

**Company registration no. 2510318**  
**Charity registered no. 803602**

**CHARITIES EVALUATION SERVICES**

**Annual Report and Accounts**

**for the year ended 31 December 2007**

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## Company Information

<b>Trustees</b>	Jean Barclay - Chair Janice Needham – Vice Chair Jonathan Orchard – Treasurer  Claire Caffrey Dave Eldridge Bill Feinstein James Kelly Rosalind Oakley Nick Phillips Alan Rumary Corinne Seymour Professor Helen Simons
<b>Chief Executive and Company Secretary</b>	Colin Nee
<b>Company registration number</b>	2510318 (England and Wales)
<b>Charity registration number</b>	803602
<b>Business address</b>	4 Coldbath Square London EC1R 5HL
<b>Registered office</b>	4 Coldbath Square London EC1R 5HL
<b>Auditors</b>	Citroen Wells Devonshire House 1 Devonshire Street London W1W 5DR
<b>Bankers</b>	Unity Trust Bank Plc Nine Brindleyplace 4 Oozells Square Birmingham B1 2HB
<b>Solicitors</b>	Bates, Wells & Braithwaite Cheapside House 138 Cheapside London EC2V 6BB

## Trustees report for the year ended 31 December 2007

### 1. Introduction and overview:

The trustees present their report and the accounts for the year ended 31 December 2007.

Charities Evaluation Services (CES) is a charitable company established in 1990. Our overall mission is to increase the effectiveness of the voluntary and community sector by developing its use of evaluation and quality systems.

2007 saw CES consolidating its position as the third sector's leading provider of practical and accessible approaches to improving effectiveness and quality. The year was marked by important achievements across the range of our services.

Our monitoring confirmed that we continued to achieve the intended outcomes for the users of our core training and consultancy services, and the feedback from our training recipients in particular was remarkably positive. We provided training in implementing evaluation and quality systems to 1,229 personnel from 813 organisations, including 67 refugee community organisations which received free training. We produced comprehensively revised information resources, such as *Your Project and Its Outcomes and the Manual for Outcomes Champions*. We made very substantial progress in drafting a new third edition of PQASSO. After over 5 years of planning, we launched the externally assessed 'kite mark' service, the *PQASSO Quality Mark* at a well-received event in November to celebrate 10 years of PQASSO.

The *ChangeUp* performance hub partnership continued to develop resources and offer training across a broad sweep of performance improvement approaches as it entered the final phase of its life. Towards the end of the year, CES bid successfully in a competitive open tendering exercise to take on the management of the successor body, the National Support Service on performance management, with effect from April 2008.

In financial terms, CES grew considerably during the course of the year. Our income in 2007 rose by 14% and expenditure by 7% compared to 2006. The charity received net incoming resources for 2007 of £239,378 of which the unrestricted surplus was £110,194.

### 2. Structure, governance and management:

CES is a company limited by guarantee and is governed by its Memorandum and Articles of Association. The company is also a registered charity.

#### Recruitment, appointment, induction and training of trustees:

The Board has established procedures for recruiting and supporting trustees. A trustees' skills audit is conducted annually. Where areas are identified for which additional trustees would be helpful, an open recruitment process is scheduled, utilising wide and inclusive search methods such as advertising and networking with other charities. In addition, Board members and the chief executive use their own networks to encourage suitable people to come forward.

An induction and ongoing training programme ensures that new trustees are aware of their responsibilities, and enables them to learn about CES in a structured way so that they are able, from the start, to understand the charity's objectives and subscribe to them with conviction. All trustees identify their training needs annually and measures are taken to ensure that these needs are met.

#### Governance and decision making:

The Board meets five times each year to discuss and review strategy, planning, development, financial and administrative matters. In addition, a Risk Audit Committee operates as a sub-committee of the Board to monitor business risks and ensure that effective mitigation measures are in place. The members of the Board of Trustees who served during the year were as shown below:

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Jean Barclay - Chair  
Janice Needham – Vice Chair  
James Kelly – Treasurer to 24 October 2007  
Jonathan Orchard – Treasurer from 24 October 2007 (appointed 24 October 2007)

Claire Caffrey (appointed 18 July 2007)  
Dave Eldridge  
Bill Feinstein (appointed 18 July 2007)  
James Kelly  
Rosalind Oakley  
Nick Phillips (appointed 18 July 2007)  
Alan Rumary (appointed 18 July 2007)  
Udeni Salmon (retired 17 January 2007)  
Corinne Seymour  
Professor Helen Simons  
Roger Sykes (retired 18 July 2007).

While the Board of Trustees sets policy and strategy, day-to-day management of the organisation is delegated to the chief executive, Colin Nee, in accordance with a detailed Delegation of Authority Policy.

The chief executive is assisted by three other senior managers (Jane Jacobson, Sally Anne Matthews and Tim Wilson), and these four staff members act as a senior management team, taking collective responsibility for ensuring the effective management and forward planning of CES in line with decisions of the Board.

In addition to the senior management team, CES currently employs nine training/consultancy staff members and ten coordinating or administrative staff. As at April 2007, the CES staff team consists of 20.5 full-time equivalent staff (15 full-time and 9 part-time staff) with two further posts to be recruited during the year. A part-time, freelance accountant provides accountancy support.

**Connections to wider networks:**

The charity is well networked through membership of umbrella bodies and through formal and informal partnerships. To give some examples, CES is a member of the National Council of Voluntary Organisations (NCVO), and the National Association for Voluntary and Community Action (NAVCA) affiliate scheme. The chief executive is a member of the Association of Chief Executives of Voluntary Organisations (ACEVO), and sits on the accreditation panel for the Foyer Foundation and the steering group of NAVCA's 'Improving Local Partnerships' project. Several members of staff are members of the UK Evaluation Society.

**Related parties:**

CES has no subsidiaries. From 2005 until March 2008, CES acted as the accountable body for the *ChangeUp* national performance hub. The hub had a management board consisting of one representative from each of CES and NCVO, and an independent Chair (Eric Appleby), and a partners group with members from the following organisations:

- Advice UK
- bassac (British Association of Settlements and Social Action Centres)
- Black Development Agency
- Black Training and Enterprise Group (BTEG)
- Charities Evaluation Services (CES)
- East of England Development Agency
- Homeless Link
- National Association for Voluntary and Community Action (NAVCA)
- National Council for Voluntary Organisations (NCVO)
- New Economics Foundation (nef)
- Norwich and Norfolk Voluntary Services (NVS) and

- Quartet Community Foundation.

From April 2008, CES will act as the accountable body for the new *ChangeUp* national support service for performance management. Our delivery partners in this project are:

- New Economics Foundation (nef)
- New Philanthropy Capital (npc)
- Association of Chief Executives of Voluntary Organisations (ACEVO) and
- Voice4Change England.

