Africa Voluntary Youth Committee	2	522	HECA
7) CHF International	1	467	East Asia
8) Sociedad Peruana de Alpacas Registradas	1	442	South America
9) Global Campaign for Education	1	424	South Africa
10) Associação Programa Um Milhão de Cisternas	3	397	South America
11) Wajir South Development Association	7	380	HECA
12) WatSan Village Councils	2	373	MEEECIS
13) Projects Office Blantyre Synod	3	281	South Africa
14) NDCO Women's Microcredit Network	1	259	MEEECIS
15) Scottish Youth Parliament	3	251	Various
16) Organización de Desarrollo Etnico Comunitario	4	239	CAMEXCA
17) Shillale Rehabilitation & Ecological Concern	3	238	HECA
18) The Canadian Centre for International Studies and Cooperation	1	228	South Asia
19) Centro para la Promoción, la Investigación y el Desarrollo Rural y Social	2	215	CAMEXCA
20) Free Voice	2	215	East Asia
21) Sindh Agricultural and Forestry Workers Coordinating Organization	4	212	South Asia
22) Uttaran	3	201	South Asia
23) Doaba Foundation	5	198	South Asia
24) Society For Education Village Action and Improvement	3	196	South Asia
25) Centre De Promotion Socio-Sanitaire	2	188	HECA
26) Banchte Shekha	2	178	South Asia
27) Corporación Centro Regional de Derechos Humanos y Justicia de Género, HUMANAS	2	168	South America
28) Recocarno	3	164	CAMEXCA
29) Centros de Estudios y Prevención de Desastres	6	163	South America
30) North East Rehabilitation, Training and Research Association	3	161	South Asia
31) Hope for the Horn	3	160	HECA
32) Instituto Latinoamericano de Servicios Legales Alternativos	5	155	South America
33) Development Concern	2	154	HECA
34) Action for Development	1	150	HECA
35) Kenya Livestock Marketing Council	1	149	HECA
36) Isiolo Peace & Reconciliation Committee	2	147	HECA
37) Baringo District Peace Committee	2	138	HECA
38) Fundación Ecuéménica Guatemalteca Esperanza y Fraternidad	2	135	CAMEXCA
39) Humanist Institute for Co-operation with Developing Countries	1	132	East Asia
40) Support To Communities	1	130	MEEECIS
41) Coastal Municipal Water Utility	1	128	MEEECIS
42) Arid Lands Development Focus	3	124	HECA
43) Samburu District Peace Committee	2	122	HECA
44) Corporación de Desarrollo de la Mujer 'La Morada'	1	122	South America
45) Gerakan Anti Pemiskinan Rakyat Indonesia	1	120	East Asia
46) Pastoralist Integrated Support Programme	2	120	HECA
47) Association pour la recherche et le Développement en Mauritanie	1	120	West Africa
48) Sarvodaya	7	119	South Asia
49) VETERIMED	3	118	CAMEXCA
50) Forum for African Women Educationalists	2	117	West Africa
		<u>15,629</u>	

OXFAM: ACCOUNTS FOR THE YEAR ENDING 30 APRIL 2007

The grants made by Oxfam GB to other Oxfams in 2006/07 are listed below.

Name of Other Oxfam	No of grants	£'000	Geographic region
Oxfam America	7	747	CAMEXCA, South America, Global
Oxfam Australia	3	117	East Asia, South Asia
Solidarite (Oxfam in Belgium)	1	8	MEEECIS
Oxfam Canada	2	66	CAMEXCA
Oxfam France – Agir ici *	2	262	Global
Oxfam Germany	1	200	East Asia, MEEECIS, Southern Africa, Global
Oxfam Hong Kong	2	165	East Asia
Intermon Oxfam	9	591	CAMEXCA, Southern Africa, S America, West Africa
Oxfam International	5	783	Global
Oxfam Ireland	2	61	HECA
Oxfam New Zealand	1	12	East Asia, MEEECIS, Southern Africa, Global
Oxfam Netherlands	8	534	East Asia, MEEECIS, Southern Africa, Global
Oxfam Quebec	2	3	West Africa, Global
Grand Total		<u>3,549</u>	

* Oxfam France – Agir ici became an Oxfam Affiliate in October 2006.

Key to geographic regions:

CAMEXCA – Central America, Mexico, and the Caribbean. HECA – Horn, East and Central Africa. MEEECIS – Middle East, Eastern Europe, and Commonwealth of Independent States. Global – the grants apply to more than one region.

	<u>£'000</u>
Total value of largest grants	15,629
Total value of grants to other Oxfams	3,549
Other grants	<u>26,819</u>
Total grants payable in furtherance of the charity's objects	<u>45,997</u>
Total number of grants made	1,698

iii. Grants from Oxfam affiliates

The values of grants received by Oxfam GB from other Oxfams in 2006/07 are listed below.

