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ANNUAL REPORT AND ACCOUNTS 2002/03



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A company registered in England, number 612172, and limited by guarantee.

Registered Charity No. 202918

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

OXFAM CORPORATE DIRECTORY

¹ Member of Trustee Audit & Finance Group

² Member of Remuneration Committee

³ Member Recruitment and Development Group

Oxfam Council of Trustees as at 30 April 2003 and 3 October 2003

Rosemary Thorp (<i>Chair</i>) ^{2,3}	Sir Richard Jolly	Hugo Slim
Dino Adriano (<i>Vice-Chair</i>) ²	Scarlett MccGwire	Matthew Sparrow ³
Frank Kirwan (<i>Treasurer</i>) ^{1,2}	Norman Sanson ^{2,3}	Stan Thekaekara
Jackie Gunn ¹	Angela Sealey ¹	Shriti Vadera

There were no changes to trustees during the year.

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

Amartya Sen (*Adviser*) Robin Langdon-Davies (*Association Member Emeritus*)
Michael Rowntree (*Chair Emeritus*)

Michael Behr held the position of Trustee Emeritus until his death on 3 June 2003.

Oxfam Association as at 30 April 2003

(Refer to trustees' report: organisation and corporate governance)

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

Charles Abugre	Terry Brenig-Jones ³	Jenny Drury	Richard Taylor
Daniel Alexander	Nicholas Colloff	Patrick Elliott	Selvavinayagam Vireswer ³
Maggie Baxter	Brian Coutanche	Lord Judd of Portsea ³	Martin Whiteside
Kieran Battles	Bruce Crowther	Catherine Royce	Peter Winters
Lord Bhatia	Sally Denham	David Sunderland	

Jim Howard was a member of the Association until his death on 22 March 2003.

Principal Professional Advisers

Oxfam's principal professional advisers include the following:

Principal Clearing Bankers: The Royal Bank of Scotland Group, London

Auditors: PricewaterhouseCoopers LLP, London

Principal Solicitors: Blake Laphorn Linnell, Oxford
Bates, Wells and Braithwaite, London

Corporate Management Team

Oxfam's Corporate Management Team comprises:

The Director (Chief Executive): Barbara Stocking, CBE

Campaigns and Policy: Justin Forsyth (Appointed May 2002)

Finance: David Nussbaum (Resigned November 2002);
Ian Barry (Appointed January 2003)

Human Resources: Jane Cotton

International: Stewart Wallis (Resigned July 2002)
Jasmine Whitbread (Appointed July 2002)

Marketing: John Whitaker

Trading: Chris Coe

Company Secretary: Joss Saunders

TRUSTEES' REPORT: OBJECTIVES AND ACTIVITIES

1. OBJECTIVES AND ACTIVITIES

Oxfam works with others to overcome poverty and suffering.

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

Within these overall objectives we focus on five key aims:

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

Oxfam works in more than 75 countries. The countries are divided into eight regions for operational and management purposes with each region managed by a regional director. The charitable programme also includes advocacy, education, and campaigning work on issues that are central to the achievement of Oxfam's charitable objectives.

Oxfam's Grants List gives brief details of grants made by Oxfam during the year (refer to Note 24 for details of the top 50 grant recipients). This publication is available on request from Oxfam's Registered Office. Contact the Oxfam Library on 01865 313757 for more information.

Oxfam also runs a 'market access' programme through which it facilitates and promotes market access for producers

in developing countries. Fair Trade products are sold through the Oxfam shops to promote the concepts of Fair Trade and market access in Great Britain. Oxfam's Fair Trade activities are part of the charitable programme and are not conducted solely as a commercial activity.

The money to fund Oxfam's work is raised throughout Britain and overseas, with the support of thousands of volunteers who help to run Oxfam shops and assist in campaigning, fundraising, and other activities. Oxfam receives funds from many generous donors who make regular monthly donations. Further donations are received in response to advertisements, mailings, and other appeals. An important proportion of Oxfam's unrestricted income comes from the profit on the sale of donated second-hand goods, sold through Oxfam shops.

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

Oxfam's wholly owned subsidiary company, Oxfam Activities Limited, trades as Oxfam Trading and Oxfam Wastesaver, and also undertakes other fundraising activities. Oxfam Trading buys goods, such as Christmas cards, from commercial suppliers, and sells them in Oxfam shops. Oxfam Wastesaver receives unsold second-hand items, mainly lower-quality clothing, from the shops and elsewhere, that are then recycled at its plant in Huddersfield.

2. CHAIR'S REVIEW

It is with much pleasure and confidence that I commend to you the Annual Report and Accounts for 2002/03. Oxfam has had to operate in what have surely been exceptionally difficult and taxing external circumstances. The Director's Report which follows gives you a vivid account of how the organisation has dealt with those complexities. For my part, and on behalf of the trustees, I can assure you that the organisation has come through a difficult and turbulent year in the world with its strength and integrity intact, thanks to strong leadership and remarkable staff.

What I have particularly noted this year, from the point of view of the Council of Trustees, is a new spirit of openness in the organisation, eagerness to learn and desire to show us how they are learning. This has made our task as trustees more rewarding and has enabled us to be confident that the organisation is progressing. For example, one of the most difficult areas for us is understanding and evaluating the difference Oxfam makes. This year in the process of assessing impact I have felt a sea change with the organisation seeing more precisely how it has made a difference. Reports are also beginning to document where things don't work and why, and to show how they could be made to work better, rather than just recounting successes.

In part this has been happening because the regional management centres are beginning to take on real life. The process of devolving autonomy and responsibility to the eight regions into which Oxfam has divided its programme, began five years ago, but building the new structure has

taken time. This year I visited the regional management centres in West Africa and East Asia, and found it exciting to see how a developing regional programme was integrating policy work, advocacy and campaigning, and beginning to see how to focus its programme more, build on successes and share learning. Within the regional structure individual country programmes are key. Encouraging national and municipal governments in their responsibilities can be just as important as high profile lobbying in Washington.

The Trade Campaign which is described in the Director's Review was perhaps the first clear example of how campaigning is transformed as regions become involved in their own right. I reported last year that I was in West Africa just before the launch and felt the vitality of the local campaign and the thrill of its global context. This involvement of the regions is having knock-on effects. The regions are now expecting Oxfam in Oxford to listen to their needs in campaigning (for example, for farmers in Haiti the coffee campaign cannot possibly stop just because campaigners in the UK want a fresh cause).

Another new element that for us as trustees is important is regular effort to look outside ourselves and make sure we are focussing on the right issues – not yesterday's problems. During the year we spent two days with management reflecting on this, and this 'space for reflection' will become a regular event.

Changing theme, I turn to the family. It is

TRUSTEES' REPORT: CHAIR'S REVIEW

always sad to lose longstanding friends. This year we said farewell to two of Oxfam's great figures – Jim Howard and Michael Behr. Jim died in March shortly after his 77th birthday. Many people will remember how he pioneered the water and sanitation roles of Oxfam, and was the driving force for Oxfam's response in Cambodia after the Khmer Rouge and the Vietnamese invasion. Jim's work led to thousands of lives being saved, as publicised by Jon Pilger and celebrated on "This is Your Life". His memorial service in Oxford was attended by over 300 people, all of whom wished to celebrate the life of this remarkable man.

Michael Behr, our Trustee Emeritus, died in June after a long struggle with multiple sclerosis. Michael had a key influence on Oxfam's Southern Africa policy in the nineteen eighties. We will particularly remember him for his work with Sithembiso Nyoni in Zimbabwe which concentrated on helping poor people understand and overcome their powerlessness.

Much less final, of course, but still a loss is the departure of longstanding staff. In late 2002 we said good-bye to David Nussbaum, who was Oxfam's Finance and Information Systems Director from 1997. David had the ability to communicate serious financial information in a way which was both entertaining and comprehensible. He also devised a method for deciding the appropriate level of reserves and was well known for his work on governance and accountability. David has moved on to become the Managing Director of Transparency International, the leading global anti-corruption organisation – so happily we remain in

touch with him. Ian Barry, whom we welcome to the organisation, has taken his place.

We are also about to say goodbye to Stewart Wallis. Stewart retired as International Director in September 2002, and was replaced by Jasmine Whitbread, who moved from her post as Regional Director for West Africa. He agreed to stay with Oxfam a while longer to develop and begin to deliver our livelihoods strategy, but is now leaving us, having been appointed Executive Director of the New Economics Foundation (NEF). NEF is a leading UK based think-tank, challenging mainstream thinking in the areas of economics, environment and society. Stewart did so much for Oxfam in his 11 years – including leading our rights-based approach to poverty and the regionalisation of Oxfam's management. He also put in place the so-called strategic change objectives, the framework for linking from the local to the global and back, which is putting new vitality and, we believe, impact into our campaigning. But apart from his strategic thinking and his great commitment, what we will all miss most is his warm support and his great sense of humour.

Concluding, let me send my thanks to staff, to all volunteers (over 20,000 of them) and to the numerous donors who make all this possible. It is a great privilege, most enjoyable, and never boring, to chair such an organisation.

3. DIRECTOR'S REVIEW

Poverty is about power, or rather, the lack of it. Oxfam works alongside poor people to help them have more say over the things that affect their lives and livelihoods. We work with individuals, local partners, and umbrella groups at national level and Oxfam Regional level. However, lack of power is not just caused by local circumstances. The way in which our globalised world works impacts on poor people as never before.

Conflict and humanitarian relief

Poor people who live in conflict areas feel particularly powerless. When asked what things they wish for most, they invariably say, peace and security. In parts of Africa this year, there were signs that these might be within their grasp: in Angola, for example, and in Sudan and Sierra Leone where peace negotiations have begun. However, the year ended in a less hopeful vein. In Ituri, Democratic Republic of Congo, 10,000 people were forced to take refuge in a UN compound after killings and threats by militia groups. As in so many of these situations, Oxfam water engineers went to work making the water and sanitation less dangerous and more bearable. But in Liberia, West Africa, where people displaced by conflict face an appalling situation—our staff were forced to take refuge and were prevented from carrying out their work helping these people as renewed fighting engulfed Monrovia.

The year began with the overthrow of the Taliban regime in Afghanistan. Oxfam staff were there, delivering humanitarian relief as they had done during the war, but now with a view to developing people's livelihoods and establishing women's place in society, for example by retraining Afghan women engineers. On several occasions, however, we had to stop our programmes for security reasons, particularly in and around Kandahar.

It was not long before the threat of war on Iraq dominated the headlines. After careful consideration, Oxfam joined other aid agencies in saying that a war on Iraq was not justified. We reached this conclusion on humanitarian grounds, we were there after the Gulf War in 1991 and saw the devastation it caused, and also because of concerns about

TRUSTEES' REPORT: DIRECTOR'S REVIEW

regional stability. The war went ahead, and we had to argue fiercely to protect our humanitarian independence; we also emphasised to the coalition the need to uphold International Humanitarian Law. Once again we saw sewage in pools on the streets, and people breaking open water pipes in their desperation for water. As the year ended, our teams were active in the south of Iraq repairing water pipes and pumping stations, and our senior water engineer was seconded to UNICEF in Baghdad, to lead the UN's water and sanitation work.

We, and others, argued strongly that the UN should take the lead in the political reconstruction of Iraq, as well as carrying out its humanitarian role, but we were only partially successful. The world has been left with the challenge of re-establishing the UN as a strong multilateral institution after the tensions of this year. We recognise the need for reform of multilateral institutions, but will continue to work to ensure their important role is recognised and supported.