### **Grant making:**

The charity made grants to institutions during the year as the accountable body for the *ChangeUp* national performance hub. Grants made are subject to separate restricted grant agreements as detailed in note 5 to the accounts.

CES does not invite grant applications from individuals or institutions.

### **Risk statement:**

Trustees are aware of their responsibility to ensure that the major risks to which the charity is exposed are identified and to establish systems to manage those risks. The Board of Trustees has a policy on risk management and has established a Risk Audit Committee as a sub-committee of the Board. This committee meets regularly (4 times during 2007) to analyse serious business risks that could impact on the charity, to set out the measures that staff must take to manage those risks, and to assess progress in implementing the risk mitigation measures.

The Board undertook or oversaw a number of other steps during 2007 to mitigate possible areas of risk including:

- implementing an action plan following the Board's self-assessment of its performance; this included changes to Board meeting procedures to provide greater scope for the Board to provide effective leadership;
- scrutinising business plans for major new undertakings (the PQASSO Quality Mark and the national support service for performance management);
- commencing discussion of CES' role with respect to sustainability, focusing attention on how to maximise our positive social, economic and environmental impacts while minimising our negative impacts;
- approving a policy on managing trustee conflicts of interest;
- approving a succession plan for the Chair of the Board who is due to retire in 2008;
- approving an annual appraisal process for the Chief Executive;
- reviewing CES' reserves policy;
- reviewing the Board's planning cycle;
- undertaking a trustee skills audit and recruiting five new trustees, and
- continuing the comprehensive review of CES' governance and overall organisational management with reference to the PQASSO standards.

### **3. Objectives and activities:**

#### **Objects:**

The objects for which CES was established are set out in the Memorandum of Association which is available on request. To summarise, the company was set up to pursue the promotion and provision of education, training, advice and consultancy, information, technical assistance, research and evaluation of programmes and projects carried out by charitable organisations, and to pursue any other purposes which are recognised by English Law as being charitable.

**Public benefit:**

CES' overall aim, as enshrined in our charitable objects, is to promote the efficiency and effectiveness of charitable organisations and other non-profit agencies<sup>1</sup>. (Our mission and specific aims are set out in full in the next section below). We pursue this aim by providing charitable organisations and those who fund them with training, consultancy support, advice and information in print and online, and by undertaking external evaluations. Thus the immediate beneficiaries are the organisations accessing our services, but the ultimate beneficiaries are many thousands of members of the public who use *their* services or benefit from *their* campaigns.

*In 2007, the organisations that received training from CES offered support in the following areas:*

Accommodation/Housing	15%
Animals	1%
Arts/culture	17%
Disability	23%
Economic/community development/Employment	31%
Education/training	50%
Environmental/conservation/heritage	8%
General charitable purpose	33%
Medical/health/sickness	20%
Overseas aid/famine	2%
Relief of poverty	20%
Religious activity	4%
Sport/recreation	18%
Other/none of these	22%
No response	2%

*In 2007, the organisations that received training from CES offered support to the following categories of service users:*

Children/young people	62%
People with disabilities/special needs	44%
Elderly people	38%
General public	29%
Other defined groups	31%
People with particular ethnic origin	27%
Other charities or voluntary bodies	50%
No response	2%

We offer our services directly to frontline charitable organisations and also to the infrastructure support networks, such as Councils for Voluntary Service, that work with those frontline organisations. The identifiable benefits of our direct work with frontline organisations are that they are more skilled and confident with respect to implementing evaluation and quality systems; more able to improve their services, and more able to meet their users' needs. Our systematic feedback retrieval systems and annual outcomes interviews confirm that these benefits are being achieved. The identifiable benefits of our work with infrastructure support networks are that they are more skilled and confident in offering support with performance improvement approaches to their client frontline organisations. Again, our feedback retrieval systems confirm that this benefit is being achieved.

Most of the organisations accessing our training services are of small or medium size (in 2007, 58% of the organisations that received training from CES employed fewer than 15 paid staff).

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<sup>1</sup> See Charity Commission statutory guidance, 'Charities and Public Benefit', E2, Principle 1a, final bullet point.

In addition to providing support services to frontline and infrastructure organisations, we use our experience of providing services to provide a national policy 'voice' to broaden the understanding of policymakers and funders with regard to the practical implementation of performance improvement within the voluntary and community sector.

We fund our activities by raising grants from statutory and independent funders, by levying charges for training, consultancy and evaluations, and through publication sales income. To ensure that our training services are accessible to less well-resourced charitable organisations, our training fees are on a sliding scale depending upon the organisation's size (small, medium, large and very large). With support from grant funding, we also provide free training programmes. In 2007, we provided a free 2-day training course titled *Making Your Services More Effective* to 67 refugee community organisations; since 2003, we have been providing free training to infrastructure networks under our National Outcomes Programme.

As well as free training, we also offer technical support on a pro bono basis (96 sessions in 2007) and our website is also entirely free to view. Our website was accessed by over 64,000 unique users in 2007, who between them generated over 1.6 million page 'hits'. A number of our publications which in their print format are for sale are made available as free downloads on the website (these downloads were accessed nearly 18,000 times in 2007).

### **Mission and aims:**

The Board of Trustees has agreed a mission statement and specific aims as follows:

#### *Mission:*

Charities Evaluation Services exists to increase the effectiveness of the voluntary and community sector by developing its use of evaluation and quality systems.

#### *Specific aims:*

1. to improve the effectiveness of services delivered by the sector through supporting the adoption of evaluation and quality systems;
2. to enable infrastructure networks at local, regional and national levels to provide enhanced support to frontline voluntary organisations on evaluation and quality; and
3. to create a more supportive policy and funding environment for evaluation and quality activity, linking the requirements of accountability with organisational learning.

### **Strategy:**

Revised statements of our organisational mission and values, new specific aims, and outcomes and objectives for the following three-year period were agreed as part of our strategy for 2006-8.

Our environmental and stakeholder analyses had confirmed that the voluntary and community sector was changing rapidly and its support needs concerning performance improvement approaches were diversifying as a result.

The challenge for CES was to find sustainable ways to respond to a growing diversity of need, disseminating our learning more effectively while maintaining our 'reach' within our target audiences: voluntary and community organisations and support networks throughout the UK, and the policy makers who influence the environment within which these agencies operate.

In light of this, the strategic plan aims to consolidate CES' position as the sector's lead expert body embedding quality assurance and outcomes-focused evaluation within the voluntary and community sector. The strategy envisages interlocking programmes targeted respectively at

- frontline voluntary and community organisations,
- sector infrastructure support networks, and

- Policy makers, regulators and funders.

*Frontline voluntary and community organisations:*

We aim to strengthen the sector by carrying out external evaluations; by developing new approaches to evaluation, and by disseminating our learning through a range of different methods including training at basic and advanced levels, consultancy (for example to develop evaluation frameworks and bespoke quality systems), and information via print publications, our own website and that of the national Performance Hub.