	<u>£'000</u>
Oxfam America	891
Oxfam Australia	1,283
Solidarite (Oxfam in Belgium)	52
Oxfam Canada	521
Oxfam Germany	43
Oxfam Hong Kong	1,410
Intermon Oxfam	627
Oxfam Ireland	2,145
Oxfam New Zealand	171
Oxfam Netherlands	3,973
Oxfam Quebec	102
Total	<u>11,218</u>

The grants made to, and received by, Oxfam GB from the other Oxfams are separately determined by operational decisions based on the strategy or capacity of Oxfam affiliates in particular areas.

iv. Costs of activities

Oxfam's own overseas staff are involved in the delivery of the programme through the provision of specialist services (e.g. to address the water and sanitation needs of refugees) and through training and networking for local organisations. Included in 'Charitable activities' are all the in-country costs associated with programme delivery and monitoring of grants made to partner organisations e.g. direct programme costs, logistics, finance, human resources and programme management. This provides an accurate reflection of the true costs of our activities and support to those activities.

v. Campaigning and advocacy

Oxfam's campaigning and advocacy programme has two key objectives in furtherance of Oxfam's purposes. The first is to inform the British public about our international experience of work with poor people. This includes highlighting the issues we have identified and sharing the lessons learnt. This is a contribution to public debate and policy-making in Britain and the European Union, in the interests of alleviating poverty and suffering worldwide. The second is to campaign for changes for the benefit of poor people.

vi. Support costs

Support costs include support to the programme from Oxford and the costs associated with supporting programme delivery at a regional level e.g. finance, human resources and senior programme management. Support costs also include central finance, human resources and corporate communications costs. Support costs are analysed as follows:

	Trading £ m	Fundraising £ m	Humanitarian £ m	Development £ m	Campaigning & advocacy £ m	2007 Total £ m	2006 Total £ m
Regional programme support	–	–	3.9	4.4	0.2	8.5	8.6
Central programme costs	–	–	3.4	4.6	1.9	9.9	10.2
Exchange rate differences	–	–	(0.1)	(0.2)	–	(0.3)	0.3
Systems implementation	–	–	–	–	–	–	–
Central finance	0.1	–	0.2	0.2	–	0.5	0.5
Central human resources	0.1	–	0.8	0.8	0.1	1.8	1.3
Corporate communications	–	0.2	0.2	0.3	0.2	0.9	0.8
Total support costs	0.2	0.2	8.4	10.1	2.4	21.3	21.7
Unrestricted	0.2	0.2	6.8	8.3	2.4	17.9	19.6
Restricted	–	–	1.6	1.8	–	3.4	2.1
	0.2	0.2	8.4	10.1	2.4	21.3	21.7

The basis of allocation of support costs is detailed in the Accounting Policies under note 1h.

d. Governance costs (see note 1g)

	2007 £ m	2006 £ m
Finance, trustees & legal costs	0.2	0.2
Audit fee	0.2	0.1
Internal audit	0.6	0.5
Directors' costs	0.1	0.1
Communications	0.1	0.1
	1.2	1.0

e. Other resources expended

	2007 £ m	2006 £ m
Head office relocation costs	0.3	1.5
Other	0.5	0.5
	0.8	2.0

4 EMPLOYEES

The head count number of employees and full-time equivalent (FTE) for the year was:

	2007	2006		
GB Payroll	Head count	Head count	2007	2006
			FTE	FTE
Trading Division	998	977	799	781
Marketing Division	179	179	170	170
Corporate Functions	209	186	185	168
Campaigns and Policy	189	189	177	176
Programme Headquarters	218	204	207	194
Programme Overseas	339	339	337	339
	2,132	2,074	1,875	1,828
Overseas Payroll	4,239	4,129	N/A	N/A
	6,371	6,203	N/A	N/A

N/A – The number of employees based overseas on local contracts is only expressed in terms of head count since a full-time equivalent is not available.

Oxfam’s employment policies encourage a 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 STAFF COSTS

	2007	2006
GB Payroll	£ m	£ m
Salaries	44.8	42.3
National Insurance	3.5	3.3
Pension scheme	2.5	2.3
GB payroll staff costs	50.8	47.9
Overseas payroll staff costs	37.2	35.7
Total staff costs	88.0	83.6

Staff 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 more than 20,000 volunteers throughout Britain.

The table below shows the number of higher paid staff with emoluments falling in the following ranges. Emoluments include salary and taxable benefits in kind and other payments to employees. The total emoluments of the Director (Chief Executive) were £94,179. For key members of staff working in our International Programme, emoluments may include accommodation and education, which allows us to be appropriately competitive in recruiting and retaining such staff in a global job market. Salaries for these staff are determined on a net (after tax) basis and high rates of income tax in certain countries result in high levels of gross salary.

