

Company registration no. 2510318
Charity registered no. 803602

CHARITIES EVALUATION SERVICES
Annual Report and Accounts
for the year ended 31 December 2008



Contents

Reference and Administrative Details	Page 3
Trustees' report	Page 4
1. Introduction and overview	Page 4
2. Objects, mission and strategy	Page 4
o Objects, vision, mission and strategy.....	Page 4
o Aims	Page 5
o Public benefit	Page 5
o Strategy	Page 6
3. Achievements and performance	Page 7
o Objectives for the year and performance achieved	Page 7
o Fundraising performance	Page 10
o Investment performance	Page 10
4. Financial review	Page 10
o Incoming resources	Page 10
o Resources expended	Page 10
o Balance Sheet	Page 11
o Financial outlook	Page 11
o Reserves and reserves policy	Page 11
5. Plans for the future	Page 12
6. Structure, governance and management	Page 13
o Recruitment, appointment, induction and training of trustees	Page 13
o Governance and decision making	Page 13
o Staff team	Page 13
o Volunteer help	Page 14
o Connections to wider networks	Page 14
o Related parties	Page 14
o Grant making	Page 14
o Risk statement	Page 14
7. Trustees responsibilities	Page 15
Auditors' Report	Page 16
Statement of Financial Activities	Page 18
Balance Sheet	Page 19
Notes to the Accounts	Page 20

Reference and Administrative Details

Trustees	Professor David Croisdale-Appleby, OBE – Chair Rosalind Oakley – Vice Chair Jonathan Orchard – Treasurer Claire Caffrey Dave Eldridge Bill Feinstein James Kelly Janice Needham Nick Phillips Alan Rumary Corinne Seymour
Chief Executive and Company Secretary	Colin Nee
Senior managers	Jane Jacobson Sally Anne Matthews Tim Wilson
Company registration number	2510318 (England and Wales)
Charity registration number	803602
Registered office and business address	4 Coldbath Square London EC1R 5HL
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	Unity Trust Bank Plc Nine Brindleyplace 4 Oozells Square Birmingham B1 2HB

Trustees' report for the year ended 31 December 2008

1. Introduction and overview:

The trustees present their report and the accounts for the year ended 31 December 2008.

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

Trustees and staff were delighted to receive external recognition in 2008, winning the award for effectiveness at one of the most prestigious charity award ceremonies in recognition of our impact in raising quality standards within the third sector.

The year saw CES consolidating its position as the third sector's leading provider of support with improving effectiveness and quality. Our monitoring confirmed that we continued to receive excellent feedback and to achieve the intended outcomes for our users. The feedback from our training recipients in particular was remarkably positive; we provided training in implementing evaluation and quality systems to 966 staff and volunteers from 643 organisations and 86% believed they would be able to provide more effective services to their beneficiaries as a result.

There were important achievements across the range of our activities. For example, we completed and published a national research study of evaluation practice in the third sector and successfully launched a number of new services – the National Performance Programme, the third edition of PQASSO, and the PQASSO Quality Mark. Our National Outcomes Programme continued to run successfully, and is set to meet all agreed targets as it enters the final phase of its grant support.

In addition to our core training and consultancy services, we published a new guide on working with refugee organisations, ran a well-received conference for funders and capacity-building workers, joined a partnership to mount an important support programme on the Social Return on Investment model (SROI), and developed our organisational strategy for 2009-11.

We recruited a new Chair of the Board of Trustees, Professor David Croisdale-Appleby, who took over the role from Jean Barclay who retired from the Board in July having served six years as a trustee.

CES' income fell by 20% in 2008 following the end of the Performance Hub, and expenditure decreased by 9%, compared to 2007. The charity achieved a small surplus of unrestricted funds and ended the year with lower restricted reserves than were brought forward from 2007. The overall result for the year was net outgoing resources of £62,368; this includes an unrestricted surplus of £13,080.