In addition, frontline organisations benefit from our work to enable infrastructure support organisations to offer personalised support in achieving an outcomes focus, in implementing PQASSO, and in adopting performance improvement approaches.

*Infrastructure organisations and networks throughout the UK:*

CES gives high priority to building the capacity of infrastructure support networks with regard to monitoring and evaluation, quality and other performance improvement approaches.

We aim to work with a wide range of infrastructure organisations at the national, regional and local levels – both generic and specialist. Within these organisations, we target people who already deliver development work, training and support to frontline VCOs. We aim to provide them with:

- training,
- resource materials,
- ongoing mentoring and
- opportunities for peer learning and support

in order to help them increase the support that they offer to frontline organisations on organisational diagnosis, supporting performance improvement, monitoring outcomes, and implementing PQASSO.

*Policy makers, regulators and funders:*

The environment within which frontline organisations and infrastructure networks operate has a significant influence on the degree to which they can assimilate and share learning about improving effectiveness and quality. Both in our own right, and in our partnerships, we seek to stimulate a positive environment by undertaking policy and advocacy work to influence a range of audiences, such as policy makers in central, regional and local government, regulators, the Charity Commission and funders.

We seek to use our policy ‘voice’ in two ways: to broaden the understanding of policy makers concerning the practical implementation of methods to improve quality and effectiveness, and to convert policy objectives into lasting changes in practice through our dissemination activities.

**Significant activities in 2007:**

- *Research.* We undertook a large-scale national research project to investigate monitoring and evaluation in the voluntary and community sector. The findings are due for publication in the summer of 2008.
- *Managing the delivery of ChangeUp national performance hub business plan.* In collaboration with the National Council for Voluntary Organisations (NCVO) and the National Association for Voluntary and Community Action (NAVCA), and supported by a range of national, regional and local partners, we offered free training for local development workers in performance improvement approaches, a website and free quarterly magazine, developed new printed resources and commissioned a number of projects.
- *An open training programme and in house training courses throughout Britain.* 175 days of training were provided, focussing on monitoring and evaluation and quality assurance. Representatives from 813 organisations received training.

- *Bespoke technical support.* Technical assistance by telephone and email was provided to 96 organisations. Sessions were tailored to the particular needs of the organisations seeking support and were designed to help them implement self-evaluation, management standards and quality systems.
- *Consultancy and external evaluations.* As well as helping voluntary organisations to evaluate their projects, and develop evaluation frameworks, our external evaluations and consultancy projects offered opportunities for CES to develop its learning and draw in earned income by carrying out in depth work with a small number of organisations.
- *National outcomes programme.* With funding from Big Lottery Fund, we commenced a second phase of this successful programme which runs from January 2007 until June 2009. The essence of the programme is that CES trains and supports development workers employed by other voluntary sector infrastructure organisations, each of whom commits to cascade the training in outcomes monitoring to frontline organisations within their networks.
- *Free or low cost publications in print and online.* We promoted a portfolio of publications in print or freely available online, pitched at various levels in order to achieve relevance to both the novice organisation and those that already had a certain amount of experience and confidence.
- *PQASSO.* We continued to promote PQASSO, the voluntary sector's leading 'off-the-shelf' quality system, and to offer training and mentoring services to support implementation. With funding from Big Lottery Fund, we launched a new externally assessed 'kite mark', the PQASSO Quality Mark, and carried out a major national consultation exercise to help us develop a new third edition of PQASSO for launch in 2008.
- *Policy interventions* to, and ongoing liaison with the Office of the Third Sector, the Department for Communities and Local Government, the office of the Compact Commissioner, Capacitybuilders, the Charity Commission, the Improvement and Development Agency (IDeA), major funders, umbrella bodies and infrastructure support networks in order to exercise a beneficial influence on the policy environment with regard to performance and accountability within which voluntary organisations operate.

#### **Volunteer help:**

Aside from our Board of Trustees, who between them contributed approximately eighty days of support, we did not engage volunteer help during the year.

#### **Objectives for the year:**

Our objectives for 2007 were:

- to co-manage the delivery of the business plan of the *ChangeUp* national performance hub;
  - to act as a national policy voice, influencing policymakers and funders with regard to evaluation and quality within the third sector;
  - to provide training to voluntary and community organisations to support the implementation of evaluation and quality systems;
  - to provide bespoke consultancy and external evaluation services;
  - to establish the second three-year phase of the National Outcomes Programme;
- and
- to maintain PQASSO's position as the voluntary sector's 'industry standard'.

Our performance against these objectives is described in section 4 below.

#### 4. Achievements and performance against objectives set:

2007 was once again a very demanding and successful year for the CES team, with important achievements across the range of our services for voluntary and community organisations and their funders.

○ ***Co-managing the delivery of the business plan of the ChangeUp national performance hub:***

The Performance Hub was one of six national 'hubs of expertise' established under the Government's *ChangeUp* programme. *ChangeUp* is intended to improve the infrastructure support available to frontline voluntary, community and social enterprise organisations throughout England. (The Hubs are being replaced by new national support services from April 2008.)

The Performance Hub was a multiple partner venture jointly led by CES and NCVO. Staff teams were based at CES, NCVO and NAVCA. As the accountable body, CES received an overall restricted grant from Capacitybuilders, passing portions of the funds to NCVO and NAVCA using separate restricted grant agreements.

Good progress was made throughout 2007 in delivering the objectives of the hub's final business plan. For example, NCVO led on a number of services including maintaining an 'active stakeholder network' of individuals wishing to be kept abreast of hub services; the network grew to 2,000-strong against a target of 600. Four quarterly editions of the magazine *Achieve More* were published, the latest being circulated to over 27,000 readers, nine times greater than the original target. The popular website was continually improved and drew 12,000 visits per month by the year-end. A range of training courses was run by CES, introducing local development workers to performance improvement approaches, and 256 training places were filled. (Outcome information collected in 2006 in relation to the courses showed that over 90% of participants felt more confident and better equipped to support frontline organisations with the issues they had received Hub training on). CES and NCVO also led on developing a number of information resources, with nine publications due for publication between January and March 2008.

○ ***Acting as a national policy voice:***

Alone or in partnership, CES undertook research and representational activity to influence the policy and funding environment concerning third sector effectiveness and quality. Examples included:

- becoming the only third sector organisation to join the Office of the Third Sector's working group on 'impact' arising from the Third Sector Action Plan;
- initiating a sector-wide investigation into the impact of third sector infrastructure, and securing the involvement of OTS, BLF, CLG, third sector umbrella groups such as NCVO, ACEVO and NAVCA, and research units including Sheffield Hallam University and IVAR;
- a major study of evaluation practice within the third sector, with considerable potential to influence policy in this area. 650 survey responses and interviews continuing;
- a major consultation exercise to look at what the sector wants from the 3<sup>rd</sup> edition of PQASSO. Over 450 survey responses;
- active member of the Infrastructure National Partnership;
- policy submission to Capacitybuilders concerning the new National Support Services;
- policy submission to CLG on its draft strategy for the third sector;
- membership of the steering group of the Local Grants Forum.