	2007	2006
	Total	Total
£60,000 to £69,999	11	12
£70,000 to £79,999	7	5
£80,000 to £89,999	–	1
£90,000 to £99,999	1	2

Retirement benefits are accruing under defined benefit schemes for 8 (2005/06: 10) higher paid employees. In addition, Oxfam paid £51,226 (2005/06: £51,997) into a defined contribution pension scheme for 9 (2005/06: 10) higher-paid employees.

6 TRUSTEES' EXPENSES

Members of Oxfam's Council of Trustees receive no remuneration for their services. Directly incurred expenses of the trustees borne by the charity in 2006/07, paid to 14 trustees (2005/06: 14), were:

	2007	2006
	£ '000	£ '000
Total trustees' expenses	21	26

The most significant element of trustees' expenses is the cost of visits to overseas programmes.

7 (DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR is stated after charging/(crediting):

	2007	2006
	£ m	£ m
Depreciation of tangible fixed assets	4.6	4.5
Hire of vehicles and equipment	3.3	3.3
Property rental	16.7	16.3
Auditors' remuneration – statutory audit (GB) *	0.2	0.1
Auditors' remuneration – audit (overseas)	0.1	0.1
Auditors' remuneration – non-audit services	–	0.1
Rental income	(0.9)	(1.0)
Exchange rate differences	1.1	(0.5)
Irrecoverable VAT	0.7	1.6

* Auditors' remuneration includes £0.1m in respect of donated services.

The reported exchange rate loss was £1.1m (2005/06: gain £0.5m). This reported loss consists of three elements;

- i) Gains and losses due to Oxfam using standardised monthly internal exchange rates compared with actual currency transaction rates. 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 gains/losses related to receiving income predominantly in Sterling and Euros and incurring charitable expenditure in currencies related to the US Dollar during a period in which the US Dollar has fluctuated.
- iii) Fluctuation in the sterling value of assets and liabilities, mainly foreign currency bank account balances, held during the year.

8 TANGIBLE FIXED ASSETS

Oxfam

	Freehold property £ m	Leasehold property £ m	Furniture fixtures equipment £ m	Motor vehicles £ m	Total £ m
Cost					
At 1 May 2006	8.1	16.1	26.4	3.5	54.1
Additions	–	0.5	3.1	0.6	4.2
Disposals	(0.2)	(1.8)	(1.6)	(0.1)	(3.7)
At 30 April 2007	7.9	14.8	27.9	4.0	54.6
Depreciation					
At 1 May 2006	2.5	15.9	16.1	2.5	37.0
Charge for the year	0.1	0.1	3.8	0.5	4.5
Disposals	(0.1)	(1.8)	(1.5)	(0.1)	(3.5)
At 30 April 2007	2.5	14.2	18.4	2.9	38.0
Net Book Value					
At 30 April 2007	5.4	0.6	9.5	1.1	16.6
At 30 April 2006	5.6	0.2	10.3	1.0	17.1

Oxfam Group

	Freehold property £ m	Leasehold property £ m	Furniture fixtures equipment £ m	Motor vehicles £ m	Total £ m
Cost					
At 1 May 2006	8.1	16.4	26.9	4.0	55.4
Additions	–	0.5	3.1	0.6	4.2
Disposals	(0.2)	(1.8)	(1.6)	(0.1)	(3.7)
At 30 April 2007	7.9	15.1	28.4	4.5	55.9
Depreciation					
At 1 May 2006	2.5	16.0	16.4	3.1	38.0
Charge for the year	0.1	0.1	3.9	0.5	4.6
Disposals	(0.1)	(1.8)	(1.5)	(0.2)	(3.6)
At 30 April 2007	2.5	14.3	18.8	3.4	39.0
Net Book Value					
At 30 April 2007	5.4	0.8	9.6	1.1	16.9
At 30 April 2006	5.6	0.4	10.5	0.9	17.4

The book value of land (which is not depreciated) included in freehold properties is £1.6m (2005/06: £1.6m). The net book value of leases over 50 years, grouped with the freeholds, is £nil (2005/06: £0.1m).

All tangible fixed assets are held for charitable use.

9 FIXED ASSET INVESTMENTS

Oxfam

	Investments				Programme related investments		Total £ m
	Freehold Property £ m	Cash £ m	Quoted £ m	Unquoted* £ m	Unquoted £ m		
Market Value:							
At 1 May 2006	0.3	2.5	–	1.6	–	–	4.4
Revaluation	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
At 30 April 2007	0.3	2.5	–	1.6	–	–	4.4

Oxfam Group

	Investments				Programme related investments		Total £ m
	Freehold Property £ m	Cash £ m	Quoted £ m	Unquoted £ m	Unquoted £ m		
Market Value:							
At 1 May 2006	0.3	2.5	–	–	0.1	–	2.9
Revaluation	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
At 30 April 2007	0.3	2.5	–	–	0.1	–	2.9

9a Investments

* This includes a loan of £1.6m 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 2 per cent above LIBOR. Terms, including interest, are agreed between the parties and repayment is due in three equal instalments following the issue of a repayment notice.