Much of the tension in the Middle East comes from the ongoing conflict in Israel and the Palestinian Territories. We recognise the great fear of the Israeli people, but equally we are immensely disturbed by the effects of "closures" and curfews on Palestinians. Our paper, *Forgotten Villages*, documents the way in which Palestinians are being denied access to their water sources (which are sometimes being deliberately destroyed), and how it was made impossible for many farmers to bring in their harvest.

Though Oxfam is not a pacifist organisation per se, it is hardly surprising that our instincts are against war as a solution. We often work in the middle of conflicts and are all too aware of the deep and terrible effects which conflict has on ordinary people — especially on those who already have so little. In September 2002, Oxfam was honoured with the award of the Seoul Peace Prize. We were chosen for the award for finding lasting solutions to alleviating poverty and suffering. I was thrilled to accept the award on behalf of everyone in the organisation, and can do no more than repeat the words of my acceptance speech, in which I said: 'This peace prize brings recognition that the things that Oxfam stands for are truly important in the world. The recognition that we are all equal and that we all have rights to food, water, our ability to earn our own livelihood and to have a say in how we run our lives'.

In our humanitarian work this year, we have also had to deal with the effects of drought in Africa. Of course it is not just drought that has caused widespread hunger in the region. The policies of governments and international institutions have paved the way, for example, the selling off of the grain reserves in Malawi, and the mishandling of land reform in Zimbabwe. This time, hunger comes on top of an AIDS epidemic which has already weakened many people. The international community – including the general public in the UK – have so far managed to stave off the worst possibilities of famine in Southern Africa. For the first time, the UK Disasters Emergency Committee, of which Oxfam is a member, called an appeal in advance of the famine. This was a difficult decision, as people are much less willing to give unless they are convinced that there really is a crisis, but the agencies felt it was essential to raise money to try to prevent famine rather than waiting for it to happen. Oxfam shops raised £0.8 million in cash donations in 11 months in response to the food crisis in Southern Africa.

Our development programmes and campaigns

Of course, humanitarian work is only part of Oxfam's programme overseas. About half our funds are spent on it, with the other half spent on long-term development work. This year we had a significant increase in our charitable expenditure (excluding food aid distribution), from £96 million to £108 million.

Traditionally we have given people support to develop assets (such as land rights, fishing rights, micro-credit schemes) but recently we have also begun to work much more on the skills and infrastructure which would allow them to get their products to market. One innovation was to provide a bank guarantee to enable a partner coffee cooperative in Honduras to obtain credit to pay its farmers on receipt of their harvest, before receiving payment for its export of processed coffee. In future, we will be exploring other ways to improve people's access to markets.

We continued our commitment to education, particularly to increasing the number of girls in school around the world. We lobbied international donors to put more money into the Fast Track Initiative to support countries that had produced sound education

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plans. In April, as members of the Global Campaign for Education, we took part in a lesson attended by 1.8 million people across the world on the same day, an event recognised by the Guinness Book of Records as the biggest lesson ever held. Our programmes on the ground included introducing active-learning methods to schools in Vietnam, developing community schools in Zambia and ensuring that pastoralist children in West Africa and North Sudan can go to school.

We also revitalised our work on gender this year and tried to simplify and clarify how all Oxfam staff can address gender issues in their work. Our work on domestic violence in communities in countries such as Nicaragua and Cambodia has also inspired us to look at a major new initiative, a public campaign on violence against women in South Asia.

Make Trade Fair

The focus of Oxfam's advocacy and campaigning work this year has been on trade. As the year began, we had just launched the Make Trade Fair campaign with the other 11 members of the Oxfam International family. Through the year, we demonstrated time and again how agricultural subsidies in industrialised countries, now over US\$1 billion per day, prevent poor people from working their way out of poverty. The price support and export subsidies on sugar in Europe mean that sugar is dumped on the markets of developing countries at below the cost of production. However efficient they are, small-scale farmers in developing countries cannot compete either locally or in regional markets. If the farmers try to export to Europe they face prohibitive quotas and tariffs. The same story is repeated for cotton, dairy products, rice, and many other products. For every dollar that rich countries give in aid, they give seven dollars to their own farmers in agricultural subsidies. How can small farmers in Africa or elsewhere compete?

Since its launch, in April 2002, Make Trade Fair's Big Noise petition has been presented to key decision-makers at events throughout the world. At the Earth Summit, in September 2002, Thabo Mbeki, President of South Africa, and Anders Rasmussen, Prime

Minister of Denmark and former President of the European Union, received a CD of messages from people who signed up to the Big Noise.

In September we joined with allies and partners worldwide to draw attention to the slump in coffee prices, which is threatening the livelihoods of 25 million small-scale farmers around the world. As well as calling on the world's major coffee companies to pay fair prices at the farm gate, we recognised that there is a problem of over-production, and pushed for a Coffee Rescue Plan to address both of these issues. By the end of the year, the World Bank and International Coffee Organisation were also calling for such a plan.

In December 2002, when Nestlé demanded US\$6 million from Ethiopia in compensation for a business that was nationalised by a previous government in 1975 (the parent company was purchased by Nestlé in 1986), Oxfam campaigners decided to make a noise about it. More than 40,000 of them emailed and wrote to Nestlé, demanding that it drop its claim against a country that is facing a terrible famine. On 24 January this year, at a meeting with the Ethiopian government, Nestlé reduced its claim to US\$1.5 million, and agreed to donate this back to be spent on famine relief.

The strength of our coffee campaign comes from our long-term work with coffee producers in developing countries. They joined in the campaign with a passion, and we must now make sure we continue to support their campaigning until real results are delivered.

We had some success with our campaign to make vital medicines affordable to poor people. GlaxoSmithKline announced a big programme to make branded HIV/AIDS drugs available in Africa almost as cheaply as the generic versions. We are concerned though that the gains, which we thought we had made at the World Trade Organisation meeting in Doha in 2001, are not being delivered. There is still no agreement on the final wording which would allow poor countries to import generic drugs. This idea was blocked by the US under pressure from its pharmaceuticals industry.

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During the year we were pleased that the unfairness of global trade systems became much more publicly recognised, especially in the UK, but we are still concerned at how little is changing in the run up to the next World Trade Organisation ministerial meeting in Cancun in September 2003.

Securing resources

Of course, we can only achieve our goals if we have the resources to do it. This year our trading activities did well to meet the target of £15.7 million net income, in spite of an increasingly challenging economic environment. The move to buying Fair Trade products through Fair Trade companies, rather than buying directly ourselves, is now complete. We have just reviewed the process of this change and will be evaluating the impact this has had on our original producers. Meanwhile, a new range of products was developed for Christmas 2002. For a new range, sales went well, and we have learned some valuable lessons which we can apply in future. The challenge is to improve income from those shops that have achieved lower sales, and to begin to invest in new shops again. We also experimented successfully with internet sales, not just selling second-hand books, but also using eBay, the internet auction site, to sell a range of valuable items.

Our income from donors also continued to grow this year. Despite depressed economic conditions our unrestricted donations increased from £61.7 million to £68.4 million. However, there is no doubt that competition for new donors is fierce and we need to make sure that we better understand our donors and their interests. On several occasions this year we have had to consider from whom it is acceptable for us to accept money, basing these decisions on Oxfam's clear set of ethical guidelines.

Developing the organisation

We have been working hard to make sure that Oxfam is a modern, professional organisation which really gets things done. A key issue for attention has been the retention and recruitment of international staff. Our work depends on the relationships which our staff make with partner agencies, country authorities, and the

people they manage. Staff stability is therefore essential. This year we moved to open-ended contracts for more of these staff, rather than the fixed-term contracts which have been the norm; we are currently introducing a new system of 'Global Rewards' which is aimed at the groups of staff that are most difficult to recruit; and we are widening our overall approach to recruitment. We also agreed an HIV/AIDS policy for staff, which includes medical treatment for staff and dependents.

This year we have worked hard to strengthen our financial management systems and have successfully rolled out PeopleSoft v8 to most of our overseas operations. We have also set a key objective to improve the timeliness and way we report to donors and have made progress on this in almost all Regions. During the year the Inland Revenue conducted an audit of our Gift Aid income. Although some minor issues were raised we have implemented changes and improvements in the management of our Gift Aid systems to ensure future compliance.

This is all part of a cultural change of 'getting things done' and linking personal responsibility with accountability. In December, we began a programme for staff and managers to look at everything that we do, focusing initially on the functions in our headquarters in Oxford. We are asking: do these activities need to be done at all? If so, should we be doing them ourselves, and are we doing them as efficiently as we can? This is important for staff themselves, none of whom enjoy bureaucratic delays, but it is also a crucial part of our responsibility to donors to use their donations as effectively as possible.

That brings me to an important point: our accountability as an agency to the public, to our supporters, our donors, and to the people whom we seek to help to escape poverty. The humanitarian world was shocked early in the year by reports of sexual exploitation and abuse by aid workers and peacekeepers in refugee camps. Although Oxfam staff were not involved, we have reviewed and revised our own Code of Conduct for staff and our ways of working in camps, to minimise the risks of such incidents occurring. There is no doubt that, if we are to be trusted, we need to be open and transparent in all that we do, to recognise and be open about our mistakes, and to show what actions we are taking to improve.

TRUSTEES' REPORT: DIRECTOR'S REVIEW

Overall, this was a year of growth, a year in which our programmes and country teams have become more stable, and a year in which we have learned how better to make connections from the local to global level. Our campaigns are more strongly focused on what poor people and our partners tell us needs to change, and are also benefiting from much greater involvement by our international staff and partners around the world. Oxfam is now well on the way to building a truly global campaigning force – one which includes the voices of people at the sharp end of poverty: those whose lives are degraded by HIV/AIDS, lack of education and basic services, and blatantly unfair world trade rules. Working in a global partnership is essential if we are to redress the power imbalances that keep people in poverty, and to achieve our vision of a world in which the voice of every person is heard and respected.

4. TREASURER'S OPERATING AND FINANCIAL REVIEW

Results for the year

The results for the year are presented in the form of a Statement of Financial Activities, prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities".

Incoming resources

Oxfam's total income was £189.0 million in the year ended 30 April 2003, £0.4 million less than the previous year, as a £8.9 million reduction in donated food aid more than offset growth in other sources of income.

	2003 £m	2002 £m	Increase/(Decrease) £m
Trading sales	64.7	65.1	(0.4)
Donations, appeals, and legacies	80.1	73.5	6.6
Disasters Emergency Committee appeals	2.1	1.2	0.9
	82.2	74.7	7.5
Income for specific programmes	31.9	30.3	1.6
Donated food aid	7.1	16.0	(8.9)
	39.0	46.3	(7.3)
Investment and other income	3.1	3.3	(0.2)
Total income	189.0	189.4	(0.4)

Trading sales of £64.7 million were £0.4 million (1%) lower than last year, as a result of reduced Fair Trade activities partly offset by increased turnover from donated goods. Trading costs amounted to £49.0 million (2001/02: £54.6 million). The 2001/02 result included £3.2 million (2002/03: nil) one off costs for implementing decisions taken following reviews of the operational and management costs of the trading and Fair Trade activities.

Donations, appeals, and legacies continued to show strong growth with income increasing 9% to £80.1 million

(2001/02: £73.5 million) while associated costs decreased by 12% to £16.2 million (2001/02: £18.4 million). The amount raised through regular monthly donations (committed giving) grew by 14%, while that from legacies grew by 3%.

There was one Disasters Emergency Committee appeal during the year for the Southern Africa drought. Oxfam received £1.8 million from this appeal and a further £0.3 million from the previous Gujarat appeal. This compared with £1.2 million received in 2001/02.