○ ***Training to support the implementation of evaluation and quality systems:***

For organisations getting to grips with performance improvement, training and access to ongoing support can be vital for success. During the year, we worked with a hugely diverse range of voluntary and community organisations across the UK; 1,229 representatives from 813 organisations attended our courses, including 67 refugee community organisations for which training was provided free of charge due to grant funding from Capacitybuilders. We exceeded all of our training targets for the year.

Feedback from all of our trainees again showed very high satisfaction levels with our materials, trainers, content and style. Course participants also felt that the training would make a real difference to the effectiveness of their organisations. From a sample of 735 participants,

- 89 % felt more confident about implementing a new evaluation or quality system;
- 86 % felt the training would help them to improve their services, and
- 87 % felt it would help them to be more effective in meeting their users' needs.

Our annual 'outcomes interviews' in January – March 2008 with a sample of 38 trainees some months after their courses showed that, as a result of the training, 76% were already putting their learning into practice by creating new ways to improve their quality and effectiveness. Thirty-nine percent reported that they had already been able to improve their services as a result of the learning from the course. Twenty-four percent reported that they had been more able to demonstrate their value to stakeholders and 13% had already been able to access more funding by implementing their learning.

○ ***Consultancy and external evaluation services:***

The absence on maternity leave of three of our consultants, and the deployment of a fourth on the research project, meant that we were involved in fewer consultancy contracts than normal. Nonetheless, we completed work on three contracts while eight others continue into 2008 and beyond. The range of the client groups served by the projects we worked with was notable: communities affected by conflict; funders of support services for lone parents; homeless families; families with disabled children; the Royal Opera House; community lawyers; community money advisers; prisoners' peer mentors; people with learning difficulties, and families affected by drug use. Most of the projects involved setting up monitoring and evaluation frameworks and/or carrying out evaluations.

○ ***National Outcomes Programme:***

This is one of CES' most high-profile projects and is supported by Big Lottery Fund. A second phase of the programme commenced in 2007.

Under the programme, CES trains and supports networks of Outcomes Champions within both local and specialist infrastructure organisations. These Outcomes Champions then go on to cascade the learning to an agreed number of local frontline VCOs. During 2007, we negotiated the continuing involvement of 19 Champions from the original programme to act as 'Superchamps' in the new one (against a target of 25) and recruited and trained 44 new Champions (target 30). The Champions provided training to 152 frontline VCOs, somewhat down on the target for the year of 2007, but there is no reason to doubt that all of the programme's targets over the three-year period will be met.

○ ***Consolidating PQASSO's position as the voluntary sector's 'industry standard':***

PQASSO, CES' practical quality assurance system for small voluntary and community organisations is the leading nationally available quality system created by and for the voluntary and community sector. Independent data suggest that it is the most widely used quality system within the sector. During the year, we continued to promote the system, selling 861 copies to 409 organisations and networks, thereby increasing the cumulative total for PQASSO sales to over 11,000 copies to almost 5,000 purchasers. Sales were well down on those achieved in 2006 (65% of the sales achieved that year), which we believe was due to the knowledge within our target market that a new third edition will be published in 2008.

2007 was also the year that licenses expired under our PQASSO licensed mentors programme. A re-licensing process was completed and 76 mentors applied successfully. We trained a further 53 new mentors, ending the year with an expanded network of 129 mentors.

We also carried out some quick research to look at use of PQASSO overseas. Official PQASSO adaptations are being used successfully in Hungary and, particularly, Croatia. The Croatian adaptation, SOKNO, is now in its 2<sup>nd</sup> edition; is supported by a network of 61 Croatian mentors, and an external recognition service is being considered via a state department. PQASSO has been used successfully, but less formally, as a flexible management tool in Uganda, Japan, India and Bangladesh. Contacts in Japan and Uganda are interested in talking to CES to formalise possible adaptations of PQASSO (funding

permitting). Contacts in other countries where PQASSO *may* be being used on a small scale were unable to be contacted.

Finally, we also made important progress in charting the future direction for PQASSO, producing a draft of the new 3<sup>rd</sup> edition as well launching the externally assessed PQASSO Quality Mark.

#### **Fundraising performance:**

CES' main income streams are grants from statutory and independent funders, earned income from fees for training, technical support and evaluations, and sales income from PQASSO and from publications. As a specialist infrastructure organisation supporting other voluntary agencies, CES has not considered it to be a sensible investment to apply resources to soliciting individual donations. Our annual target for core and restricted grant fundraising in 2007 was £1,823,006. In fact, we succeeded in raising more than this, a total of £2,026,760.

#### **Investment performance:**

CES had no investments other than cash at bank. We budget to spend all of our income on planned charitable activities, and the funds held in reserve are modest and may be required at short notice. The trustees have therefore considered it prudent that funds should be retained as cash and held in a bank account at the best rate of interest available.

### **5. Financial review**

The accounts contained in this report have been prepared in accordance with Statement of Recommended Practice: Accounting for Charities (SORP, 2005) and with relevant companies and charities legislation and regulations.

The Statement of Financial Activities on page 17 shows CES' gross income from all sources and how this income was expended, and the split of activity between restricted and unrestricted funds.

#### **Overview**

The year to 31 December 2007 was a successful one for CES, ending with net incoming resources of £239,378, of which £129,184 is being carried forward as unspent restricted funds. The remaining unrestricted surplus for the year of £110,194 has increased our 'free' reserves to £450,180, which represents 2.4 months of total expenditure (2006: 1.9 months). This brings our free reserves within the target band of 2 to 4 months' total expenditure.

#### **Incoming Resources**

Total incoming resources for 2007 were £2,502,936 compared with £2,192,500 in the previous year, an increase overall of 14%. There was growth in income from all sources with the exception of fees receivable which reduced by £60,051 or 12%. Core grants increased by £13,729 to £157,616, and restricted grants by £348,529 to £1,869,144. Overall, grant income increased by 22% compared to 2006. A breakdown of grants received is shown in notes 2 and 3 to the accounts, and an analysis of the various projects undertaken using restricted grants is detailed in note 12 to the accounts.

The accounting policy for the recognition of grant income has been reviewed and amended. It is considered that to better comply with the SORP, restricted grants should be recognised in full when entitlement is established. Previously they were treated as performance related grants and were deferred.

In accordance with Accounting Standards, we have therefore made some adjustments to the previous year's grant income figures so that they can more fairly be compared to this year. Further details can be found in note 1(c) to the accounts on page 19.

## Resources Expended

Total expenditure in the year grew to £2,263,558 from £2,125,237 in 2006, an increase of 7%.