Freehold investment properties with an original cost of £0.1m are included in the Balance Sheet at market value of £0.3m. 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 assets was on an open market basis, in accordance with the guidelines issued by the Royal Institute of Chartered Surveyors.

At 30 April 2007, Oxfam had an interest in the following subsidiary undertakings:

Organisation name	Country of registration	Nature of business	Class of share capital held	Portion held by parent company	Minority interest	Consolidation
Oxfam Activities Limited	United Kingdom	Raises funds through trading activities	Ordinary	100%	0%	Yes
On the Line Trust Limited	United Kingdom	Dormant	Ordinary	100%	0%	No (not material)
Progreso Cafés Ltd	United Kingdom	Fair Trade cafés	Ordinary	50%	50%	Yes
Coffee Producers Company Ltd	United Kingdom	Dormant	Special share	OGB have control of activities but no right to the assets	100%	No (not material)

All the subsidiaries have a 30th April financial year end with the exception of the Coffee Producers Company Ltd which has a 30th June year end.

The aggregate total amount invested in all Oxfam's subsidiaries is £1.7m (2005/06: £1.7m).

Their financial results for the year were:

	Oxfam Activities Ltd		Progreso Cafes Ltd	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m
Income	17.1	16.8	0.6	0.6
Expenditure	(15.3)	(14.7)	(0.6)	(0.6)
Trading profit	1.8	2.1	–	–
Loan interest paid to Oxfam	(0.2)	(0.2)	–	–
Profit gift aided to Oxfam	(1.6)	(1.9)	–	–
Profit for the year	–	–	–	–
Net Assets at 30 April 2007	0.1	0.1	(0.1)	(0.1)

On the Line Trust Limited and Coffee Producers Company Limited were dormant for both 2006 and 2007 and have no net assets.

The Minority Interest of Progreso Cafés Limited for the Statement of Financial Activities was £3,978 (2005/06: £14,980) and for the balance sheet was £40,490 (2005/06: £44,468).

In order to operate in some countries Oxfam is required by local legislation to establish 100 per cent controlled, locally registered organisations. These are listed below. The accounts of these organisations are included within the accounts of Oxfam.

Organisation name	Country of registration	Nature of business
Oxfam UKI Inc	Barbados	As per Oxfam
Associacao Recife – Oxford para a Cooperacao ao Desenvolvimento	Brazil	As per Oxfam
Sociedad De Desarrollo Oxfam Limitada	Chile	As per Oxfam
Oxfam (India) Trust	India	As per Oxfam
Oxfam Great Britain	South Africa	As per Oxfam

9b Programme related investments

Cafédirect plc

This comprises 903,000 ordinary shares of 25p each in Cafédirect plc, a company registered in Scotland, which represent a 10 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.

The Guardian Share Company Limited

Oxfam Activities Limited holds a 25 per cent shareholding (one £1 ordinary share) in The Guardian Share Company Limited. This company, which is jointly owned by the founding members of Cafédirect (including OAL Ltd) aims to promote fair trade through Cafédirect plc and, through its holding of one 25p special share in Cafédirect plc, aims to promote the application of the objects of Cafédirect plc.

Micro credit schemes

In order to operate micro credit schemes in some countries Oxfam is required by local legislation to establish registered organisations. The net assets of these subsidiaries, after considering impairment, are immaterial in total and therefore have not been consolidated. The payments to these entities have been treated in accordance with the accounting policy.

Organisation name	Country of registration	Nature of business	Class of share capital held	Portion held by parent company
Finance for Development Limited	Azerbaijan Republic	Operating micro credit schemes	Ordinary	100%
New Horizon LLC	Armenia	Operating micro credit schemes	–	–
Small Business Development Foundation	Georgia	Operating micro credit schemes	–	–

10 STOCKS

	Oxfam		Oxfam Group	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m
Oxfam trading stocks	–	–	1.4	1.7
Humanitarian supplies	1.2	1.2	1.2	1.2
Other stocks	0.3	0.4	0.3	0.4
	<u>1.5</u>	<u>1.6</u>	<u>2.9</u>	<u>3.3</u>

11 DEBTORS

	Oxfam		Oxfam Group	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m
Other debtors	2.1	4.2	2.2	4.5
Prepayments	3.8	3.8	3.9	3.9
Accrued income	0.8	0.9	0.8	0.9
Tax recoverable	5.0	9.5	5.0	9.5
Amounts due from institutional donors	8.7	7.1	8.7	7.1
	<u>20.4</u>	<u>25.5</u>	<u>20.6</u>	<u>25.9</u>

12 CASH AT BANK AND IN HAND

	Oxfam		Oxfam Group	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m
Cash on short term deposit	46.0	48.0	46.0	48.0
Cash and bank balances	29.6	25.8	29.7	25.6
	<u>75.6</u>	<u>73.8</u>	<u>75.7</u>	<u>73.6</u>

13 CREDITORS – Amounts falling due within one year

	Oxfam		Oxfam Group	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m
Trade creditors	8.0	6.1	8.9	6.8
Other tax and social security	1.1	1.2	1.1	1.2
Accruals	7.1	5.4	7.2	5.4
Deferred income *	0.9	1.0	0.9	1.0
Amount due to subsidiaries	0.7	0.1	–	–
Interest-free loans	0.2	0.2	0.2	0.2
	<u>18.0</u>	<u>14.0</u>	<u>18.3</u>	<u>14.6</u>

* Deferred income of £0.3m arose in the year and £0.4m brought forward from 2006 was released.