Income for specific programmes (restricted) totalled £31.9 million, an

TRUSTEES' REPORT: TREASURER'S REVIEW

increase of £1.6 million (5%) on 2001/02. Donated food aid amounted to £7.1 million, a reduction of £8.9 million on 2001/02, reflecting the scale and type of programme response to food crises during the year. This year we received donated food aid valued at £6.4 million (2001/02: £15.8 million) from the World Food Programme and £0.7 million (2001/02: nil) from other donors. This enabled Oxfam to respond to the food crises in Kenya, Ethiopia, Sudan, Afghanistan, Malawi and Zimbabwe.

Cost of generating funds

Trading

Trading costs totalled £49.0 million, down from £54.6 million in 2001/02. These costs include rent and other property costs, staff and product sourcing expenditure.

Trading	2003 £m	2002 £m
Profit on trading activities	15.7	10.5
Trading sales	64.7	65.1
Trading profit margin	24%	16%

Trading profit margin has increased from 16% in 2001/02 to 24% this year. The improvement is due to improved sales of donated products and implementing the results of the reviews of our trading and Fair Trade operations. To put these figures into context, the trading margin reported by Marks & Spencer for the year 2002/03 was 8.9%, and that of Tesco, 5.6%, reflecting the contribution of volunteers to our trading operation.

Oxfam's trading activities contributed £15.7 million towards charitable expenditure, an increase of £2.0 million (15%) on 2001/02 before one off costs and £5.2 million (50%) after one off costs.

Fundraising

Total fundraising costs amounted to £18.1 million. This was a decrease of £1.8 million (9%) from the exceptional spend of 2001/02 when a number of strategic fundraising activities were undertaken that are expected to have a future benefit to Oxfam.

However, the calculation of fundraising return generally excludes the income (£47.7 million) and costs of raising that income (£1.9 million) from government and other public bodies, such as the European Union. On this basis the amount raised per pound spent is as follows:

Fundraising	2003 £m	2002 £m
Donations, appeals, and legacies	73.5	67.0
Fundraising Costs	16.2	18.4
Return per pound spent	£4.50	£3.60

The return on each pound spent was £4.50 in 2002/03, an improvement on 2001/02 and returning to the level achieved in earlier years. The ratio is expected to continue improving in coming years as the previous year's fundraising activities continue to generate further income. Once recruited, Oxfam's committed givers typically remain active donors for many years.

The fundraising costs represent 22% (2001/02: 27%) of the income raised from "donations, appeals, and legacies" (see above).

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

on increasing the number and value of regular monthly supporters (committed giving). The value of the donations provided by these supporters preserves Oxfam's independence and enables us to plan significant long-term development programmes and to respond to manmade and natural emergencies. We thank them for their continued generous support.

Charitable expenditure

Charitable expenditure increased by £2.9 million (3%) to £115.1 million. This increase was entirely within our funding from unrestricted income with the restricted income funded programme decreasing by £11.5 million. This decrease was principally due to the £8.9 million reduction in distributed food aid as noted above.

The £68.8 million spend from unrestricted income was £14.4 million (27%) more than the previous year.

The cost of activities in furtherance of the charity's objects ("operational programmes" – where Oxfam's own overseas staff deliver the programme) is unchanged at £50.6 million. The level of grants payable in furtherance of the charity's objects ("non operational programmes" – where Oxfam makes grants to local organisations and monitors how they deliver the programme) has increased by £4.8 million to £20.1 million. The increase reflects the continued strategy of delivering programme through partners where suitable partners are available.

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 restricted donors' expectations and reporting requirements.

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

Support costs represent the cost of Oxfam's core field offices and the costs incurred by GB-based staff, directly providing support for Oxfam's international programme. This includes management, policy and advocacy work, technical support and logistics. The cost of supporting Oxfam's international programme was £34.3 million (2001/02: £27.3 million). The increase reflects the growth in the programme and a variety of structural and operational changes. These are principally higher staff costs to address increased demand and competition for skilled staff in developing countries, and greater support for humanitarian interventions. These changes are designed to provide Oxfam with the capacity to manage effectively a more extensive overall programme in more than 75 countries. In addition, increases in transport and communication costs in conflict situations and adverse movements in exchange rates have further increased support costs.

The cost of managing and administering the charity was £3.0 million and is unchanged on 2001/02. Included in

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Spend by region*

(previous year's percentage in brackets)

	East Asia 10% (9%)	West Africa 11% (9%)	Horn, East, and Central Africa 21% (25%)
Central America, Mexico, and the Caribbean 9% (10%)			
South America 10% (11%)			South Asia 13% (13%)
	Middle East, Eastern Europe, Commonwealth of Independent States 11% (11%)	Southern Africa 15% (12%)	

*Spend by region covers overseas grants and support costs. It excludes food aid, UK based programme activities, UK support costs and the cost of managing and administering the charity.

Spend by aim*

(previous year's percentage in brackets)

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

**Right to equity:
gender and diversity
5% (5%)**

**Right to be heard
10% (10%)**

**Quality education
and health care
15% (15%)**

**Sustainable
livelihoods
25% (20%)**

**Protection from
disasters and violence
45% (50%)**

TRUSTEES' REPORT: TREASURER'S REVIEW

managing and administering the charity are the costs of some central functions that are operated on a break-even basis (e.g. Oxfam's staff crèche/nursery). The income from these functions is included in other incoming resources.

Subsidiary and associated undertakings

Oxfam has a wholly owned subsidiary, Oxfam Activities Limited, which raises funds by means of trading activities. Its results are consolidated in the trading results for Oxfam reported above. Oxfam Activities Limited made a profit of £1.1 million (2001/02: £1.7 million), before interest on working capital of £0.2 million (2001/02: £0.2 million) paid to Oxfam. Lower margins due to the clearance of old shop stock, increases in transport costs and an increase in the management fee charged by Oxfam (with a change from a marginal to full cost basis representing a more equitable recharge for the current new products operation) were responsible for the reduction in profit from the previous year.

Oxfam Activities Limited has a 25% interest in cafédirect limited (a company registered in Scotland with registration number 141496), which promotes Fair Trade primarily through the marketing and distribution of tea and coffee.

Oxfam International

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 eleven other affiliated international agencies, each separately

constituted under the appropriate national regulations. Most of these use the name 'Oxfam', and all share many common values. To achieve the maximum impact on poverty, the Oxfams link up their work on development programmes, humanitarian response, lobbying for policy changes at national and global levels, and popular campaigns and communications aimed at mobilising public opinion for change. Oxfam GB received grants from and made grants to members of this group. During the year Oxfam received income of £7.0 million (2001/02: £6.7 million) from the other members of Oxfam International and made grants of £2.4 million (2001/02 £2.5 million) to them.

Reserves

Reserves policy

The Council of Trustees has established a general reserves policy to ensure that Oxfam can maximise the impact of its programme for beneficiaries and manage the impact of unplanned fluctuations in the value of its net income. General reserves provide some protection to the organisation and its charitable programme and provide time to adjust to changing financial circumstances. This limits the risk 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 range for the level of general reserves. This is based on a risk assessment of the probability and likely impact on Oxfam's charitable programme of disruption from financial distress due to a

decline in income, an inability to meet financial obligations, or an inability to reduce expenditure in the immediate short term. The policy ensures that Oxfam's level of general reserves is neither too high nor too low when measured against comparable international development charities and other leading charities. The general reserves range is reviewed annually to reassess the risks and reflect changes in Oxfam's income, financial obligations, and expenditure.

General Reserves (unrestricted)

General reserves are not restricted or designated, as are the other funds, for use on a particular programme or for some other defined or designated purpose. There was a £0.6 million surplus of unrestricted income over expenditure in 2002/03 including £0.4 million for Oxfam's share of the profit after tax of *cafédirect* limited. This compared with a £1.2 million surplus in 2001/02. However, a combination of the increase in the prior year's unspent unrestricted operational grant balances and excess capital expenditure over depreciation required £1.8 million to be released from general reserves into designated funds. In addition, a management review of the 1 May 2002 restricted funds balance resulted in a £6.7 million transfer from restricted funds to general reserves (see Note 20). This has been reported as a prior period adjustment. General reserves were £26.8 million at 30 April 2003. This lies £0.8 million above the upper end of the target range for general reserves of £22–26 million. During 2003/04 management and trustees will be reviewing the implications of the pension fund deficit referred to in Note 22d, and considering whether some of the excess of reserves can be used to fund that deficit.

General reserves are represented by net current assets and are equivalent to approximately four months' unrestricted expenditure at 2002/03 levels.

The actuarial valuation of Oxfam's pension scheme at 30 April 2003, for the purposes of FRS 17, showed a funding deficit of £25.1 million (see Note 22d). FRS 17 does not currently require this deficit to be set off against general reserves, but allowing for such a set off, Oxfam would still be reporting positive general reserves. The cash flow required to meet the £25.1 million deficit relates to future pension contributions. It is therefore expected to arise over the long term rather than in the immediate future, and the amount of the deficit is subject to considerable variability because it depends on a range of demographic and financial assumptions which are likely to change over time. The trustees plan to continue to monitor this situation to ensure that general reserves provide adequate cover against the future liability.

Designated Funds (unrestricted)

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

The Designated Fund for Fixed Assets of £17.0 million (2002: £15.8 million) represents resources invested in the charity's fixed assets that are therefore not available for other purposes.

Other Designated Funds of £1.4 million (2002: £0.4 million) represent Oxfam's share of the profit after tax of *cafédirect* limited and funds set aside by trustees to cover specific operational programmes (not funded by restricted income) which have not been completed by the year-end.

TRUSTEES' REPORT: TREASURER'S REVIEW

The amount transferred from general reserves to designated funds in the year was £1.8 million, being £1.2 million to the designated fund for fixed assets and £0.6 million to other designated funds.

Restricted Funds

These funds are tied to particular purposes.

Restricted funds of £13.8 million (2002: £8.2 million as adjusted) represent unspent monies received from donors subject to the conditions specified by them. These funds may arise because of restrictions on their use required by the donor at the time of receipt or because the funds were collected in a public appeal to raise money for a particular purpose. They are not therefore available for use in other Oxfam work.

A management review of the allocation of expenditure between restricted and unrestricted funds in previous years resulted in a transfer of £6.7 million from restricted reserves to general reserves (see Note 20). This has been reported as a prior period adjustment.

Endowment Funds

Endowment funds of £2.7 million (2002: £1.6 million) represent monies received from donors where there is some restriction on the power to utilise the capital (see Note 19).

Investment policy

Oxfam's investment objective is to achieve a high return on its investment funds while meeting Oxfam's ethical policies, maintaining maximum security and a high degree of liquidity to allow for an unexpected need for additional expenditure, for example in response to a

major humanitarian emergency. To meet this objective Oxfam invests in fixed term or call deposits with a high security rating and either fixed interest rates or a fixed relationship to base rate. Equity investments are nominal in amount and are held only to support Oxfam's advocacy and lobbying activities or when a donor has specified they should be held for a specified time period. The Council of Trustees reviews Oxfam's investment policy annually.

During the year the average return earned by the charity's investments was 4.0% against an average base rate of 3.9%.

Fixed assets

In order to support its programme management, fundraising, administration, humanitarian development, and support activities, Oxfam owns tangible assets in the form of leasehold and freehold property (shops, depots, offices, and warehouses), office and computer equipment, and vehicles. At 30 April 2003 the total value of these assets was £16.8 million, an analysis of which is given in Note 9 to the accounts.