Expenditure is analysed into three main categories: charitable activities, governance of the charity, and the cost of generating funds. Charitable activities comprise the costs of providing technical support, evaluations and training, the main work of the charity. Expenditure on charitable activities was £2,212,740 in 2007 compared to £2,060,111 in the previous year, an increase of 7%.

Expenditure on the governance of the charity was £31,251 (2006: £38,130). This category contains the costs of complying with regulations as well as managing the organisation's finances, including audit costs, and trustees' expenses.

The cost of generating funds, £19,567 in 2007 (£26,996 in 2006) includes mainly staff time spent on applying for and reporting on grants, both unrestricted grants and restricted grants for projects.

A breakdown of all resources expended is shown in note 4 to the accounts, including an analysis of support costs.

## Balance Sheet

The balance sheet on page 18 of the accounts shows the financial position of the charity on 31 December 2007. Total net assets at the year-end were £933,945, made up of a fixed asset reserve of £167,455, a general reserve of £450,180 and a restricted reserve of £316,310. Net assets increased by £239,378 from the previous year-end.

Fixed assets include the depreciated cost of the long lease on our offices at 4 Coldbath Square, which has a current market value of approximately £800,000.

## Financial outlook

CES' financial position remains strong and the charity is well placed to meet its current and future commitments. CES relies to an important extent on the continued support of the Office of the Third Sector, Capacitybuilders, the Big Lottery Fund and a number of trusts and foundations, to whom we wish to express our thanks.

## Reserves and reserves policy

CES is committed to using its resources in pursuit of its charitable objects. It is also committed, however, to maintaining a level of reserves that is prudent to meet ongoing liabilities, sufficient to ensure that all service delivery commitments can be met and to protect the long-term future of our operations. CES' reserves policy seeks to balance these priorities by holding a level of reserves sufficient to:

- ensure the availability of sufficient working funds in hand (e.g., to ensure that spending commitments can be met even where income streams are erratic);
- enable further investment in the development of the organisation
- provide a breathing space in case of unexpected loss of income to ensure that services can be maintained; and
- provide sufficient funds for an orderly winding-down in the event of a need to cease operations.

CES resolves therefore to build and maintain a level of reserves that is no less than two months and no more than four months of total annual expenditure.

We define 'reserves' as unrestricted funds which are freely available for our general purposes. We do not include capital funds or fixed assets (such as 4 Coldbath Square) which could only be realised by disposal, or restricted funds or unrestricted but designated funds.

The charity's free reserves at 31 December 2007 were £450,180 (2006: £335,827). This represents 2.4 months of total resources expended in 2007. The Board of Trustees monitors the level of free reserves quarterly and takes appropriate action if reserves fall outside the desired range.

The figure for reserves given above does not include the fixed asset reserve of £167,455, which can only be realised on the disposal of fixed assets. The reserve includes the depreciated cost of fixed assets, including the cost of the long lease on 4 Coldbath Square less the mortgage outstanding.

## 6. Plans for the future:

Our strategy for 2006-8 is described on page 7 above. During 2008, the final year of our current strategic cycle, we plan to continue carrying out this strategy, not only consolidating our core training, consultancy and information services but undertaking major new initiatives such as launching the new *ChangeUp* national support service on performance management; publishing a new edition of PQASSO and promoting our new PQASSO Quality Mark, launched in November 2007 to respond to demand within the sector for an externally assessed badge of achievement for PQASSO users.

Our aims for 2008 focus on the following key areas:

- *PQASSO*: We will continue to offer training and support to those wishing to implement PQASSO, and will continue to expand our successful voluntary training and licensing scheme for PQASSO mentors based outside CES. We will publish and promote the new third edition of PQASSO and commence the peer reviews to assess applications for the new PQASSO Quality Mark.
- *Research and policy input*: We will use our experience from service delivery, and the learning gained from participation in research projects, to act as a national policy 'voice', influencing Government policy, and that of major national funders and regulators and local statutory commissioners with regard to evaluation and quality assurance practice in the voluntary and community sector. A key aim for the year is to complete our research project into the monitoring and evaluation practice within the sector, and to disseminate our findings to funders and policymakers and the sector at large.
- *The new ChangeUp national support service on performance management*: towards the end of 2007, CES bid successfully to lead this new service. We will agree a business plan with our project partners and with the funder, Capacitybuilders, and begin carrying out the programme. The essence of the programme will be to support locally based infrastructure networks in providing enhanced support to frontline voluntary agencies with respect to performance improvement. We will offer training on performance improvement approaches to development workers based in local infrastructure organisations, such as Councils for Voluntary Service; offer one-to-one mentoring and web support to local development workers, and develop a range of support and information resources with our project partners.
- *Training*: we aim to provide training to support the implementation of evaluation and quality systems to at least 650 voluntary and community organisations throughout the UK.
- *Consultancy*: we will seek tenders for bespoke consultancies and external evaluations, prioritising those which are likely to generate valuable learning to large numbers of voluntary and community organisations, influence policy or break new ground.
- *The national outcomes programme*: Working with and through sector infrastructure networks, the programme has already supported nearly over 1,000 frontline voluntary organisations wishing to monitor the outcomes of their work. During 2008, we aim to recruit and train at least 40 new 'Outcomes Champions' based within sector support networks; together with the Champions already trained, our aim is that they will 'cascade' training and support to at least 500 frontline voluntary organisations during the year.
- During the course of 2008, we will develop a new three-year strategy to guide CES' development for the period 2009-2011.

### **7. Trustees' responsibilities:**

The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charitable company and of its incoming resources and application of resources, including its net income and expenditure for the year.

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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charitable company will continue in operation.

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

#### **Disclosure of information to auditors**

(a) so far as the trustees are aware, there is no relevant audit information of which Charities Evaluation Services auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that Charities Evaluation Services auditors are aware of that information.

This report was approved by the Board of Trustees on 23 April 2008.

Colin Nee  
Secretary

23<sup>rd</sup> April, 2008

## **Independent Auditors' Report To The Members of Charities Evaluation Services**

We have audited the accounts of Charities Evaluation Services for the year ended 31 December 2007 set out on pages 17 to 29. These have been prepared under the accounting policies set out on pages 19 to 21.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

The responsibilities of the trustees, who are also the directors of Charities Evaluation Services for the purpose of company law, for preparing the Trustees' Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

We read other information contained in the Trustees' Annual Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

**Opinion**

In our opinion:

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources in the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the accounts.