2. Objects, vision, mission and strategy:

Objects:

CES' objects are to pursue the provision of training, advice, consultancy and other services to charitable organisations. During the year under review, our Board of Trustees agreed a vision, mission statement and specific aims as follows:

Our vision:

An ever more effective third sector achieving positive change for individuals and communities.

Our mission:

We work to increase the effectiveness of the third sector by developing its use of evaluation and quality systems.

Our four specific aims:

1. To improve the effectiveness of the sector through better use of planning, evaluation and quality
2. To enable infrastructure networks to support frontline voluntary organisations on planning, evaluation and quality
3. To provide an informed national policy voice on improving effectiveness to help create a supportive policy, regulatory and funding environment promoting both accountability and learning
4. To improve the effectiveness of funding practice through strategic engagement and consultancy support to statutory commissioners and sector funders.

Public benefit:

CES' overall aim, as enshrined in our charitable objects and mission, is to promote the efficiency and effectiveness of charitable organisations and other non-profit agencies¹. 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 2008, the organisations that received training from CES offered support in the following areas (note that a number were multi-functional and so the total exceeds 100%):

Accommodation/housing	10%
Animals	2%
Arts/culture	16%
Disability	23%
Economic/community development/employment	27%
Education/training	52%
Environmental/conservation/heritage	7%
General charitable purpose	32%
Medical/health/sickness	25%
Overseas aid/famine	5%
Relief of poverty	20%
Religious activity	3%
Sport/recreation	18%
Other/none of these	15%
No response	1%

In 2008, the organisations that received training from CES offered support to the following categories of service users (note that a number serve more than one beneficiary group and so the total exceeds 100%):

Children/young people	59%
People with disabilities/special needs	41%
Elderly people	32%
General public	27%
Other defined groups	30%
People with particular ethnic origin	27%
Other charities or voluntary bodies	44%
No response	1%

We offer our services directly to frontline charitable organisations and also to the infrastructure support networks, such as Councils for Voluntary Service, that build the capacity of those frontline

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

organisations. For frontline organisations, the identifiable benefits of our work 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.

For infrastructure support networks, the identifiable benefits of our work 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.

In addition to providing support services to frontline and infrastructure organisations, we use our service experience and research 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 third sector.

We fund our activities by raising grants from independent and statutory 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 2008, we provided a free 2-day training course titled *Making Your Services More Effective* to 16 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 some of our technical support on a pro bono basis (75 sessions in 2008) and our website is also entirely free to view. Our website was accessed by nearly 90,000 unique users in 2008, an increase of 37% on 2007. A number of our publications which in their print format are for sale are made available as free downloads on the website (accessed over 27,000 times in 2008, an increase of 50% on the previous year).

Strategy:

During the year, the Board agreed new strategic priorities for the next three years as follows:

Being an influential policy voice: We will work to expand our profile in policy discussions, broadening the understanding of third sector policymakers with respect to the practical implementation of quality improvement and evaluating effectiveness. We will also enhance our communications and promotional activities.

Asserting our expertise: CES has been at the forefront of third sector performance improvement for 19 years, accumulating unrivalled experience. In the current environment the time is right for us to assert our position as expert consultancy provider and leader in the field.

We will also sustain four existing commitments:

Being the leading service provider: Through our nation-wide training, information, advice and consultancy services, we will aim to sustain our position as the market leader on third sector evaluation and quality.

Supporting the supporters: We currently deliver significant support to infrastructure audiences through our National Outcomes Programme, National Performance Programme and the PQASSO mentor programme. We will sustain our commitment to supporting the sector's helper networks during the 2009-11 period.

Leading innovation: CES has a proud record of creating new approaches and methodologies to enable third sector organisations of all sizes to get to grips with evaluating effectiveness and improving

quality. Our PQASSO quality system, the peer review approach to accrediting quality, the 'Building Bridges' project for refugee organisations, and our 'cascade' methodology for delivering outcomes monitoring support on the ground are all cases in point. We will continue our commitment to developing new ways of meeting current and emerging support needs.