Financial position

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

Risk management

The Council of Trustees has overall responsibility for Oxfam's system of internal control. Such a system of control can provide only reasonable and not absolute assurance against errors or fraud. This risk is further heightened given the rudimentary nature of communications, institutional, and financial infrastructure in many parts of the world in which Oxfam operates. There is clear delegation of authority from the Council of Trustees through the Director and Corporate Management Team to the rest of the organisation.

As part of the annual business planning process, the major strategic and operational risks that Oxfam faces and the ways in which they are being monitored, managed, and mitigated was assessed by the Corporate Management Team, and considered by the Council of Trustees. Additionally, the Corporate Management Team 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 regular cyclical audits. Additional resource has been allocated during 2002/03 to reduce the risks associated with a prolonged audit cycle. The reviews undertaken are prioritised using a risk-based approach. The Head of Internal Audit submits regular reports to the Trustee Audit and Finance Group (TAFG), ensuring that the controls are reviewed on an ongoing basis by staff and skilled volunteers acting on behalf of the Trustees. TAFG monitors the implementation of high priority internal audit recommendations and reports annually to the Council of Trustees on the adequacy of the control environment. Action plans are developed by management

to counter weaknesses in controls. Progress against these plans is regularly reported back to TAFG.

The Council of Trustees is satisfied that systems are in place to monitor, manage, and mitigate Oxfam's exposure to major risks. It considers that maintaining Oxfam's general reserves at the levels stated above, initiatives to reduce staff turnover, and the reviewing of key systems and processes carried out through an internal audit programme will provide Oxfam with adequate risk assurance and sufficient resources in the event of adverse conditions. It also recognises that the nature of some of Oxfam's work requires active acceptance and management of some risks when undertaking activities in order to achieve the objectives of the charity.

Oxfam operates a comprehensive three-year planning and budgeting system with an annual budget approved by the Council of Trustees. The budget is explicitly linked to the current Strategic Plan. Any significant changes to those plans are subject to Trustees' approval. Revised forecasts are undertaken during the course of the year. There is a financial reporting system that compares results to the budget on a monthly basis.

Auditors

PricewaterhouseCoopers were appointed auditors during the year. Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership from 1 January 2003, PricewaterhouseCoopers resigned on 13 January 2003 and the Trustees appointed PricewaterhouseCoopers LLP as auditors.

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

TRUSTEES' REPORT: ORGANISATION AND CORPORATE GOVERNANCE

5. ORGANISATION, CORPORATE GOVERNANCE AND ACCOUNTABILITY

Organisation

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

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

Corporate governance and accountability

The members of the company are known as the Association. This Association is comprised of all the trustees plus a number of other members up to a maximum membership of 32. Members are appointed by the Council, and ratified by the Association. New trustees are appointed by the Association on the recommendation of Council (the Council being the governing body of Oxfam). Members of the Association have guaranteed the liabilities of the company up to £1.00 each.

Applications and nominations for trusteeship and for membership of the Association may be submitted by anyone involved with Oxfam to a group of Trustees and other Association members known as the Recruitment and Development Group. This group considers applications and

nominations in the light of specific criteria and the needs created by retirements. Trustee appointments are based on the need for Council as a whole to have the skills and experience to determine the policies of Oxfam and to monitor the implementation of those policies.

Oxfam is managed by a Corporate Management Team who report to the Council of Trustees. The members of the Corporate Management Team, whose names are listed on page 2, are not directors for the purposes of company law.

The Trustee Audit and Finance Group (TAFG) meets regularly with the external auditors, both with and without the presence of management, 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. It is chaired by the Treasurer, 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 the Corporate Management Team. The Remuneration Committee comprises four Trustees and is chaired by the Chair of Oxfam.

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. Three specified trustees are authorised to act as signatories to dispose of Oxfam property (since two trustee signatures are required under the Charities Act 1993) and two specified trustees are involved in the occasional authorisation of grants which fall outside standard policy guidelines and/or involve sensitive issues.

The question of NGO accountability has been in the headlines in the last year. An international UN-backed study by the think-tank SustainAbility highlighted the challenges facing NGOs in the 21st century. A Washington think-tank has set up a website to track NGOs and what it calls the "growing power of an unelected few". In Britain, questions have been raised about public trust and confidence in charities.

This is something we care a lot about, not least because of the very high level of public trust in Oxfam – a level of trust that we do not take for granted and must earn every day. This trust is demonstrated in the financial support we receive from the public (via our 600,000 committed givers and other occasional givers) and from governments and international organisations. Equally, the tremendous contribution to Oxfam gets from volunteers is another hugely important element of support.

Charity campaigning is subject to specific guidance from the Charity Commission.

Central to compliance with these guidelines is that charity campaigning must be based on well-founded and reasoned argument. Our advocacy and campaigning work is founded on thoroughly researched papers and practical experience. Our goal is to achieve policy and practice change, by engaging with decision makers and those to whom they are accountable. For this reason we also seek to encourage supporters and the public to participate in our campaigns.

One example of this approach was our "Cut the Cost" campaign. The purpose of the campaign was to increase the availability of essential drugs to poor people. Our reports on the vital role played by pharmaceutical companies were sent to the Chief Executives of those companies, prior to publication, to allow them to comment on our case for change. This opened a dialogue between Oxfam and those companies. The campaign achieved some notable successes but much more needs to be done.

We try to be receptive to criticism and recognise the need to engage with critics and regulators to build and maintain public confidence in charity campaigning. For example, when some other NGOs criticised the focus of our trade campaigning in Spring 2002, we published their criticisms on the campaign website and opened a public debate on them. Oxfam staff were interviewed by researchers from SustainAbility for their report on NGO campaigning and we have regular contact with the Charity Commission on this and other regulatory issues.

Oxfam also takes seriously its responsibility to stakeholders. In July 2002 we published our 2nd biennial stakeholder survey. The

TRUSTEES' REPORT: ORGANISATION AND CORPORATE GOVERNANCE

survey, one of two key elements of Oxfam's organisational accountability mechanisms, sets out to ensure that Oxfam listens and responds to both those who support it and those whom it seeks to benefit by its efforts. The survey was administered by independent consultants and is available from www.oxfam.org.uk/survey.

Also in July 2002, Oxfam held its biennial Assembly, a discussion forum where programme partners, supporters, volunteers and staff can debate key issues with senior managers and trustees.

These two key mechanisms combine with a range of approaches, such as programme planning and evaluation, impact assessments and staff performance management, which are embedded in the organisation to contribute to accountability.

In its humanitarian work, Oxfam has co-operated, and will continue to work with, other agencies, especially the Steering Committee for Humanitarian Response (SCHR), to strengthen our accountability. This includes developing new methods of peer review and emphasising the accountability of agencies to people in poverty. Oxfam has also continued its active participation in the Active Learning Network for Accountability and Practice (ALNAP) and the Humanitarian Accountability Project (HAP), two key initiatives aiming at improving the quality of humanitarian response.

Oxfam has participated in discussions on the regulatory environment for charities in Britain. It has submitted contributions to the Cabinet Office review of the regulation of the voluntary sector and participated in

a charity sector initiative on the disclosure of fundraising costs. These costs remain a key concern for many charity supporters and this is the third year in which Oxfam has published specific information relating to fundraising costs in this Report.

Trustees and their statutory responsibilities

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

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

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

In preparing these accounts, trustees have sought to follow best practice in

accounting by charities, as laid down in the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", other current statutory requirements, and the requirements of Oxfam's Memorandum and Articles. Any departures and reasons for departures from the SORP are disclosed in the relevant notes to the accounts.

Oxfam's Memorandum and Articles of Association give the Trustees investment powers, including investment in stock, shares, and debentures in any part of the world. Oxfam's investments are held in accordance with these powers and Oxfam's ethical policies.

Staff and volunteers

Consultation

Oxfam has well-established arrangements for consulting and involving staff in its work. Management and staff bodies negotiate terms and conditions of employment through the Staff Associations in countries outside Britain and through the Oxfam Negotiating Committee in Britain. In Oxford, the Chair and Director hold regular "have your say" meetings to enable staff and volunteers to question them and 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 fortnightly newsletter called VOX, a monthly letter from the

Director, a monthly International Division bulletin, a bi monthly magazine called "Shoptalk", maintains an intranet site, and holds regular Forums throughout the UK.

Equal Opportunities

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

Disabled employees

Oxfam gives full and fair consideration to applications for employment from disabled people. In line with Oxfam's Equal Opportunities policy and the Disability Discrimination Act, every reasonable measure is taken to adapt the site and working conditions to enable appointment. Oxfam's policy on training, career development, and promotion of disabled people is, as far as possible, identical to that for other employees. If employees become disabled, every effort is made to ensure their continued employment and, where possible, the site and working conditions are adapted.

Volunteers

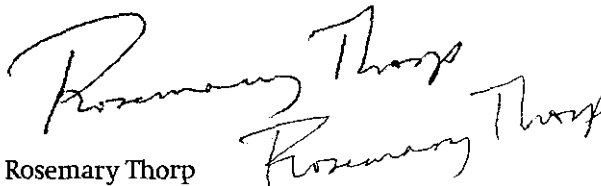
Over 20,000 volunteers work in Oxfam shops and thousands of others contribute their time to Oxfam in other ways. Most make a regular commitment, ranging from a few hours to a full working week. Some use their professional expertise and others give their time and energy in work that is not related to their everyday jobs. Some volunteers may be retired, or not in paid

TRUSTEES' REPORT: ORGANISATION AND CORPORATE GOVERNANCE

employment. Oxfam tries to apply the principles of involvement and equality to its many volunteers.

Everyone who works with Oxfam is encouraged to feel part of a world-wide movement of people who are working together to overcome poverty and suffering. We are intensely grateful to all of them.

Oxfam would not be able to operate as it does without them.

A handwritten signature in cursive script, reading 'Rosemary Thorp', written twice in a slightly overlapping manner.