**CITROEN WELLS**  
**CHARTERED ACCOUNTANTS**  
**REGISTERED AUDITORS**  
Devonshire House  
1 Devonshire Street  
London  
W1W 5DR

**April 2008**

**Statement of Financial Activities**  
**(incorporating the Income and Expenditure Account)**  
**for the year ended 31 December 2007**

	Note	Unrestricted Funds 2007 £	Restricted Funds 2007 £	Total Funds 2007 £	Total Funds 2006 (restated) £
<b>Incoming Resources</b>					
<b>Incoming resources from generated funds</b>					
Core grants	2	157,616	-	<b>157,616</b>	143,887
Bank interest receivable		32,011	-	<b>32,011</b>	23,869
<b>Incoming resources from charitable activities</b>					
Grants for training, technical support and evaluations	3 3(a)	-	1,869,144	<b>1,869,144</b>	1,520,615
Fees receivable for training, technical support and evaluations	3(b)	442,428	-	<b>442,428</b>	502,479
<b>Other incoming resources</b>		1,737	-	<b>1,737</b>	<b>1,650</b>
<b>Total incoming resources</b>		<u>633,792</u>	<u>1,869,144</u>	<u><b>2,502,936</b></u>	<u>2,192,500</u>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Fundraising		19,567	-	<b>19,567</b>	26,996
<b>Costs of charitable activities</b>					
Training, technical support and evaluations		472,780	1,739,960	<b>2,212,740</b>	2,060,111
<b>Governance costs</b>		31,251	-	<b>31,251</b>	38,130
<b>Total resources expended</b>	4	<u>523,598</u>	<u>1,739,960</u>	<u><b>2,263,558</b></u>	<u>2,125,237</u>
<b>Net incoming resources for the year/ Net income for the year</b>		<u><b>110,194</b></u>	<u><b>129,184</b></u>	<u><b>239,378</b></u>	<u><b>67,623</b></u>
<b>Reconciliation of funds</b>					
Total funds brought forward 1 January 2007 as previously reported		507,441	-	<b>507,441</b>	419,753
Prior year adjustment	1(c)	-	187,126	<b>187,126</b>	<b>207,551</b>
Total funds brought forward 1 January 2007, restated		507,441	187,126	<b>694,567</b>	627,304
Net incoming resources for the year		110,194	129,184	<b>239,378</b>	67,263
<b>Total funds carried forward 31 December 2007</b>		<u>617,635</u>	<u>316,310</u>	<u><b>933,945</b></u>	<u><b>694,567</b></u>

The results shown above are attributable to continuing operations only.  
The Company has no recognised gains or losses other than those included in the results stated above and therefore no separate statement of total recognised gains and losses has been prepared.  
The notes on pages 19 to 29 form an integral part of these accounts.

**Balance Sheet**  
as at 31 December 2007

		2007	2007	2006 (restated)	2006 (restated)
	Note	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	7		<b>435,837</b>		<b>445,952</b>
<b>Current Assets</b>					
Stocks	8	5,898		5,500	
Debtors	9	193,320		186,161	
Cash at bank and in hand		849,728		487,456	
			<u>1,048,946</u>	<u>679,117</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	10	(288,412)		(161,961)	
<b>Net Current Assets</b>			<u>760,534</u>		<u>517,156</u>
<b>Total Assets Less Current Liabilities</b>			<b>1,196,371</b>		<b>963,108</b>
Creditors: Amounts falling due after more than one year	11		(262,426)		(268,541)
<b>Net Assets</b>			<u><b>933,945</b></u>		<u><b>694,567</b></u>
<b>Funds</b>					
Restricted	12		316,310		187,126
Unrestricted	13				
- Fixed Asset Reserve			167,455		171,614
- General Reserve			450,180		335,827
			<u>617,635</u>		<u>507,441</u>
			<u><b>933,945</b></u>		<u><b>694,567</b></u>

The notes on pages 19 to 29 form an integral part of these accounts.

Approved by the Board of Trustees on 23 April 2008 and signed on behalf of the Board by

.....  
Jean Barclay

.....  
Janice Needham

## Notes to the Accounts for the year ended 31 December 2007

### 1. Accounting Policies

#### (a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985.

The principal accounting policies adopted in the preparation of the accounts are as follows: -

#### (b) Incoming resources

The policy for the recognition of grant income has been reviewed and amended. It is considered that to better comply with the SORP, restricted grants should be recognised in full when entitlement is established.

Grants (whether voluntary income for core funding or restricted grants for specific purposes) will only be deferred when:

- The donor or funder specifies that the grant or donation must only be used in future accounting periods; or
- The donor or funder has imposed conditions, which must be met before the charity has unconditional entitlement.

A prior year adjustment has been made in respect of grants that were deferred from 2006 (see below).

Investment income is recognised on a receivable basis.

The value of services provided by volunteers is not incorporated into these accounts. Further details of the contribution made by volunteers can be found in the trustees' annual report.

#### (c) Prior year adjustment

The comparative figures for 2006 have been restated in accordance with the new policy on recognition of income (see 1(b) above). As a result, the opening restricted reserves at 1 January 2007 have increased to £187,126 from £nil previously. The unrestricted reserves are unaffected by this change.

#### (d) Resources expended

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

- **Costs of generating funds** are those costs incurred in attracting core grants and grants for charitable activities.

**Notes to the Accounts**  
for the year ended 31 December 2007 (continued)

**1. Accounting Policies (continued)**

**Resources expended (continued)**

- Costs of **Charitable activities** include expenditure associated with the provision of evaluations, technical support and training and support costs relating to these activities.
- **Governance costs** include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- **Support costs** include central functions and have been allocated to activity cost categories on the basis of staff time.

Resources expended that are attributable to more than one sub-heading are apportioned accordingly. The apportionment is based on an estimate of the resources expended in each area.

**(e) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

<b>Assets</b>	<b>Depreciation rate</b>
Leasehold property	2% straight line
Fixtures, fittings and equipment	33% straight line
Computer equipment	33% straight line

Tangible fixed assets acquired with grants relating to a specific project are written off over the life of the project.

**(f) Publication Stocks**

Stocks are stated at the lower of cost and net realisable value.

**(g) Pension Costs**

The company contributes to the personal pension schemes of its employees. The company's contributions are charged to the Statement of Financial Activities as incurred.

**(h) Corporation Tax**

No liability arises as the company's charitable activities are exempt from corporation tax.

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

**1. Accounting Policies (continued)**

**(i) Fund accounting**

- **Restricted funds** consist of grants and donations made to the company to fund specific projects. Details of the projects are detailed in Note 12.
- The **Fixed Asset Reserve** is a designated fund established at the discretion of the trustees in recognition of the unrestricted funds invested in fixed assets, particularly the leasehold property.
- The **General Reserve** represents the other unrestricted funds available for use at the discretion of the trustees in pursuance of the charity's objects.