Being a specialist provider: While our priority is to offer a range of services to meet the performance support needs of all third sector organisations, we have from time to time undertaken in-depth work within specific 'subsectors' such as those supporting homeless people and refugees. We will sustain current levels of work in this area, providing a good source of new learning for the organisation.

3. Achievements and performance:

2008 was a successful year for the CES team, and we were delighted to receive the effectiveness award at the Charity Finance national awards ceremony in recognition of PQASSO's impact in raising quality standards within the charity sector. We set seven sets of objectives for the year, and our performance against them is described below.

- *PQASSO:* Our objectives were to offer training and support to those wishing to implement PQASSO; to expand our training and licensing scheme for PQASSO mentors based outside CES; to publish the new third edition of PQASSO and commence the peer reviews to assess applications for the new PQASSO Quality Mark. All of these objectives were achieved. Two hundred people attended CES PQASSO training, and we recruited and trained 34 new mentors increasing the UK network to 165, each in turn providing support to their client frontline organisations. The PQASSO third edition was published in June to favourable reviews. The PQASSO Quality Mark service which provides an optional, externally assessed 'kite mark' for PQASSO users got underway in the second half of the year. Applications for the Mark are assessed by peer reviewers recruited and trained by CES; there was strong interest in this role - we trained 59 reviewers during 2008 and a number had begun assessing applications for the Mark as the year closed.
- *Research and policy input:* Our objectives were to use our experience from service delivery and research to act as a national voice, influencing the policy environment with regard to evaluation and quality assurance practice in the third sector. A key aim was to complete our research project into monitoring and evaluation practice within the sector. The objectives were achieved; for example, our research study was published and has been used to influence emerging Government best practice guidance on proportionate monitoring and a similar initiative by London Funders Group. Our findings have been referenced in a number of other research projects including a review of commissioning practice in Greater Manchester and research by New Philanthropy Capital, and plans are being developed for it to be used as a template for a study to be conducted on the voluntary sector in Northern Ireland.

'This important and useful report is extremely timely and we have been very pleased to be associated with it. Its depth and scope are tremendous and members of London Funders are already using the findings of the research to develop good practice guidelines for monitoring and evaluation amongst funders.'

The City Bridge Trust

- *The new National Performance Programme, a 'ChangeUp national support service':* Our objectives were to agree a business plan with our project partners and with the funder, Capacitybuilders, and to begin carrying out the programme. The objectives were achieved. During the year, we built strong working relationships with CES' partners in the programme and began offering training on performance improvement approaches to local development workers. Uptake of the training was somewhat lower than anticipated; our objective for the year ended 31 March 2009 is to offer 230 training places but we now expect the number will be 133. The likely shortfall appears to be due to the fact that the programme team was under strength for some months; once the full team was in place, the number of training bookings increased.

We made good progress in developing a number of information resources to be published in the first quarter of 2009. One of these is the report of an investigation into the way infrastructure organisations assess and communicate the outcomes of their work. Called *Demonstrating the Difference*, the study was launched in March 2009 and has already generated considerable sector interest as well as press attention.

- *Training:* We aimed to provide training to support the implementation of evaluation and quality systems to at least 650 voluntary and community organisations throughout the UK. We didn't quite meet the target; 987 staff and volunteers from 643 organisations received training. Evaluation feedback from those trained was very positive (a sample of 514):
 - 90% felt more confident about introducing or improving existing monitoring or quality systems (34% strongly so)
 - 86% felt the training would help them to improve their services (28% strongly so)
 - 84% felt it would help them be more effective in meeting their users' needs (26% strongly so).

'Worth every single penny. Brilliant, absolutely brilliant'
Feedback on training from Communities Empowerment Network.