Rosemary Thorp
Chair of Oxfam
3 October 2003

INDEPENDENT AUDITOR'S REPORT

Independent auditors' report to the members of the Association of Oxfam

We have audited the financial statements which comprise the statement of financial activities, the income and expenditure account, the balance sheets, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The trustees are also directors of Oxfam for the purpose of Company Law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the 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 any 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 if, in our opinion, the trustees' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

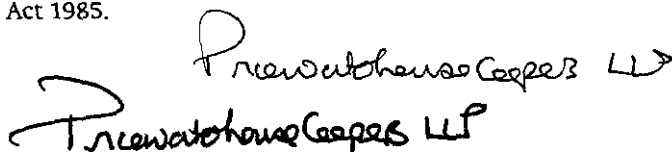
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment

OXFAM-ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 of the state of affairs of the charitable company and the group at 30th April 2003 and of the net incoming resources, including the income and expenditure, and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

 PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
3 October 2003

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Trading Activities £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endow- ment Funds £'000	Totals 2003 £'000	Totals 2002 £'000	
Incoming resources							
2a	Donations, legacies and similar incoming resources	—	68,439	12,800	967	82,206	74,718
	<i>Activities in furtherance of the charity's objects:</i>						
2b	Resources from government, other public authorities and non government organisations	—	—	39,014	—	39,014	46,265
	<i>Activities for generating funds:</i>						
2c	Trading sales	64,673	—	—	—	64,673	65,145
2d	Investment income and other incoming resources	—	2,957	120	—	3,077	3,270
	Total incoming resources	64,673	71,396	51,934	967	188,970	189,398
Less: Cost of generating funds							
2c	Trading costs	48,997	—	—	—	48,997	54,591
2f	Fundraising costs	—	18,067	34	—	18,101	19,872
	Net incoming resources	15,676	53,329	51,900	967	121,872	114,935
2c	Transfer of profit on trading activities	(15,676)	15,658	18	—	—	—
	Net incoming resources available for charitable application	—	68,987	51,918	967	121,872	114,935
Charitable expenditure							
3b,3d	Grants payable in furtherance of the charity's objects	—	15,963	4,119	—	20,082	15,309
3c,3d	Costs of activities in furtherance of the charity's objects	—	16,537	34,065	—	50,602	50,599
2a,2b	Gifts in kind	—	—	7,105	—	7,105	16,012
3e	Support costs	—	33,276	1,024	—	34,300	27,254
3f	Managing & administering the charity	—	3,008	—	—	3,008	3,031
3a	Total charitable expenditure	—	68,784	46,313	—	115,097	112,205
	Total resources expended	—	135,848	46,347	—	182,195	186,668
	Net income before revaluations, transfers & investment asset disposals	—	203	5,605	967	6,775	2,730
10	Share of retained profit in associated company	—	398	—	—	398	—
	<i>Gain on investments:</i>						
10,19	Unrealised	—	5	—	60	65	11
	Realised	—	—	—	—	—	81
	Net movement in funds	—	606	5,605	1,027	7,238	2,822
	Total funds brought forward	—	37,921	14,831	1,636	54,388	51,566
20	Prior period adjustment	—	6,663	(6,663)	—	—	—
	Total funds brought forward as adjusted	—	44,584	8,168	1,636	54,388	51,566
	Total funds carried forward	—	45,190	13,773	2,663	61,626	54,388

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities. All activities are continuing.

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

SUMMARY INCOME AND EXPENDITURE ACCOUNT

Oxfam Group		2003	2002
Notes		£'000	Restated £'000
Income			
2a	Donations, legacies & similar incoming resources	81,239	74,718
2b	Resources from Government and other public authorities	39,014	46,265
2c	Trading sales	64,673	65,145
2d	Investment income and other incoming resources	3,077	3,270
	Realised gains on disposal of investments	—	81
	Total realised income	188,003	189,479
Less:			
2c	Trading costs	(48,997)	(54,591)
2f	Fundraising costs	(18,101)	(19,872)
3a	Charitable expenditure	(115,097)	(112,205)
8	Surplus of income over expenditure	5,808	2,811
10	Share of retained profit in associated company	398	—
Transfers (to)/from other funds:			
20	Transfer (to)/from Restricted funds	(5,605)	(1,491)
21	Transfer (to)/from Designated fund — Other	(1,036)	2,354
	Transfer (to)/from Designated fund — Fixed assets	(1,190)	1,359
	Prior Period adjustment	—	6,663
21	General Reserves at 30 April 2002	28,415	16,719
21	General Reserves at 30 April 2003	26,790	28,415

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

BALANCE SHEET

Notes	Oxfam		Oxfam Group	
	2003	2002 Restated	2003	2002 Restated
	£'000	£'000	£'000	£'000
Fixed assets				
9 Tangible assets	16,689	15,461	16,848	15,661
10 Investments	5,245	4,212	3,206	1,775
	21,934	19,673	20,054	17,436
Current Assets				
11 Stocks	2,569	2,468	3,005	2,844
12 Debtors	14,757	11,352	15,356	11,881
13 Cash at Bank and in hand	43,198	36,650	43,204	36,712
	60,524	50,470	61,565	51,437
14 Creditors: amounts falling due within one year	(17,977)	(13,140)	(16,712)	(11,830)
Net Current Assets	42,547	37,330	44,853	39,607
Total assets less current liabilities	64,481	57,003	64,907	57,043
15 Creditors: amounts falling due after one year	(19)	(19)	(47)	(59)
16 Provisions for liabilities and charges	(3,234)	(2,596)	(3,234)	(2,596)
Net Assets	61,228	54,388	61,626	54,388
Charitable Funds				
19 Endowment funds	2,663	1,636	2,663	1,636
20 Restricted funds	13,773	8,168	13,773	8,168
21 Designated fund — fixed assets	16,973	15,778	16,973	15,778
21 Designated fund — other	1,029	391	1,427	391
21 General reserves	26,790	28,415	26,790	28,415
	61,228	54,388	61,626	54,388

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

Rosemary Thorp (Chair of Oxfam)
3 October 2003

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

CONSOLIDATED CASH FLOW STATEMENT (see Note 25)

	2003 £'000	2003 Restated £'000	2002 £'000	2002 Restated £'000
Net cash inflow from operating activities		9,390		17,418
Returns on investments and servicing of finance				
Deposit interest received	1,297		989	
Investment income (on endowment investments)	62		63	
Other Interest	40		—	
Finance lease interest paid	(13)		(15)	
		1,386		1,037
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets — additions	(5,260)		(3,169)	
Payments to acquire tangible fixed assets — on finance leases	(14)		(53)	
Receipts from sales of tangible fixed assets	229		742	
Acquisition of fixed asset investments	(4)		(1)	
Disposal of fixed asset investments	3		240	
Net increase in endowment investments	(967)		—	
		(6,013)		(2,241)
Net cash inflow before management of liquid resources and financing		4,763		16,214
Financing				
Capital element of finance leases	(64)		(75)	
Additions to endowments	967		—	
		903		(75)
Increase in cash in the year		5,666		16,139

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 the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' and applicable accounting standards.

As a large and complex charity, Oxfam seeks to provide certain ancillary services in-house, such as printing, design, warehousing, and support of information systems and technology. These services are recharged to user departments on the basis of units of output, rather than by apportioning costs, to supported functions as appearing in the Statement of Financial Activities.

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

In addition to the prior period adjustment between general and restricted reserves (see Note 20), adjustments have been made to comparatives in the primary statements to ensure consistency with the 2002/03 position (see Notes 12, 13, 14, 15, 16). These amendments have not had an impact on the prior year net incoming resources or net assets brought forward.

b. Basis of consolidation

The accounts of Oxfam's trading subsidiary company, Oxfam Activities Limited, are consolidated with the accounts of Oxfam. The taxable profit of Oxfam Activities Limited is donated to Oxfam by 'Gift Aid'

so that there is no liability to corporation tax.

The accounts of cafédirect limited, in which Oxfam Activities Limited has a 25 per cent holding are accounted for using the equity method. The consolidated Statement of Financial Activities includes the group's share of associates' profits after tax while the group's share of the net assets of cafédirect limited is shown in the consolidated balance sheet. This is the first year that the investment in cafédirect limited has been accounted for using the equity method. In previous years it was accounted for at cost due to its relatively small size.

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

To comply with overseas local legislation, Oxfam has established 100% 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. Incoming resources

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

Income from 'Gift Aid' tax reclaims is recognised for any 'Gift Aid' certificates

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

received up to a month after the year-end, in relation to donations made prior to the year-end.

Grants from governments and other agencies have been included as 'resources from government and other public authorities' where these amount to a contract for particular services, but as 'donations, legacies and similar incoming resources' where the money is given in response to an appeal or where greater freedom of use exists.

d. Costs of generating funds

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

e. Charitable expenditure

Grants payable in furtherance of the charity's objects are recognised as expenditure at the time of signing the contract with the partner organisation. Standard partner contracts are typically for a year's duration. The value of grants approved, but still to be paid, are included in the Balance Sheet as current liabilities.

Costs of activities in furtherance of the charity's objects are accounted for as they are incurred. Any unrestricted expenditure that has been approved, but remains unspent at the year-end, is provided for under designated funds.

Support costs represent the costs of Oxfam's core field offices and the costs incurred by GB-based staff who are directly providing support for Oxfam's international programme. It includes management, policy and advocacy work, supervision and technical support for Oxfam's emergency programmes, and the running costs of the Oxfam logistics operations.

Managing and administering the charity expenditure represents the salaries, direct expenditure, and overhead costs incurred by Finance, Human Resources, and Internal Audit departments, and the Directorate, attributable to the management of the charity's assets, organisational administration, and compliance with constitutional and statutory requirements.

f. Gifts in kind

Food aid, for which Oxfam accepts full responsibility for distribution, is included in "Resources from government and other public authorities" at its market value when it is distributed, and under "Charitable expenditure" at the same value and time.

Blankets and clothing, etc. received and given to overseas projects are included in incoming resources and charitable expenditure at market value at the time of export. They are not brought into the accounts until that time. This is taken to be the point at which the goods have a value to the beneficiary.

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

g. 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 all 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 operational 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.

h. 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 'Accounting and Reporting by Charities'. However, due to the specific circumstances relating to these properties the Trustees consider it appropriate to classify them as fixed asset investments.

Fixed asset investments are included in the Balance Sheet at market value.

i. 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.

j. 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.

k. Pension scheme

Oxfam operates defined benefit and defined contribution pension schemes.

The defined benefit scheme provides benefits based on final pensionable pay. The expected cost of providing these benefits, as calculated periodically by professionally qualified actuaries, is charged to the Statement of Financial Activities. The charge spreads the cost of pensions over employees' working lives with Oxfam, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll costs.

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

The cost of providing pensions to employees who are members of defined contribution schemes is charged to the Statement of Financial Activities as contributions are made.

The accounts have been prepared according to SSAP 24 under the “projected unit” actuarial method. In addition the accounts disclose information in accordance with the transitional requirements of FRS 17.

l. Finance and operating leases

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

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

m. Other commitments

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

n. Fund accounting

Restricted, designated, and other unrestricted funds are separately disclosed, as set out in notes 20 and 21. The different funds held are defined as follows:

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

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

- **Designated fund for fixed assets**, which represents resources invested in the charity’s tangible fixed assets and certain fixed asset investments. The fund is therefore not readily available for other purposes.
- **Other designated funds** that are set aside by trustees to cover operational programmes (not funded by restricted income) where grants have been allocated during the year, but not paid out by the year-end.

o. Savings and credit schemes

Oxfam provides funds under savings and 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. The cost of Oxfam’s contributions to these schemes is included in charitable expenditure.

p. Guarantees

In support of Oxfam’s market access programme, Oxfam guarantees advances to specific third parties under “Commercial Order Export Credit”. All guarantees are for a maximum of two years and a stated maximum liability. Further details on outstanding guarantees as at 30 April 2003 are given in note 18.

At 30 April 2003, in addition to legacy income that has been included in the accounts on the above basis, Oxfam expected to benefit from a number of legacies from estates for which the administration had yet to be finalised. Oxfam's future income from these legacies is estimated at £2.0 million (2001/02: £1.3 million).

2. INCOME

a. Donations, legacies, and similar incoming resources

	2003 £'000 Unrestricted	2003 £'000 Restricted	2003 £'000 Endowments	2003 £'000 Total	2002 £'000 Total
Committed Giving	51,713	—	—	51,713	45,224
Legacies	10,284	2	—	10,286	9,965
Public donations, appeals, & fundraising events	6,442	4,070	967	11,479	11,800
Gifts in Kind — blankets & clothing	—	—	—	—	46
Disasters Emergency Committee (DEC) appeals	—	2,058	—	2,058	1,173
UK government — Department for International Development (Partnership Programme Agreement)	—	6,670	—	6,670	6,510
	68,439	12,800	967	82,206	74,718

b. Resources for specific programmes from governments, other public authorities and non government organisations

	2003 £'000	2002 £'000
UK government — Department for International Development	6,288	6,276
European Union	9,491	10,373
UNHCR	1,779	1,316
Other UN agencies	337	2,088
Members of Oxfam International (Note 24)	6,999	6,699
Non-UK governments	4,179	1,576
Other international agencies	2,185	1,334
Community Fund	524	618
Other UK agencies	127	19
Gifts in Kind — supplies, equipment, blankets and clothing	27	100
Gifts in Kind — Food Aid received from World Food Programme	6,358	15,841
Gifts in Kind — Food Aid received from Euronaid	440	—
Gifts in Kind — Food Aid received from European Union	217	—
Gifts in Kind — Food Aid from other donors	63	25
	39,014	46,265

Oxfam acknowledges funding from the Community Fund for the UK Poverty Programme (£242,000), AIDS intervention in India (£196,000) and education in Mozambique (£86,000).