**(j) Cash Flow**

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

**2. Core grants**

Unrestricted grants were received from the following funders:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Office of the Third Sector	150,116	138,887
Wates Foundation	7,500	5,000
	<u>157,616</u>	<u>143,887</u>

**Notes to the Accounts  
for the year ended 31 December 2007 (continued)**

**3. Incoming resources from charitable activities**

a) Restricted grants were received from the following funders:

	<b>2007</b>	<b>2006</b> (restated)
	<b>£</b>	<b>£</b>
Big Lottery Fund – National Outcomes Programme Phase 1 (MK/1/010076663)	-	81,612
Big Lottery Fund – National Outcomes Programme Phase 2 Development (BSI/1/010205)	-	78,021
Big Lottery Fund – National Outcomes Programme Phase 2 (BAS/2/01021283)	319,800	-
Big Lottery Fund – PQASSO Quality Mark Development Phase (BAS/1/010218142)	44,535	-
Big Lottery Fund – PQASSO Quality Mark (BAS/2/010261961)	87,266	-
Capacitybuilders – Improving Reach	61,922	-
Capacitybuilders – Performance Hub	1,300,621	1,001,424
The City Bridge Trust (formerly Bridge House Trust) for training	40,000	40,000
The City Bridge Trust (formerly Bridge House Trust) for research	-	25,000
City Parochial Foundation	15,000	15,000
Home Office Active Communities Unit – Performance Hub	-	278,798
Various small grants	-	760
	<b>1,869,144</b>	<b>1,520,615</b>

b) Fees receivable were derived from the following services:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Technical support and evaluations	199,399	304,863
Training	243,029	197,616
	<b>442,428</b>	<b>502,479</b>

Fees receivable and similar income derived from overseas entities amounted to £2,363 (2006: £6,000).

**4. Resources expended**

(a) Analysis of total resources expended

	<b>Technical support &amp; evaluation</b>	<b>CES Training Services</b>	<b>Governance costs</b>	<b>Costs of generating funds</b>	<b>Total 2007</b>	<b>Total 2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
External direct costs, including freelance consultants/trainers	347,075	273,363	10,537	-	630,975	448,629
Grants to Performance Hub Partners (see note 5)	695,343	-	-	-	695,343	750,456
Direct staff costs	384,408	211,036	-	-	595,444	601,006
Other office costs	119,562	52,417	-	-	171,979	198,105
Support, including costs of support staff	64,447	65,089	20,714	19,567	169,817	127,041
	<b>1,610,835</b>	<b>601,905</b>	<b>31,251</b>	<b>19,567</b>	<b>2,263,558</b>	<b>2,125,237</b>

Support costs are allocated on the basis of staff time.

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

**4. Resources expended (continued)**

(b) Analysis of support costs

	Technical support & evaluation	CES Training Services	Governance costs	Costs of generating funds	Total 2007	Total 2006
	£	£	£	£	£	£
General office, support staff and finance costs	61,583	62,197	19,794	18,698	162,272	121,907
Accountancy services	2,864	2,892	920	869	7,545	5,134
	<u>64,447</u>	<u>65,089</u>	<u>20,714</u>	<u>19,567</u>	<u>169,817</u>	<u>127,041</u>

Support costs are allocated on the basis of staff time

(c) Analysis of governance costs

	2007 £	2006 £
Legal and professional costs	920	654
External audit	5,000	7,130
Costs of trustee recruitment and training, AGM and trustees' travel expenses	5,537	6,734
Office costs and salaries allocated on the basis of staff time	19,794	23,612
	<u>31,251</u>	<u>38,130</u>

(d) Total Staff costs

	2007 £	2006 £
Wages and salaries	634,628	606,006
Social security costs	53,573	54,915
Pension costs	25,469	31,477
	<u>713,670</u>	<u>692,398</u>

One employee earned more than £60,000 in the year (Banding: £60,000 - £70,000). Pension contributions for the highest paid employee amounted to £3,159 (2006: £3,053).

The average monthly number of full time equivalent employees was:

	2007	2006
Administration, training, technical support and evaluations	18	17

(e) Trustee information

No remuneration was paid to the trustees during the year (2006: £Nil). Three trustees received travel expenses during the year of £541 (2006: £636).

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

**5. Grants to institutions**

CES is the lead accountable body for the National Performance Hub, one of six national hubs created under the *ChangeUp* initiative. The National Performance Hub is a multiple partner project, and three of the partners, Charities Evaluation Services (CES), National Association for Voluntary and Community Action (NAVCA, formerly NACVS) and the National Council for Voluntary Organisations (NCVO) are delivery partners. In 2007, as the accountable body, CES received restricted grants from Capacitybuilders, which cover the cost of implementing the business plan as a whole. CES in turn made restricted grants to NAVCA and NCVO.

During 2007, CES received grants totalling £1,300,621 from Capacitybuilders to fund the Performance Hub. From this amount, CES made restricted grants totalling £695,343 to NAVCA and NCVO as follows:

	<b>Grants to institutions</b>	
	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
NAVCA	72,571	81,135
NCVO	622,772	669,321
	695,343	750,456
	695,343	750,456

**6. Net incoming resources**

This is stated after charging: -

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loan interest and charges	18,802	16,930
Auditors' remuneration: current year	5,000	7,130
Depreciation of tangible fixed assets	30,784	39,478
	54,586	63,538
	54,586	63,538

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

7. Tangible Fixed Assets	Long Leasehold Property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
<b>Cost:</b>				
At 1 January 2007	492,700	59,324	42,356	594,380
Additions	-	14,394	6,275	20,669
Disposals	-	(13,796)	(8,569)	(22,365)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	492,700	59,922	40,062	592,684
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>				
At 1 January 2007	68,978	42,556	36,894	148,428
Charge for year	9,854	14,792	6,138	30,784
Eliminated on disposal	-	(13,796)	(8,569)	(22,365)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	78,832	43,552	34,463	156,847
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value at</b>				
31 December 2007	413,868	16,370	5,599	435,837
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value at</b>				
31 December 2006	423,722	16,768	5,462	445,952
	<hr/>	<hr/>	<hr/>	<hr/>

Long leasehold property is shown at cost. The current valuation is shown in the Trustees' report.

The charity has committed to purchase the freehold of the long leasehold property at 4 Coldbath Square in 2008, for the sum of £10,000.

8. Stocks	2007 £	2006 £
Publication stocks	5,898	5,500
	<hr/>	<hr/>
9. Debtors	2007 £	2006 £
Trade debtors	145,905	149,053
Other debtors	6,885	6,460
Prepayments and accrued income	40,530	30,648
	<hr/>	<hr/>
	193,320	186,161
	<hr/>	<hr/>

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

**10. Creditors: Amounts falling due within one year**

	<b>2007</b>	<b>2006</b> <b>(restated)</b>
	<b>£</b>	<b>£</b>
Bank loan	5,956	5,797
Taxation and social security	22,197	14,689
Other creditors and accruals	228,277	114,435
Deferred income (see below)	31,982	27,040
	<b>288,412</b>	<b>161,961</b>
	<b>288,412</b>	<b>161,961</b>

**Deferred income**

	<b>2007</b>	<b>2006</b> <b>(restated)</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2007	27,041	36,343
Amount released to incoming resources	(27,041)	(36,343)
Amount deferred in the year:		
Technical Support	10,000	7,280
Training	21,557	19,348
Other	425	412
	31,982	27,040
	31,982	27,040

**11. Creditors: Amounts falling due after more than one year**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loan	262,426	268,541
	262,426	268,541
The bank loan is repayable by instalments as follows:-		
- Within one year	5,956	5,797
- Between one and two years	8,600	6,189
- Between two and five years	29,584	21,187
- Over five years	224,242	241,165
	268,382	274,338
Included within current creditors	(5,956)	(5,797)
	<b>262,426</b>	<b>268,541</b>
	<b>262,426</b>	<b>268,541</b>

The bank loan is secured by a fixed charge over CES' long leasehold property, together with a right of set-off in respect of the cash deposits held with the bank. Interest is chargeable at a rate of 1½% over the bank's base rate.