*"I learnt very useful and important information
[which I can] use to make our services better"*

*"I recommend this course to any organisation which
would like to improve its effectiveness."*

Feedback from refugee organisations following free CES training.

We carry out annual outcomes interviews with a small sample of trainees roughly six months after they have received training. This helps us to gauge whether and how our courses are making a difference. The interviews assess changes in the organisations which have accessed our training. We are also interested in any factors, other than our training, that contributed to these changes or acted as barriers to implementation.

Key findings from our 2008 interviews were that:

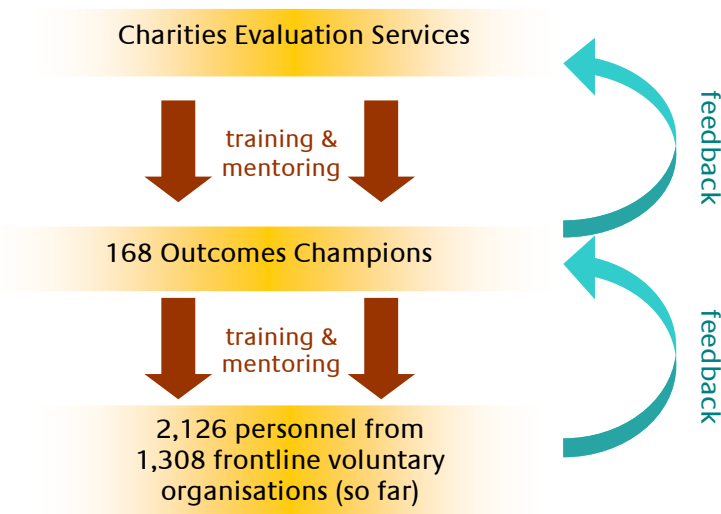
- 72% had already begun using the learning from the courses to introduce or improve systems to demonstrate their effectiveness and quality
 - Virtually all felt more able to demonstrate effectiveness to others; 43% had used the learning when reporting to funders and 14% felt it had helped them to obtain new funding
 - 50% felt the training would help them to be more resilient through the economic downturn
 - 28% believed that their services had already improved and that the training had contributed.
- *Consultancy:* Bespoke consultancy is one of our core services. Projects may include research, designing outcomes monitoring and evaluation frameworks, carrying out external evaluations of services, projects or entire programmes, developing bespoke quality systems, or helping to introduce 'off-the-shelf' quality systems. Increasingly, our clients want several of these elements combined into a unique package. Contracts may be short-term or of several years' duration, so we do not set a target on the number of contracts completed in the year. In 2008. We completed five consultancy contracts and tendered successfully for a further eleven which will run through 2009 and beyond.

"Assessment, reflection and review are crucial. CES helped us to objectively evaluate and improve our work based on hard evidence, not sentiment and anecdote. I feel strongly that the sector as a whole"

can really benefit from this approach. In an increasingly competitive climate, where funding is outcomes based, our work with CES has helped us to measure what we do, act upon it, and communicate it to others.”

Feedback on consultancy from Fairbridge.

- *The National Outcomes Programme:* Working with and through sector infrastructure networks, since 2003 the programme has supported over 1,300 frontline voluntary organisations wishing to monitor the outcomes of their work.



During 2008, one objective was to recruit and train at least 40 new ‘Outcomes Champions’ based within sector support networks, and this target was met. A second objective was that the total pool of Champions would ‘cascade’ training and support to at least 500 frontline voluntary organisations. We received reports of 275 organisations trained, but there is a time lag before all data reaches CES and we are on course to meet all targets by the time that the current grant-funded programme ends in 2009.

A number of Champions reported that participation in the programme had helped them, or the organisations they went on to train, to win new resources for their work:

“Our ability to provide clear information about our outcomes has had a direct impact on securing a further 2 years’ funding through the Local Authority for work supporting children and young people’s organisations (half the costs of the project).

Being able to provide clear information about the outcomes of Community Accountancy has led to us securing substantial new funding for this work”.