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

c. Activities for generating funds: Trading income

	2003 Oxfam £'000	2003 OAL £'000	2003 Total £'000	2002 Oxfam £'000	2002 OAL £'000	2002 Total £'000
Turnover from donated goods	51,093	3,973	55,066	49,096	3,725	52,821
Turnover from purchased goods	3,894	5,713	9,607	6,782	5,542	12,324
Total trading sales	54,987	9,686	64,673	55,878	9,267	65,145
Trading expenses	40,442	8,555	48,997	47,014	7,577	54,591
Net trading income	14,545	1,131	15,676	8,864	1,690	10,554
<i>In addition, the following amounts, included within donations, were collected through the shops:</i>						
Unrestricted donations	567	—	567	678	—	678
Restricted donations	902	—	902	828	—	828
Net income including donations	16,014	1,131	17,145	10,370	1,690	12,060

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

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

Turnover from donated goods includes rental income from sublet units of Oxfam shops of £0.6 million (2001/02: £0.6 million).

No charge is made to the trading subsidiary for rags provided from Oxfam shops.

Interest on working capital of £0.2 million (2001/02: £0.2 million) was charged to OAL by Oxfam. The profit earned by OAL for the financial year ending 30 April 2003 was £0.9 million (2001/02: £1.5 million).

At 30 April 2003, the aggregate capital and reserves of OAL amounted to £2,000.

By reporting the turnover and results of its subsidiaries separately, Oxfam is taking advantage of the concession, given by paragraph 304 of the Charities SORP October 2000, not to prepare separate consolidated and charity Statement of Financial Activities.

d. Investment income and other incoming resources

	2003	2002
	£'000	£'000
Deposit interest — unrestricted	1,210	1,041
Deposit interest — restricted	120	150
Other interest — unrestricted	40	—
Sale of printed material	626	982
(Loss)/profit on disposal of fixed assets	(61)	8
Interest on endowments	62	63
Nursery fees	179	174
Sale of humanitarian equipment	504	685
Miscellaneous overseas income	153	83
Seoul Peace Prize	129	—
Prior year VAT recovery	63	—
Others	52	84
	3,077	3,270

e. Total unrestricted incoming resources

Total unrestricted incoming resources for the year amounted to £136.1 million (2001/02 £130.0 million).

f. Fundraising costs

Fundraising costs represent costs to raise both restricted and unrestricted income, excluding trading sales. This is analysed as follows:

	2003	2002
	£'000	£'000
Staff costs	4,475	4,328
Irrecoverable VAT	1,210	1,246
Other costs	12,416	14,298
	18,101	19,872

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

3. CHARITABLE EXPENDITURE

a. Charitable expenditure – functional analysis

Oxfam's relief and development programme can 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.

	2003 £'000	2002 £'000
Food and income security	16,327	15,152
Employment	1,390	1,177
Health	5,350	6,399
Education	3,265	3,678
Saving and protecting lives	21,453	17,671
Conflict reduction	2,501	2,501
Right to be heard	8,268	7,135
Right to equity	3,821	3,898
Information, campaigning, and education	8,309	8,297
Gifts in Kind	7,105	16,012
Support costs	34,300	27,254
Managing and administering the charity	3,008	3,031
Total	115,097	112,205

Gifts in Kind is primarily the distribution of food aid and would be included in "saving and protecting lives". It is separately analysed due to its significance.

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

Much of Oxfam's development programme is carried out through grants to local organisations that support long-term, sustainable benefits for a community. Grants are also made to fund immediate emergency relief provision in times of crisis, catastrophe, or natural disaster. Details of the top 50 grant recipients made by Oxfam to partners are listed at Note 24.

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

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

d. Information, campaigning, and education

Oxfam's information, campaigning, and education programme has several key objectives in furtherance of Oxfam's purposes. One is to inform the British public about our international experience of work with poor people. We carry out research and analysis of the issues raised by our work. 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. Another is to campaign for changes for the benefit of poor people. A third is to contribute the experience that comes from the international programme to the curricula and methods of school teaching and youth work in Great Britain.

e. Support costs

Support costs, as defined under accounting policies may be analysed as follows:

	2003 £'000	2002 £'000
Staff costs	22,114	17,283
Other costs	12,186	9,971
	<u>34,300</u>	<u>27,254</u>

f. Managing and administering the charity

Management and administration expenditure, as defined under accounting policies may be analysed as follows:

	2003 £'000	2002 £'000
Staff costs	1,532	1,562
Other costs	1,476	1,469
	<u>3,008</u>	<u>3,031</u>

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

4. EMPLOYEES

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

GB contracted employees	2003 FTE	2002 FTE	2003 Head count	2002 Head count
Trading Division	745	772	940	1,002
Marketing Division	317	319	336	344
Corporate Functions	143	137	157	151
Programme Headquarters	255	258	270	274
Programme Field (based overseas)	80	71	80	71
	<u>1,540</u>	<u>1,557</u>	<u>1,783</u>	<u>1,842</u>
Staff based overseas on local contracts			2,144	2,067
			<u>3,927</u>	<u>3,909</u>

The average number of employees based overseas on local contracts is only expressed in terms of head count since an average full-time equivalent is not available.

Oxfam operates employment policies that 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. GB CONTRACTED STAFF COSTS

	2003 £'000	2002 £'000
Salaries and wages	34,536	35,308
National Insurance	2,640	2,533
Pension cost	2,158	2,231
	<u>39,334</u>	<u>40,072</u>

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. Salaries and wages includes the cost of redundancies arising from changes following reviews of some of Oxfam's operations.

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

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

	2003	2002
£50,000 to £59,999	3	3
£60,000 to £69,999	4	4
£70,000 to £79,999	1	1

Retirement benefits are accruing under defined benefit schemes for seven (2001/02: six) higher paid employees. In addition, Oxfam paid £7,000 (2001/02: £6,000) into a defined contribution pension scheme for one (2001/02: one) higher paid employee.

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 2002/03 totalled £21,000 (2001/02: £24,000) paid to six (2001/02: seven) trustees. The most significant element of trustees' expenses are costs of overseas programmes visits by trustees. Some trustees make donations to Oxfam to match these costs. This income is included in public donations (see Note 2a).

7. INCOME AND EXPENDITURE ACCOUNT

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

Oxfam 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 income for Oxfam excluding its wholly owned subsidiaries for the year ended 30 April 2003 was £4.7 million (2001/02: £1.1 million).

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

8. SURPLUS/(DEFICIT) OF INCOME FOR THE FINANCIAL YEAR

IS STATED AFTER CHARGING/(CREDITING):

	2003 £'000	2002 £'000
Finance lease interest	13	15
Depreciation of Tangible Fixed Assets	3,797	3,693
Hire of vehicles and equipment	782	1,484
Property rental	14,636	15,831
Auditors remuneration — Statutory Audit (GB)	69	44
— Audit (Overseas)	71	28
— Other	7	4
Rental income	(571)	(564)
Exchange rate differences	802	(63)
Indemnity insurance	3	3
Income from endowment capital	(62)	(63)
Irrecoverable VAT	1,442	1,484

The reported exchange rate loss was £802,000 (2001/02: gain £63,000). This reported loss consists of two elements;

- i) Gains and losses due to Oxfam using standardised internal exchange rates when transferring funds abroad. Where these standardised rates differ from actual rates, the difference is reported as an exchange gain or loss. This reported gain/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.

9. TANGIBLE FIXED ASSETS

Oxfam

	Freehold property £'000	Leasehold property £'000	Furniture Fixtures Equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 May 2002	10,977	23,529	15,974	2,489	52,969
Additions	8	21	4,688	525	5,242
Disposals	(270)	(1,152)	(503)	(382)	(2,307)
At 30 April 2003	10,715	22,398	20,159	2,632	55,904
Depreciation					
At 1 May 2002	2,686	21,763	11,069	1,990	37,508
Charge for the year	181	828	2,391	324	3,724
Disposals	(67)	(1,110)	(461)	(379)	(2,017)
At 30 April 2003	2,800	21,481	12,999	1,935	39,215
Net Book Value					
At 30 April 2003	7,915	917	7,160	697	16,689
At 30 April 2002	8,291	1,766	4,905	499	15,461

The additions to furniture fixtures and equipment mainly relate to the ongoing programme of shop refurbishment. Management have also been reducing the period of the lease liability on our shops.

Oxfam Group

	Freehold property £'000	Leasehold property £'000	Furniture Fixtures Equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 May 2002	10,977	23,663	16,457	3,025	54,122
Additions	8	22	4,703	541	5,274
Disposals	(270)	(1,152)	(503)	(386)	(2,311)
At 30 April 2003	10,715	22,533	20,657	3,180	57,085
Depreciation					
At 1 May 2002	2,686	21,844	11,474	2,457	38,461
Charge for the year	181	837	2,420	359	3,797
Disposals	(67)	(1,110)	(461)	(383)	(2,021)
At 30 April 2003	2,800	21,571	13,433	2,433	40,237
Net Book Value					
At 30 April 2003	7,915	962	7,224	747	16,848
At 30 April 2002	8,291	1,819	4,983	568	15,661

The book value of land (which is not depreciated) included in freehold properties is £1.8 million (2002: £1.8 million). The net book value of leases over 50 years, grouped with the freeholds, is £0.1 million (2002: £0.1 million).

All tangible fixed assets are held for charitable use.

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

10. FIXED ASSET INVESTMENTS

Oxfam

	Freehold property £'000	Cash £'000	Quoted £'000	Unquoted £'000	Total £'000
Market Value:					
At 1 May 2002	182	1,528	—	2,502*	4,212
Additions	—	926	42	3	971
Disposals	—	(3)	—	—	(3)
Revaluations	65	—	—	—	65
At 30 April 2003	247	2,451	42	2,505	5,245

Oxfam Group

	Freehold property £'000	Cash £'000	Quoted £'000	Unquoted £'000	Total £'000
Market Value:					
At 1 May 2002	182	1,528	—	65**	1,775
Additions	—	926	42	3	971
Share of retained profits in associated company	—	—	—	398	398
Disposals	—	(3)	—	—	(3)
Revaluations	65	—	—	—	65
At 30 April 2003	247	2,451	42	466	3,206

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

**This comprises 220,000 ordinary shares at £1 each and 32,500 redeemable preference shares of £1 each in cafédirect limited, a company registered in Scotland, which represent a 25 per cent interest in the company. The principal activity of the company is the promotion of Fair Trade through the marketing and distribution of coffee and tea.

The following information is given in respect of the group's share in cafédirect limited.