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

**12. Restricted Funds**

	<b>Balance 1 January 2007 (restated) £</b>	<b>Movement in resources Incoming</b>	<b>Outgoing</b>	<b>Balance 31 December 2007 £</b>
(a) Services for small voluntary and community organisations in London	-	15,000	(15,000)	-
(b) Training services for voluntary and community organisations in London	16,667	40,000	(40,000)	16,667
(c) Survey on monitoring and evaluation practice in the voluntary sector	25,000	-	(25,000)	-
(d) National Outcomes Programme, 2003/6 (Big Lottery Fund – MK/1/010076663)	11,237	-	(11,237)	-
(e) National Outcomes Programme, 2006/9 Development (Big Lottery Fund – BSI/1/010205446)	498	-	(498)	-
(f) National Outcomes Programme Phase 2, 2006/9 (Big Lottery Fund – BAS/2/01021283)	-	319,800	(276,071)	43,729
(g) PQASSO Quality Mark Development (Big Lottery Fund – BAS/1/010218142)	-	44,535	(44,535)	-
(h) PQASSO Quality Mark 2007/10 (Big Lottery Fund – BAS/2/010261961)	-	87,266	(26,955)	60,311
(i) <i>ChangeUp</i> National Performance Hub	133,724	1,300,621	(1,260,288)	174,057
(j) Improving Reach	-	61,922	(40,376)	21,546
	<u>187,126</u>	<u>1,869,144</u>	<u>(1,739,960)</u>	<u>316,310</u>

(a) & (b) Grants of £15,000 and £40,000 were received from City Parochial Foundation and the City Bridge Trust respectively to support improved effectiveness in small and medium sized voluntary and community organisations in London. The amount brought forward of £16,667 has been restated in accordance with our new policy on the recognition of grant income (see Note 1(b)). This amount was previously treated as deferred income in the accounts for the year ended 31 December 2006.

(c) In 2006 a grant of £25,000 was received from City Bridge Trust towards the London element of a national survey of monitoring and evaluation practice in the voluntary sector. The amount brought forward has been restated in accordance with our new policy on the recognition of grant income (see Note 1(b)). This amount was previously treated as deferred income in the accounts for the year ended 31 December 2006. The survey was also supported with funding of £25,000 from the Performance Hub, which is included under sub-section (i) of this note.

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

**12. Restricted Funds (continued)**

- (d) The first National Outcomes Programme, funded by the Big Lottery Fund (Ref. MK/1/010076663), finished at the end of 2006. The grant unspent at 31 December 2006 was brought forward to be spent by the end of February 2007 on disseminating information from the project. The amount brought forward of £11,237 has been restated in accordance with our new policy on the recognition of grant income (see Note 1(b)). This amount was previously treated as deferred income in the accounts for the year ended 31 December 2006.
- (e) A grant was awarded by the Big Lottery Fund in 2006 (Ref. BSI/1/010205446) to develop plans for the second National Outcomes Programme. A small amount unspent at the end of 2006 was brought forward to be spent by the end of February 2007. The amount brought forward of £498 has been restated in accordance with our new policy on the recognition of grant income (see Note 1(b)). This amount was previously treated as deferred income in the accounts for the year ended 31 December 2006.
- (f) The second National Outcomes Programme started in January 2007 with a grant from the Big Lottery Fund (Ref. BAS/2/01021283). The grant is received quarterly in accordance with our work plans and cash flow forecasts. The amount carried forward is committed for expenditure early in 2008.
- (g) A grant was awarded in 2007 by the Big Lottery Fund (Ref. BAS/1/010218142) to enable us to develop a business plan for a new service – PQASSO Quality Mark. The grant was fully expended in 2007.
- (h) A three-year grant was awarded in 2007 by the Big Lottery Fund (Ref. BAS/2/010261961) to support the development of the new PQASSO Quality Mark service, starting in October 2007. The grant is received quarterly in accordance with our work plan and cash flow forecast. The amount carried forward is committed to be spent early in 2008.
- (i) A grant of £1,300,621 was received from Capacitybuilders to support the *ChangeUp* National Performance Hub. The amount brought forward of £133,724 has been restated in accordance with our new policy on the recognition of grant income (see Note 1(b)). This amount was previously treated as deferred income in the accounts for the year ended 31 December 2006. The grant is received quarterly in accordance with our work plan and cash flow forecast. We will be submitting a final report to the funder in May 2008, following the end of the project in March. To the extent that any part of the balance carried forward at 31 December 2007 remains unspent at the end of the project, this will be repayable to Capacitybuilders. Any such repayment will be reflected in our accounts for the year ending 31 December 2008.
- (j) A grant of £61,922 was received from Capacitybuilders to support a project, run jointly with the Refugee Council, to improve monitoring and evaluation in local refugee voluntary organisations. The amount carried forward is committed to be spent by the end of March 2008, when this project ends.

**Notes to the Accounts**  
**for the year ended 31 December 2007 (continued)**

**13. Unrestricted Funds**

	<b>Balance 1 January 2007 £</b>	<b>Movements in Resources</b>		<b>Transfer between reserves £</b>	<b>Balance 31 December 2007 £</b>
		<b>Incoming £</b>	<b>Outgoing £</b>		
Fixed Asset Reserve	171,614	-	(30,784)	26,625	167,455
General Reserve	335,827	633,792	(492,814)	(26,625)	450,180
	<u>507,441</u>	<u>633,792</u>	<u>(523,598)</u>	<u>-</u>	<u>617,635</u>

The Fixed Asset Reserve is a designated fund established at the discretion of the trustees in recognition of the unrestricted funds invested in fixed assets, particularly long leasehold property.

The General Reserve represents the other unrestricted funds available for use at the discretion of the trustees in pursuance of the charity's activities.

**14. Analysis of net assets between funds**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Fixed assets	435,837	-	435,837
Net current assets	444,224	316,310	760,534
Creditors of more than one year	(262,426)	-	(262,426)
	<u>617,635</u>	<u>316,310</u>	<u>933,945</u>

**15. Pension Fund**

The company contributes to the personal pension schemes of its employees. Payments made into their schemes during the year amounted to £25,469 (2006: £31,477).

**16. Related Party Transactions**

There were no related party transactions in the year under review.