Feedback from an Outcomes Champion in a CVS in North England.

- During 2008, we also met our objective of developing a new strategy to guide CES’ development for the period 2009-2011.

Fundraising performance:

CES' main income streams are grants from statutory and independent funders, earned income from fees for training, technical support and evaluations, and income from sales of PQASSO and other 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.

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.

4. Financial review

This report and the attached accounts have been prepared in accordance with Statement of Recommended Practice: Accounting and Reporting by Charities (SORP, 2005) and with relevant companies and charities legislation and regulations.

The Statement of Financial Activities on page 18 shows CES' gross income from all sources and how this income was expended, and the split of activity between restricted and unrestricted funds.

Overview

2008 saw the transition from our role as accountable body for the Performance Hub to taking the lead on the National Support Service on Performance Management. As the budget for the national support service is much smaller than that of the Performance Hub, we ended the year with lower restricted reserves than at the start of the year, creating a deficit on the restricted column of £75,448. We achieved a small surplus of unrestricted funds of £13,080, and so ended the year with net outgoing resources of £62,368. Our 'free' reserves have reduced slightly to £432,383 (2007: £450,180), as the result of creating a new designated fund for PQASSO Quality Mark. The reserves represent 8.6 months of fixed overhead expenditure or 4.7 months of total expenditure (2007: 2.4 months). Free reserves are significantly above the target level of three months of fixed overhead expenditure and the organisation is planning to invest substantial reserves in implementing its new strategic plan in 2009.

Incoming Resources

Total incoming resources for 2008 were £1,993,998 compared with £2,502,936 in the previous year, an decrease of £508,938. The greater part of this decrease was due to the difference between the budgets for the Performance Hub and the National Support Service, as explained above. There was a small decrease in earned income for the year of £18,082 (4% of income from this source). 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.

Resources Expended

Total expenditure in the year was £2,056,366, which was £207,192 or 9% less than in 2007.

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 £1,977,293 in 2008 compared to £2,212,740 in the previous year, a decrease of 11%. Again, this was due to the transition from the Performance Hub to the National Support Service with its lower budget.

Expenditure on the governance of the charity was £56,797 (2007: £31,251). This category contains the costs of complying with regulations as well as managing the organisation's finances, including audit costs, trustee recruitment and training, and trustees' expenses. During 2008 we recruited a new chair of the Board of Trustees and created a new strategic plan for 2009/11, increasing governance costs by £25,546.

The cost of generating funds, £22,276 in 2008 (2007: £19,567) includes mainly staff time spent on applying for 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 19 of the accounts shows the financial position of the charity on 31 December 2008. Total net assets at the year-end were £871,577, made up of a fixed asset reserve of £179,956, a designated reserve of £18,376, a general reserve of £432,383 and restricted funds of £240,862. Net assets decreased by £62,368 from the previous year-end.

Fixed assets include the depreciated cost of our offices at 4 Coldbath Square. During 2008, the charity purchased the freehold of the building on which we previously held a long lease. The most recent valuation of the property, including the freehold, was £825,000 in October 2007.

The trustees have set aside a designated fund in which to hold net income earned from the PQASSO Quality Mark service. These funds will be used to support development of the service.

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

In December 2008 CES reviewed and amended its reserves policy, and the new policy was formally adopted by the Board of Trustees in January 2009. The amendment relates to the method of calculating and expressing reserves. Whereas formerly reserves were expressed as the number of months of total expenditure they represent, the trustees decided that it would be more appropriate to express reserves in terms of the number of months of fixed overhead expenditure. Fixed overhead expenditure comprises all overhead and staff costs not specifically covered by restricted grants.

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 or increase in costs to ensure that services can be maintained
- provide sufficient funds for an orderly winding-down in the event of a need to cease operations.

CES resolves therefore to maintain a level of reserves equal to three months fixed overhead expenditure. Fixed overhead expenditure is defined as all overhead and staff costs not specifically covered by restricted funds.