	2003 £'000
Turnover	3,205
Profit after tax	102
Fixed assets	20
Current assets	1,251
Liabilities due within one year	778
Liabilities due after one year	30

The share of retained profit in associated company recognised in the Statement of Financial Activities in the year ended 30 April 2003 is analysed:

	2003 £'000
Share of retained profit in year ended 30 April 2003	102
Share of retained profit for previous years	296
	398

The source of the above financial information is the audited financial statements of cafédirect limited for the year ended 30 September 2002 and the management accounts of cafédirect limited for the seven months ended 30 April 2003.

Fixed asset investments are stated at market value. All the fixed asset investments are held in the UK except for £3,000 ordinary shares held in Azerbaijan Republic.

Freehold investment properties with an original cost of £85,000 are included in the Balance Sheet at market value of £247,000.

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

At 30 April 2003, Oxfam had an interest in the following subsidiary and associate undertakings, all of which are registered in Great Britain (unless stated).

Organisation name	Class of share capital held	Portion held by parent company	Portion held by other group companies	Nature of business
Oxfam Activities Limited	Ordinary	100%	—	Raises funds through trading activities
caf direct limited	Ordinary	—	25%	Promotes Fair Trade
caf direct limited	Preference	—	33⅓%	Promotes Fair Trade
Living on the Line Limited	Ordinary	100%	—	Dormant
Non-banking credit organisation Inkisaf Ucum Maliyye (Finance for Development) Limited Liability Company (Azerbaijan Republic)	Ordinary	100%	—	Operating micro credit schemes

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

Country of Registration	Organisation Name	Nature of Business
Barbados	Oxfam UKI Inc	As per Oxfam
Brazil	Associacao Recife Oxford para Coeracao ao Desenvolvimento	As per Oxfam
Chile	Sociedad De Desarrollo Oxfam Limitada	As per Oxfam
India	Oxfam (India) Trust	As per Oxfam
South Africa	Oxfam Great Britain	As per Oxfam
Armenia	Horizon Fund	Operating micro credit schemes

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

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

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

11. STOCKS

	Oxfam		Oxfam Group	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Oxfam Trading stocks	476	693	912	1,069
Emergency stocks	1,484	1,572	1,484	1,572
Other stocks	609	203	609	203
	<u>2,569</u>	<u>2,468</u>	<u>3,005</u>	<u>2,844</u>

12. DEBTORS

	Oxfam		Oxfam Group	
	2003 £'000	2002 Restated £'000	2003 £'000	2002 Restated £'000
Tax recoverable	5,797	3,619	5,798	3,619
Amounts due from institutional donors	2,894	1,634	2,894	1,634
Other debtors	1,555	1,610	2,080	2,055
Prepayments	4,276	4,287	4,349	4,371
Accrued Income	235	202	235	202
	<u>14,757</u>	<u>11,352</u>	<u>15,356</u>	<u>11,881</u>

13. CASH AT BANK AND IN HAND

	Oxfam		Oxfam Group	
	2003	2002	2003	2002
	£'000	Restated £'000	£'000	Restated £'000
Cash on short term deposit*	23,003	22,000	23,003	22,000
Cash and bank balances	20,195	14,650	20,201	14,712
	43,198	36,650	43,204	36,712

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

14. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Oxfam		Oxfam Group	
	2003	2002	2003	2002
	£'000	Restated £'000	£'000	Restated £'000
Bank overdraft*	1,574	701	1,579	767
Obligations under finance leases	—	—	21	59
Grants to partners (unrestricted)	1,981	234	1,981	234
Grants to partners (restricted)	1,213	865	1,213	865
Amount due to subsidiaries	1,768	1,927	—	—
Trade creditors	5,009	3,390	5,286	3,597
Accruals	5,367	5,096	5,567	5,350
Other tax and social security	876	713	876	744
Interest-free loans	189	214	189	214
	17,977	13,140	16,712	11,830

*Overdrafts arise on some overseas bank accounts and certain UK accounts as a result of Oxfam's banking arrangements. For interest purposes, UK overdrafts are offset against Oxfam's UK cash balances.

15. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Oxfam		Oxfam Group	
	2003	2002	2003	2002
	£'000	Restated £'000	£'000	Restated £'000
Obligations under finance leases payable in two to five years	—	—	28	40
Other loans	19	19	19	19
	19	19	47	59

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Oxfam & Oxfam Group		
	End of Contract £'000	Dilapidations £'000	Total £'000
At May 2002	2,096	500	2,596
Movement in the year	761	(123)	638
At April 2003	2,857	377	3,234

The end of contract provision is an arrangement for staff on non-UK contracts, where a lump sum is paid at the end of their contract in lieu of Oxfam paying monthly amounts into a pension scheme.

Dilapidations are amounts set aside to cover the future potential costs of restoring properties to their required condition at the end of their lease.

17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Oxfam		Oxfam Group	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Amounts payable:				
Within one year	—	—	26	72
Between two and five years	—	—	32	49
	—	—	58	121
Less finance charges allocated to future periods	—	—	(9)	(22)
	—	—	49	99

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

18. CONTINGENT LIABILITIES

Market access guarantees

As at 30 April 2003 one 'commercial order export guarantee' issued in the normal course of business with a maximum potential liability of £13,000 was outstanding. The guarantee will expire on 31 December 2003.

Loan Guarantees

As at 30 April 2003 one 'specific deed of counter indemnity' issued to National Westminster Bank plc with a maximum potential liability of £375,000 was outstanding. The counter indemnity will expire on 31 October 2003 and was issued against a loan facility guarantee which National Westminster Bank plc had given at the request of Central de Cooperativas Cafetaleras de Honduras ('Café la Central') in favour of Rabobank International. The loan facility enabled 'Café la Central' to expand a sales contract with a long standing buyer and all parties are confident that the loan will be repaid in full.

19. ENDOWMENT FUNDS

	Balance at 1 May 2002 £'000	Income £'000	Revaluation £'000	Balance at 30 April 2003 £'000
Mary & Henry Makinson Spink Memorial Fund	1,366	—	—	1,366
Carr-Webb Fund	130	919	60	1,109
Other	140	48	—	188
	1,636	967	60	2,663

The increase in the value of the Carr-Webb Fund during the year was due to a donation of £919,000 and the revaluation of a property.

£190,000 of the Carr-Webb Fund is represented by a property that has been revalued in the year. The value of the property has increased by £60,000.

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

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

20. RESTRICTED FUNDS

	Balance at 1 May 2002	Prior period adjustment*	Revised balance at 1 May 2002 as adjusted	Income	Expenditure	Balance at 30 April 2003
	£'000	£'000	£'000	£'000	£'000	£'000
EMERGENCY FUNDS						
Southern Africa	—	—	—	1,411	(504)	907
Iraq	—	—	—	150	(1)	149
Gujarat (India) earthquake	979	(185)	794	10	(227)	577
Afghanistan	1,724	(389)	1,335	81	(561)	855
General catastrophe	5,357	(3,668)	1,689	581	(610)	1,660
Ethiopia	—	—	—	262	(1)	261
CONTRACTS/REGIONAL FUNDS						
Horn, East, and Central Africa	2,419	(509)	1,910	7,107	(6,824)	2,193
Southern Africa	2,153	(1,375)	778	10,871	(8,783)	2,866
West Africa	259	(129)	130	1,821	(1,585)	366
East Asia	6	205	211	1,250	(1,591)	(130)
South Asia	324	242	566	5,332	(4,037)	1,861
Middle East, Eastern Europe, and Commonwealth of Independent States	1,190	(239)	951	4,243	(3,768)	1,426
South America	78	(399)	(321)	1,293	(1,044)	(72)
Central America, Mexico, and the Caribbean	296	(232)	64	2,401	(1,942)	523
GB Programme	25	15	40	610	(338)	312
Food Aid	—	—	—	7,105	(7,105)	—
Partnership Programme Agreement	—	—	—	6,670	(6,670)	—
Other income	—	—	—	719	(719)	—
	14,810	(6,663)	8,147	51,917	(46,310)	13,754
Kirkley Education Fund	21	—	21	1	(3)	19
	14,831	(6,663)	8,168	51,918	(46,313)	13,773

* A management review of the allocation of expenditure between restricted and unrestricted funds in previous years was completed during the year. The review concluded that some prior year expenditure had been incorrectly classified as unrestricted in the accounting records. This expenditure was correctly classified as restricted in the reports to donors. Consequently, the 1 May 2002 restricted funds balance was overstated and general reserves understated by an equal amount. This did not affect Oxfam's liabilities to donors of restricted funds. The prior year incorrect classification has been corrected by a £6.7 million transfer from restricted funds to general reserves. This has no overall effect on the total funds brought forward.

Deficit funds may occur 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 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.

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

21. UNRESTRICTED FUNDS

Movements on group unrestricted funds are as follows:

	General reserves £'000	Designated fund fixed assets £'000	Designated funds other £'000	Total £'000
Balance at 1 May 2002 (as adjusted)	28,415	15,778	391	44,584
Surplus for the Year	203	5	398	606
Transfers between funds	(1,828)	1,190	638	—
Balance at 30 April 2003	26,790	16,973	1,427	45,190

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

The movement in designated funds other is analysed as follows:

	Balance at 1 May 2002 £'000	Transfers in £'000	Transfers out £'000	Balance at 30 April 2003 £'000
Incomplete operational programmes	391	509	—	900
Seoul peace prize	—	129	—	129
Share of profit after tax in associated company	—	398	—	398
	391	1,036	—	1,427

The movement in Oxfam designated funds other excludes the £398,000 share of profit after tax in associated company.

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

22. COMMITMENTS

a. Capital

At 30 April the following capital expenditure had been authorised:

Oxfam		Oxfam Group	
2003 £'000	2002 £'000	2003 £'000	2002 £'000
—	79	—	79

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	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Within one year	—	2,895	—	2,895
Between two and five years	5,559	909	5,559	909
	5,559	3,804	5,559	3,804

c. Operating leases

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

	Oxfam		Oxfam Group	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
i) Land and Buildings				
Operating leases which expire within:				
Within one year	2,162	1,220	2,162	1,220
In the second to fifth years inclusive	5,799	5,018	5,799	5,260
After five years	5,917	7,036	6,055	7,278
	13,878	13,274	14,016	13,758
ii) Vehicles				
Operating leases which expire:				
Within one year	33	47	33	47
In the second to fifth years inclusive	290	154	290	154
	323	201	323	201

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, Watson Wyatt.

The scheme was closed to new members on 31 January 2003. As a result, under the projected unit method of valuation, the current service cost increases as the members of the scheme approach retirement.

From 1 May 2002 until 31 January 2003 Oxfam contributed 10.7% of employees pensionable pay to the scheme. From 1 February 2003 this increased to 13.7%. The employee's contribution has remained at 5.0% of pensionable pay.

The pension costs for this scheme for the year were £2.1 million (2001/02: £2.2 million) Contributions paid during the year were £2.1 million (2001/02: £1.9 million) (see note 5).

These accounts reflect the valuation under SSAP 24. In addition the accounts disclose information in accordance with the transitional requirements of FRS 17.