14 CREDITORS – Amounts falling due after more than one year

	Oxfam		Oxfam Group	
	2007	2006	2007	2006
	£ m	£ m	£ m	£ m
Loans *	–	–	0.1	0.1
Deferred income **	1.3	2.0	1.3	2.0
	1.3	2.0	1.4	2.1

* There is no security on the loan and no interest is payable.

** Deferred income of £0.7m was released in the year.

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Oxfam & Oxfam Group			
	End of Contract	Dilapidations	Other	Total
	£ m	£ m	£ m	£ m
At 1 May 2006	5.9	0.9	1.1	7.9
Movement in the year	1.0	0.5	(0.9)	0.6
At 30 April 2007	6.9	1.4	0.2	8.5

The end of contract provision is a two-fold arrangement for staff on non-UK contracts. The first element is gratuity, where a lump sum is paid at the end of their contract in lieu of Oxfam paying monthly amounts into a pension scheme. The second element is loyalty, which is paid specifically to staff on fixed term contracts as an incentive to complete the full period of service.

The provision for dilapidations is to cover the probable future costs of restoring properties to their required condition at the end of their lease.

Other provisions includes a provision for onerous leases to cover the probable future costs of property leases for Oxford offices that extend beyond the date of the relocation.

16 CONTINGENT LIABILITIES

The following contingent liabilities existed at 30 April: West Africa Regional Centre (Senegal) – we are aware of a potential income tax liability but no claim has been received as yet; Oxfam India – one legal case filed against Oxfam (India) Trust (£55k) for alleged non-performance of a contract and one vehicle accident (£2k); Oxfam Pakistan – three legal cases filed by one programme partner relating to programme performance (£181k); Oxfam North Sudan – nine legal cases relating to staffing disputes (£30k); Oxfam Tanzania – one legal case regarding a staffing dispute (£4k).

Furthermore, members of Oxfam’s defined benefit scheme are entitled to join a Growth Plan into which they can pay additional voluntary contributions to fund additional benefits. Oxfam does not make employer contributions into the Plan but under new government regulations which came into force in September 2005 there is a potential employer liability on withdrawal from the plan or in the event of the Plan winding up when it is not fully funded on a buy-out basis. The amount of employer liability on withdrawal for Oxfam as at 30 September 2006 has been calculated as £857,312. However, Oxfam has no intention of withdrawing from the Plan and at this moment in time the trustees of the Plan have no intention of winding it up; it is therefore unlikely that the liability will crystallise in the foreseeable future.

17 ENDOWMENT FUNDS

	Oxfam and Oxfam Group		
	At 1 May 2006 £ m	Transfers in year £ m	At 30 April 2007 £ m
Permanent endowment funds			
The Mary & Henry Makinson Spink Memorial Fund	1.4	–	1.4
The Ellen & Ronald Carr-Webb Memorial Trust Fund	1.1	–	1.1
Other permanent endowment funds	0.1	–	0.1
	<u>2.6</u>	<u>–</u>	<u>2.6</u>

Income generated by The Mary & Henry Makinson Spink Memorial Fund is used for unrestricted purposes. Income generated by The Ellen & Ronald Carr-Webb Memorial Trust Fund is required to be used for restricted purposes. The income from the other permanent endowment funds is mainly restricted.

18 RESTRICTED FUNDS

	Oxfam and Oxfam Group			
	At 1 May 2006 £ m	Income £ m	Expenditure £ m	At 30 April 2007 £ m
REGIONAL FUNDS				
CAMEXCA	1.0	3.4	(3.2)	1.2
HECA	1.8	28.6	(28.2)	2.2
West Africa	(0.4)	5.7	(5.4)	(0.1)
Humanitarian	–	1.5	(1.2)	0.3
MEEECIS	0.3	5.0	(4.2)	1.1
Southern Africa	0.1	9.2	(7.5)	1.8
South Asia	0.7	14.6	(12.9)	2.4
UKPP	–	0.2	(0.2)	–
South America	0.8	2.3	(2.0)	1.1
East Asia	2.5	15.9	(19.0)	(0.6)
Goods in Kind	–	14.5	(14.5)	–
Oxfam Unwrapped	11.6	12.1	(16.2)	7.5
Other Funds	0.8	0.8	(1.1)	0.5
DFID – Partnership Programme Agreement	0.2	8.3	(8.4)	0.1
APPEALS				
Asian Tsunami	0.9	0.7	0.3	1.9
Darfur/Chad	1.2	1.7	(1.7)	1.2
South Asia earthquake	3.1	–	(1.3)	1.8
West Africa Food Crisis	2.6	–	(2.0)	0.6
Horn and East Africa Crisis	0.6	1.5	(1.6)	0.5
Other Appeal Funds	1.3	1.5	(1.8)	1.0
	<u>29.1</u>	<u>127.5</u>	<u>(132.1)</u>	<u>24.5</u>

The income and expenditure on the appeals below can be found within both the Appeals and Regional Funds sections as shown above.