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

The charity's free reserves at 31 December 2008 were £432,383 (2007: £450,180). This represents 8.6 months of fixed overhead expenditure in 2008. The trustees have approved a 3-year strategy which will invest an element of free reserves in the development of the organisation.

The figure for reserves given above does not include the fixed asset reserve of £179,956, 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 freehold property at 4 Coldbath Square less mortgage outstanding. The reserves balance also excludes the designated fund established by the trustees in the year for the continuing development of the PQASSO Quality Mark service.

5. Plans for the future:

During 2009, we plan to lay the foundations for successfully implementing our new strategy for 2009-11 which is described on page 6 above. This means not only consolidating our core training, consultancy and information services but undertaking new initiatives to review key business areas such as our financial strategy and business model, our evaluation consultancy service, and our policy and marketing capacity.

Our service delivery aims for 2009 focus on the following areas:

- *Research and policy input:* We will use our experience from service delivery and research to act as a national policy voice, seeking to inform and influence the operating environment with regard to evaluation and quality assurance practice in the third sector. We will also commence a review of our policy relationships with a view to further developing our effectiveness in this area.
- *Conferences:* IT systems for monitoring and evaluation can achieve significant time savings and increased effectiveness yet relatively few organisations are using them. We will work in partnership to mount a conference in May to raise awareness of IT systems that support outcomes monitoring. The following month, we will join forces with the local government Improvement and Development Agency (IDeA) to mount a National Quality Conference.
- *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. We will aim to continue to achieve excellent feedback from training participants and will carry out follow-up interviews to assess outcomes achieved.
- *PQASSO:* We will continue to offer training and support to those wishing to implement PQASSO, and will further expand our successful training and licensing scheme for PQASSO mentors based outside CES. We will continue to promote and support the new PQASSO Quality Mark service.
- *The National Outcomes Programme:* Grant support from Big Lottery Fund has supported this programme for six years but comes to an end in June. Working through Outcomes Champions based within sector infrastructure networks, the programme has supported over 1,300 frontline voluntary organisations wishing to monitor the outcomes of their work. We will explore opportunities to continue to support the network of Outcomes Champions, possibly through the National Performance Programme (see below).
- *The National Performance Programme:* The essence of the programme is to provide resources to locally based infrastructure networks to help them provide support to frontline voluntary agencies on performance improvement. We will offer training and mentoring to local development workers and develop a range of support and information resources with our project partners: ACEVO, New Philanthropy Capital, Voice4 Change England, and New Economics Foundation.
- *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. We will also commence a review of this 'flagship' service with a view to broadening its impact.

Marketing: We will review our marketing effectiveness and develop a new marketing strategy to ensure that CES' services and promotional activities continue to develop in line with changing needs in the sector.

6. Structure, governance and management:

CES is a company limited by guarantee and is governed by its Memorandum and Articles of Association, a copy of which is available on request. 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:

Jean Barclay – Chair until her retirement from the Board on 25 July 2008
Professor David Croisdale-Appleby, OBE – Chair from 25 July 2008
Janice Needham – Vice Chair until 25 July 2008, remaining as a trustee thereafter
Rosalind Oakley – Vice Chair from 25 July 2008
Jonathan Orchard – Treasurer

Claire Caffrey
Dave Eldridge
Bill Feinstein
James Kelly
Nick Phillips
Alan Rumary
Corinne Seymour
Professor Helen Simons (retired from the Board on 25 July 2008).

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 Delegation of Authority Policy.

Staff team:

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. They are supported by a team of twenty staff.

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.

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 Institute of Directors and the Association of Chief Executives of Voluntary Organisations (ACEVO), and sits on the accreditation panel for the Foyer Foundation. Several members of staff are members of the UK Evaluation Society.