Defined benefit pension scheme SSAP 24 reporting

A full actuarial valuation was carried out at 30 September 2001 and updated at 30 April 2003. For the purpose of calculating pension costs under SSAP 24 the 'projected unit' actuarial method has been adopted. Actuarial assumptions were as follows:

Financial assumptions	April 2003 funding review	September 2001 valuation
	%	%
*Pensions accrued before 1 January 2000 receive 5% fixed increases in deferment and payment.		
Rate of return on future contributions	6.60	6.60
Rate of return on accumulated assets**	7.00	6.50
Rate of increase on salaries	4.50	4.50
** Under the SSAP 24 valuation the discount rate used for liabilities is the rate of return on accumulated assets.		
Rate of increase of pensions (deferred and in payment)*	2.50	2.50
Rate of price inflation	2.50	2.50
Rate used to discount scheme liabilities**	7.00	6.50

The value of the scheme and funding level was as follows:

	April 2003 funding review £'000	September 2001 valuation £'000
Market value of scheme assets	30,960	33,180
Value of liabilities	43,360	40,980
Surplus / (deficit)	(12,400)	(7,800)
Funding level	71%	81%

Defined benefit pension scheme FRS 17 disclosures

The valuation of the scheme for the purposes of FRS 17 disclosure was based on the following assumptions:

Assumptions	30 April 2003 %	30 April 2002 %
Rate of return on investments***	7.77	7.40
Rate of increase in salaries	4.50	4.50
Rate of increase of pensions (deferred and in payment)*	2.50	2.50
Rate of inflation	2.50	2.50
Rate used to discount scheme liabilities**	5.65	5.80

*Pensions accrued before 1 January 2000 receive 5% fixed increases in deferment and payment.

**Under FRS 17 the rate used to discount scheme liabilities is based on corporate bond yields.

***The difference between the rate of return under SSAP 24 and the rate of return under FRS 17 is due to differences in the timing of and methods used in the valuations.

The expected return and fair value on assets held in the pension scheme were as follows:

	Expected rate of return %	30 April 2003 £'000	Expected rate of return %	30 April 2002 £'000
Assets/Liabilities				
Equities	8.80	23,375	7.90	29,532
Government Bonds	4.60	7,585	5.25	4,478
Cash	3.75	—	4.00	1,528
Total fair value of assets	7.77	30,960	7.40	35,538
Present value of scheme liabilities		(56,028)		(50,917)
Net pension liability		(25,068)		(15,379)

If the above amounts had been recognised in the financial statements, the charity's net assets and general reserves at 30 April 2003 would be as follows:

	30 April 2003 £'000	30 April 2002 £'000
Net assets excluding pension liability	61,626	54,388
Pension liability	(25,068)	(15,379)
Net assets including pension liability	36,558	39,009
General reserves excluding pension liability	26,790	21,752
Pension liability	(25,068)	(15,379)
General reserves including pension liability	1,722	6,373

This calculation of the present value of scheme liabilities and the resulting net general reserves has been made according to the requirements of FRS 17. This is not the only method of making such a calculation or necessarily the most appropriate.

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

If the pension costs had been recognised in accordance with FRS 17, the following components of the pensions charge would have been recognised in the statement of financial activities in the year-ended 30 April 2003:

Analysis of amounts that would have been charged to statement of financial activities:

	2003 £'000
Current service cost	<u>1,685</u>
Interest cost on scheme liabilities	2,979
Expected return on assets in the scheme	<u>(2,710)</u>
Net finance charge	<u>269</u>
 Difference between actual and expected return on scheme assets	 9,631
Experience gain on liabilities	(1,386)
Effect of changes in assumptions underlying the present value of scheme liabilities	<u>1,824</u>
Total actuarial loss recognised	<u>10,069</u>

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

Movement in surplus/deficit	2003 £'000
Deficit at the beginning of the year	(15,379)
Current service cost	(1,685)
Contributions	2,334
Pension finance charge	(269)
Actuarial loss	<u>(10,069)</u>
Deficit at the end of the year	<u>(25,068)</u>

The experience gains and losses for the year ended 30 April 2003 were as follows:

Difference between the expected and actual return on scheme assets (£ 000)	9,631
As % of scheme assets	31%
Experience gains and losses on scheme liabilities (£ 000)	(1,386)
As % of liabilities	(2%)
Total amount recognised in the statement of financial activities (£ 000)	10,069
As % of liabilities	18%

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% of pensionable pay. Oxfam contributed £9,000 (2001/02: £nil) to this pension scheme in relation to the year ending 30 April 2003.

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.

23. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
Fund balances at 30 April 2003 are represented by:				
Tangible fixed assets	16,848	—	—	16,848
Investment assets	524	19	2,663	3,206
Current assets	46,598	14,967	—	61,565
Current and long term liabilities	(18,780)	(1,213)	—	(19,993)
Total net assets at 30 April 2003	45,190	13,773	2,663	61,626

24. GRANTS TO PARTNERS

The top 50 financial grant recipients in 2002/03 are listed below.

	Name of institution	No of grants	Amount £'000	Geographic region
	1) Accion Medica Cristiana	2	508	CAMEXCA
	2) Hatinh People's Committee	1	283	East Asia
	3) Uganda Participatory Poverty Assessment Project	5	388	HECA
	4) Asociacion Civil Labor	1	237	South America
	5) Microfins	1	234	MEEECIS
	6) Centro de Estudios y Prevencion de Desastres	2	209	South America
	7) Support to Communities	3	175	MEEECIS
	8) Central de Cooperativas Cafeteleras de Honduras	1	153	CAMEXCA
	9) Union de Cooperativas Agropecuarias de Siuna	1	149	CAMEXCA
	10) Caribbean Policy Development Centre	1	144	CAMEXCA
	11) Network of Coffee Cooperatives of N/NE Region	1	137	CAMEXCA
	12) ANAFA Conflict and Media	1	126	West Africa
	13) World Development Movement	2	116	Campaigning
	14) Union des Groupements de Koullouck	1	113	West Africa
	15) Fundacion para la Cooperacion con Desplazados y Repoblados Salvadoreños	2	111	CAMEXCA
	16) Refugee Research Programme	1	108	Southern Africa
	17) Perinatal HIV Prevention Trial	1	101	East Asia
	18) ACORD	1	100	West Africa
	19) Service Formation Action pour le Developpement Economique et Social	1	90	CAMEXCA
	20) Grassroots Support	2	89	MEEECIS
	21) Centro de Assessoria e Apoio aos Trabalhadores e ONGs Alternativas	2	79	South America
	22) Water Action	1	74	HECA
	23) Federacion Caficultores del Sur	1	74	CAMEXCA
	24) Rak Thai Foundation	1	70	East Asia
	25) Asociacion de Organismos No Gubernamentales	1	68	CAMEXCA
	26) Yayasan Nen Mas II	1	66	East Asia
	27) Naripokkho	2	64	South Asia
	28) Centro Alexander von Humboldt	2	63	CAMEXCA
	29) Islamic Relief (UK)	1	59	South Asia
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	30) Centro De Promocion de la Mujer Gregoria Apaza	1	59	South America
	31) Healthy World Humanitarian Organisation	2	59	MEEECIS
	32) Concern Worldwide Mozambique	1	58	Southern Africa
	33) Organizacion para la Promocion Comercial y la Investigacion	2	58	CAMEXCA and Market Access
	34) Consultoria Mesoamericana de Asistencia y Desarrollo Popular AC	1	57	CAMEXCA
	35) Caribbean Association for Feminist Research & Action	1	55	CAMEXCA
	36) Grupo de Asesoramiento Multidisciplinario	1	54	South America
	37) CIPRES/Save The Children	2	52	CAMEXCA and Market Access

	Name of institution	No. of grants	Amount £'000	Geographic region
38)	Landmine Action	1	50	HECA
39)	Third World Network	1	50	West Africa
40)	Oganizasyon Gwoupman Kominote Pawas Sakre K	1	50	CAMEXCA
41)	Asociaci n Pro Bienestar de la Familia, Inc	1	50	CAMEXCA
42)	Evangelical Lutheran Development Programme	1	50	Southern Africa
43)	People & Planet	1	50	Campaigning
44)	CARE Peru	1	49	South America
45)	Congad Coalition Sud Casamance	1	49	West Africa
46)	Birmingham Development Education Centre	1	49	Campaigning
47)	Centro de Estudios para el Desarrollo Laboral y Agrario	3	48	South America
48)	Near East Foundation	1	48	West Africa
49)	Agir Autrement pour le D veloppement en Afrique	1	48	West Africa
50)	FairTrade Foundation	1	48	Campaigning
			5,279	

The grants made by Oxfam GB to other Oxfams in 2002/2003 are listed below.

	Name of institution	No. of grants	Amount £'000	Geographic region
	Novib (Oxfam Netherlands)	9	765	Various
	Oxfam America	10	665	South America, Campaigning
	Oxfam International	8	332	Various
	Oxfam Canada	3	220	CAMEXCA
	Intermon Oxfam (Spain)	4	125	Policy, South America
	Oxfam Hong Kong	2	85	East Asia
	Oxfam Germany	1	80	Campaigning
	Oxfam Community Aid Abroad (Australia)	1	49	East Asia
	Oxfam Solidarite (Belgium)	2	43	CAMEXCA
	Oxfam Quebec	1	12	HECA
	Oxfam New Zealand	1	10	East Asia
			2,386	
			£'000	
	Total value of largest grants		5,279	
	Total value of grants to other Oxfams		2,386	
	Other grants		12,417	
	Total grants payable in furtherance of the charity's objects		20,082	
	Total number of grants made	815		

The values of grants received by Oxfam GB from other Oxfams in 2002/03 are listed below.

Name of institution	Amount £'000
Novib (Oxfam Netherlands)	2,993
Oxfam Hong Kong	1,085
Oxfam Ireland	964
Oxfam America	409
International Oxfam (Spain)	344
Oxfam Canada	293
Oxfam Germany	253
Oxfam Community Aid Abroad (Australia)	243
Oxfam Quebec	192
Oxfam Solidarite (Belgium)	173
Oxfam New Zealand	50
Total	<u>6,999</u>

25. CONSOLIDATED CASH FLOW

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

	2003 £'000	2002 £'000
Net income before revaluations and investment asset disposals	6,775	2,730
(Increase) in endowment funds	(967)	0
Deposit interest and investment income receivable	(1,432)	(1,254)
Finance lease interest payable	13	15
Depreciation charge	3,797	3,693
Loss/(profit) on disposal of fixed assets	61	(8)
(Increase)/decrease in stocks	(161)	2,454
(Increase)/decrease in debtors	(3,442)	10,107
Increase/(decrease) in creditors	4,746	(319)
Net cash inflow from operating activities	<u>9,390</u>	<u>17,418</u>

OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

b. Analysis of net funds

	1 May 2002 Restated £'000	Cashflow movements £'000	Other non-cash movements £'000	30 April 2003 £'000
Cash at bank and in hand	14,712	5,489	—	20,201
Cash on short term deposit	22,000	1,003	—	23,003
Overdrafts (see Note 14)	(767)	(812)	—	(1,579)
Finance leases (see Note 17)	(99)	64	(14)	(49)
	35,846	5,744	(14)	41,576

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

	2003 £'000
Increase in cash	5,666
Cash outflow from decrease in lease financing	64
Movement in net funds in the year	5,730
Net funds as at 1 May 2002 (restated)	35,846
Net funds as at 30 April 2003	41,576

GIVING TO OXFAM

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It is also possible to give through our website at www.oxfam.org.uk/donate.

This could be a regular gift made by filling in a regular giving form online, or a one-off gift by credit/debit card. All transactions are carried out through a secure connection. And if you want to find out more about the difference your gift could make then this is the place to look.

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Oxfam's shops

You can support Oxfam shops by becoming a volunteer, donating saleable goods, or as a customer. You can also find out through your shop about other ways in which you can support Oxfam. For more information call at your local Oxfam shop, visit the Oxfam website at www.oxfam.org.uk/shops, or contact Oxfam's Shop Support Team on 0845 3000 311. Other UK volunteering opportunities exist – find out more at www.oxfam.org.uk/getinvolved



OXFAM – ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2003

Corporate partnerships and support

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