The total Asian Tsunami income and expenditure for the year can be analysed as follows:

	At 1 May 2006 £ m	Income £ m	Expenditure £ m	At 30 April 2007 £ m
Emergency Appeal Fund	0.9	0.7	0.3	1.9
East Asia	2.1	10.2	(13.3)	(1.0)
South Asia	1.5	5.5	(5.9)	1.1
MEEECIS *	(0.3)	0.8	(0.5)	–
Total	4.2	17.2	(19.4)	2.0

* These funds were spent in Somalia, Indonesia and Sri Lanka but managed by the MEEECIS region as part of their relationship with our partner Muslim Aid.

The total Darfur/Chad fund balances can be analysed as follows:

	At 1 May 2006 £ m	Income £ m	Expenditure £ m	At 30 April 2007 £ m
Emergency Appeal Fund	1.2	1.7	(1.7)	1.2
HECA	(1.5)	6.7	(5.8)	(0.6)
West Africa	(0.4)	2.4	(2.0)	–
Total	(0.7)	10.8	(9.5)	0.6

The total South Asia earthquake balances can be analysed as follows:

	At 1 May 2006 £ m	Income £ m	Expenditure £ m	At 30 April 2007 £ m
Emergency Appeal Fund	3.1	–	(1.3)	1.8
South Asia	(0.4)	2.4	(2.0)	–
Total	2.7	2.4	(3.3)	1.8

The total West Africa Food Crisis appeal balances can be analysed as follows:

	At 1 May 2006 £ m	Income £ m	Expenditure £ m	At 30 April 2007 £ m
Emergency Appeal Fund	2.6	–	(2.0)	0.6
West Africa	(0.2)	1.1	(0.9)	–
Total	2.4	1.1	(2.9)	0.6

Fund balances may be negative when expenditure is made on a project that is expected to be reimbursed by a government or other agency, but where, at the end of the financial year, not all the conditions have been met that would justify this income being recognised within the accounts. This results in an excess of expenditure over income on some project funds. The total deficit fund balances amounted to £8.3m (2005/06: £11.8m). The trustees consider that the likelihood of reimbursement is of sufficient level to justify the carrying of these deficit funds at the end of the year.

19 UNRESTRICTED FUNDS

Movements on unrestricted funds are as follows:

Oxfam	General reserves	Designated fund fixed assets *	Designated fund other	Pension reserve	Total
	£ m	£ m	£ m	£ m	£ m
At 1 May 2006	47.8	14.6	4.5	(23.3)	43.6
Surplus/(deficit) for the year	3.5	(3.7)	–	(1.8)	(2.0)
Gains and losses	–	–	–	2.0	2.0
Transfers between funds	(2.5)	3.8	(4.4)	3.0	(0.1)
At 30 April 2007	48.8	14.7	0.1	(20.1)	43.5

Oxfam Group	General reserves	Designated fund fixed assets *	Designated fund other	Pension reserve	Funds held in non-charitable subsidiary	Total
	£ m	£ m	£ m	£ m	£ m	£ m
At 1 May 2006	47.4	14.8	4.5	(23.3)	0.1	43.5
Surplus/(deficit) for the year	3.6	(3.7)	–	(1.8)	–	(1.9)
Gains and losses	–	–	–	2.0	–	2.0
Transfers between funds	(2.4)	3.8	(4.4)	3.0	–	–
At 30 April 2007	48.6	14.9	0.1	(20.1)	0.1	43.6

* Included in the designated fund fixed assets is a revaluation reserve of £0.1m.

The movement in 'Designated fund other' is analysed as follows:

	At 1 May 2006 £ m	Surplus for the year £ m	Transfers between funds £ m	At 30 April 2007 £ m
Incomplete operational programmes	4.4	–	(4.4)	–
Seoul peace prize	0.1	–	–	0.1
Oxfam	4.5	–	(4.4)	0.1
Retained Profit in OAL	–	–	–	–
Oxfam Group	4.5	–	(4.4)	0.1

The designated fund for fixed assets represents resources invested in the charity's tangible fixed assets and certain fixed asset investments. The fund is therefore not readily available for other purposes.

The £4.4m previously set aside by trustees in 'designated funds other' to cover specific operational programmes (not funded by restricted income) is no longer required and has therefore been transferred to general reserves.

Transfers to/(from) the fixed asset designated fund represent capital additions less disposal proceeds. Transfers to the pension reserve represent contributions paid into the scheme during the year.

20 COMMITMENTS

a. Capital

At 30 April the following capital expenditure had been authorised and contracted for:

	Oxfam		Oxfam Group	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m
Within one year	0.3	–	0.3	–

b. Financial

At 30 April Oxfam had committed the following amount in grants to international projects which will form part of the grants allocated in future years:

	Oxfam		Oxfam Group	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m
Within one year	9.5	10.0	9.5	10.0
Between two and five years	2.9	1.7	2.9	1.7
	<u>12.4</u>	<u>11.7</u>	<u>12.4</u>	<u>11.7</u>

c. Operating leases

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

	Oxfam		Oxfam Group	
	2007 £ m	2006 £ m	2007 £ m	2006 £ m

i) Land and Buildings

Operating leases which expire:

Within one year	3.8	3.4	3.8	3.4
In the second to fifth years inclusive	8.8	8.4	8.8	8.4
After five years	5.1	5.2	5.1	5.2
	<u>17.7</u>	<u>17.0</u>	<u>17.7</u>	<u>17.0</u>

ii) Vehicles

Operating leases which expire:

Within one year	–	–	–	–
In the second to fifth year inclusive	0.2	0.1	0.2	0.1
	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>

d. Pension scheme commitments

Oxfam operates defined benefit and defined contribution pension schemes for the benefit of its employees.

i) Defined benefit pension scheme

The assets of the pension scheme are held separately from those of Oxfam and are administered by The Pensions Trust. The pension cost is determined on the advice of independent qualified actuaries. A full actuarial valuation was carried out at 30 September 2004 and updated to 30 April 2007 by a qualified independent actuary.

The scheme was closed to new members on 31 January 2003. As a result, the current service cost increases as the members of the scheme approach retirement. The scheme is funded and the employer's contribution is 9.8 per cent of pensionable pay (2005/06: 9.8 per cent). The employee's contribution is 5.0 per cent of pensionable pay. The pension costs for this scheme for the year were £1.9m (2005/06: £1.9m). Contributions paid by Oxfam GB during the year were £2.9m (2005/06: £3.2m). In addition, Oxfam Ireland and Oxfam International paid £0.1m of contributions into the scheme for their employees.

As required by FRS17, the defined benefit liabilities have been measured using the projected unit method. The tables below state the FRS17 actuarial assumptions upon which the valuation of the scheme was based.

Financial assumptions

	April 2007 %	April 2006 %	April 2005 %
Rate of increase in salaries	4.50	4.30	4.00
Rate of increase of pensions (deferred and in payment)	3.00	2.80	2.50
Rate of inflation	3.00	2.80	2.50
Rate used to discount scheme liabilities*	5.40	5.10	5.30

*Under FRS17 the rate used to discount scheme liabilities is based on corporate bond yields.

Scheme assets and expectation of return

	April 2007 £ m	April 2006 £ m	April 2005 £ m
Equities	45.2	41.1	36.0
Government Bonds	22.6	20.2	12.3
Cash	0.4	0.4	0.4
Total fair value of assets	68.2	61.7	48.7
Present value of scheme liabilities	(88.3)	(85.0)	(70.8)
Net pension liability	(20.1)	(23.3)	(22.1)

	Expected rate of return at 2007 %	Expected rate of return at 2006 %	Expected rate of return at 2005 %
Equities	8.00	8.00	8.00
Government Bonds	5.00	4.50	5.00
Cash	5.25	4.50	4.25
Total	6.99	6.83	7.21

Analysis of amounts charged to statement of financial activities

	2007 £ m	2006 £ m
Current service cost	1.7	1.7
Interest cost on scheme liabilities	4.4	3.8
Expected return on assets in the scheme	(4.3)	(3.6)
Net finance charge	0.1	0.2
Actual return less expected return on pension scheme assets	0.4	6.5
Experience gains on liabilities	0.1	0.1
Changes in assumptions underlying the present value of scheme liabilities	1.5	(9.2)
Total actuarial gain/(loss) recognised	2.0	(2.6)

The movement in the charity's share of the scheme's deficit during the year is made up as follows:

	2007 £ m	2006 £ m
Deficit at the beginning of the year	(23.3)	(22.1)
Current service cost	(1.7)	(1.7)
Contributions	3.0	3.3
Pension finance charge	(0.1)	(0.2)
Actuarial gain/(loss)	2.0	(2.6)
Deficit at the end of the year	(20.1)	(23.3)

History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets (£m)	0.4	6.5	(0.1)	1.9	(9.6)
As % of scheme assets	0.6%	10.6%	(0.3%)	4.3%	(31.1%)
Experience gains on scheme liabilities (£m)	0.1	0.1	1.0	0.1	1.4
As % of liabilities	0.0%	0.1%	1.5%	0.1%	2.5%
Total amount that has been recognised in the SOFA (£m)	2.0	(2.6)	(5.5)	3.7	(10.1)
As % of liabilities	2.3%	(3.1%)	(7.8%)	6.1%	(18.0%)

ii) Defined contribution pension scheme

For employees not in the defined benefit scheme Oxfam operates a Stakeholder Pension Scheme. This is a unit-linked money purchase scheme from Norwich Union. From 1 January 2003 Oxfam contributed double the employee contributions up to a maximum of 10 per cent of pensionable pay. Oxfam contributed £801,752 (2005/06: £475,639) to this pension scheme in relation to the year ending 30 April 2007.

iii) Alternative pension arrangements

When staff are not eligible to join the Stakeholder Pension Scheme or the Oxfam Pension Scheme, Oxfam offers alternative arrangements as appropriate.

21 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Oxfam

	Unrestricted funds £ m	Restricted funds £ m	Endowment funds £ m	Total funds £ m
Fund balances at 30 April 2007 are represented by:				
Tangible fixed assets	16.6	–	–	16.6
Investment assets	1.8	–	2.6	4.4
Current assets	73.0	24.5	–	97.5
Current and long term liabilities and provisions	(27.8)	–	–	(27.8)
Pension liability	(20.1)	–	–	(20.1)
Total net assets at 30 April 2007	43.5	24.5	2.6	70.6

Oxfam Group

	Unrestricted funds £ m	Restricted funds £ m	Endowment funds £ m	Total funds £ m
Fund balances at 30 April 2007 are represented by:				
Tangible fixed assets	16.9	–	–	16.9
Investment assets	0.3	–	2.6	2.9
Current assets	74.7	24.5	–	99.2
Current and long term liabilities and provisions	(28.2)	–	–	(28.2)
Pension liability	(20.1)	–	–	(20.1)
Total net assets at 30 April 2007	43.6	24.5	2.6	70.7

22 RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended 30th April 2007. Last year, the wife of a member of the Corporate Management Team undertook consultancy work for Oxfam GB for which she received £11,160.

ACKNOWLEDGEMENTS

Central to Oxfam's way of working are our relationships with numerous local partners and allies worldwide. Our sincere thanks to the many organisations and individuals who make our work possible.



Oxfam acknowledges funding from: Big Lottery Fund: for the Roars not Whispers Programme (1) from the Young People's Fund – Scotland, for The Million Cisterns Programme in Brazil (2) and for the UK Poverty Programme (3).

Oxfam received funding from the Commonwealth Education Fund (CEF) for support to the Global Campaign for Education in Southern Africa (4), for Mainstreaming Gender (5) and for the School Improvement Programme in India (6).

Australian Agency for International Development (AusAID), Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), Food and Agriculture Organisation of the United Nations (FAO), Foreign and Commonwealth Office (FCO), German Ministry of Foreign Affairs, KfW Cooperation Financiere Allemande, Norwegian Agency for Development Cooperation (NORAD), The Scottish Executive, Swiss Development Cooperation (SDC), Swedish International Development Cooperation Agency (SIDA), The Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), United Nations World Food Program (WFP), Department for Work and Pensions, World Bank, Band Aid Trust, The Bill and Melinda Gates Foundation, CARE USA, The D G Charitable Trust, Doen Foundation, The Ellen & Ronald Carr-Webb Memorial Trust, ELMA Philanthropies, Entwicklungshilfe Klub, Ford Foundation, Ikanis Anstalt, Isle of Man Overseas Aid Committee, Lloyds TSB Foundation for Scotland, The Marr-Munning Trust, Prospect Trade Union, The Rufford Maurice Laing Foundation, ShareGift, States of Guernsey Overseas Aid Commission, States of Jersey Overseas Aid Commission, The Taylor Family Foundation, The Tolkien Trust, v the new youth volunteering charity, The 1989 Willan Charitable Trust, The William and Flora Hewlett Foundation.

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Special thanks to founder partners of the Oxfam 365 Alliance for their generous support of our emergencies work, Vodafone Group Foundation and Aviva plc.



Our thanks also for the generous support of Oxfam International affiliates and their donors around the world including: Oxfam America, Oxfam Australia, Oxfam Canada, Oxfam Germany, Oxfam Hong Kong, Intermón Oxfam, Oxfam Ireland, Oxfam Japan, Oxfam Netherlands, Oxfam New Zealand, Oxfam Québec, Solidarité (Oxfam in Belgium).

(1) Roars not Whispers Programme (spend £223,032), (2) The Million Cisterns Programme in Brazil (spend £213,325), (3) UK Poverty Programme (spend £129,928), (4) Global Campaign for Education in Southern Africa (spend £654,063), (5) Mainstreaming Gender (spend £24,719), (6) School Improvement Programme in India (spend £49,710).





YEMEN: Children play during break-time at Al Kwod Othman School in Aden. This school is in one of the slum areas of Aden and is supported by Oxfam



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