Related parties:

CES has no subsidiaries. From April 2008, CES has acted as the accountable body for the *ChangeUp* national support service on performance management which we have titled the National Performance Programme. Our delivery partners in this project are:

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

Grant making:

The charity made grants to institutions during the year as the accountable body for the *ChangeUp* national performance hub and the lead body for the national support service on performance management. 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 trustees have a policy on risk management and have procedures in place to mitigate risks. The trustees have established a Risk Audit Committee as a sub-committee of the Board. This committee meets regularly (4 times during 2008) 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 2008 to mitigate possible areas of risk including:

- Environmental, internal capability and 'other players' analyses during the development of our strategy for 2009-11
- Assessing the risks posed to the charity by the upheaval within the financial sector
- Developing new or revised personnel policies and procedures
- Income and expenditure forecasting to the end of 2011
- Scrutinising business plans for a major new undertaking (the national support service on performance management)
- Reviewing CES' reserves policy
- Reviewing the Board's planning cycle
- Undertaking a trustee skills audit and recruiting a new Chair
- Continuing the comprehensive review of CES' governance and overall organisational management with reference to the PQASSO standards.

7. Trustees' responsibilities:

The trustees are responsible for preparing the trustees' report and 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
- state whether applicable accounting standards have been followed
- make judgements and estimates that are reasonable and prudent
- 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.

Colin Nee
Company Secretary, 22nd April, 2009

Independent Auditors' Report To The Members of Charities Evaluation Services

We have audited the financial statements of Charities Evaluation Services for the year ended 31 December 2008, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable 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

As described on page 15 the trustees, who are also the directors of Charities Evaluation Services for the purposes of company law, are responsible for the preparation of the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the trustees' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept information given in the 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 annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

Independent Auditors' Report to the members of Charities Evaluation Services (continued)

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charitable company's state of affairs as at 31 December 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- ◆ the information given in the trustees' report is consistent with the financial statements.

Buzzacott LLP
Chartered Accountants and Registered Auditors
London

Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31 December 2008

	Note	Unrestricted Funds 2008	Restricted Funds 2008	Total Funds 2008	Total Funds 2007
		£	£	£	£
Incoming Resources					
Incoming resources from generated funds					
Core grants	2	161,368	-	161,368	157,616
Bank interest receivable		25,394	-	25,394	32,011
Incoming resources from charitable activities					
Grants for training, technical support and evaluations	3	-	1,380,721	1,380,721	1,869,144
Fees receivable for training, technical support and evaluations	3(a)	-	1,380,721	1,380,721	1,869,144
	3(b)	424,346	-	424,346	442,428
Other incoming resources		2,169	-	2,169	1,737
Total incoming resources		613,277	1,380,721	1,993,998	2,502,936
Resources expended					
Costs of generating funds					
Fundraising		22,276	-	22,276	19,567
Costs of charitable activities					
CES training services		187,809	453,438	641,247	601,905
Technical support and evaluations		333,315	1,002,731	1,336,046	1,610,835
Governance costs		56,797	-	56,797	31,251
Total resources expended	4	600,197	1,456,169	2,056,366	2,263,558
Net incoming/(outgoing) resources for the Year / Net income (expenditure) for the year		13,080	(75,448)	(62,368)	239,378
Reconciliation of funds					
Total funds brought forward 1 January 2008		617,635	316,310	933,945	694,567
Total funds carried forward 31 December 2008		630,715	240,862	871,577	933,945

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 20 to 29 form an integral part of these accounts.

Notes to the Accounts for the year ended 31 December 2008

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

Grant income is recognised in full when entitlement, measurement and certainty are 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.

Fees and investment income are recognised on an accruals 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) Resources expended

Expenditure is recognised, including irrecoverable VAT, 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. Grants offered subject to conditions which have not been met at the year end are noted as a commitment.

- **Costs of generating funds** are those costs incurred in attracting core grants and grants for charitable activities.
- 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. Rentals under operating leases are charged to the SOFA over the term of the lease.

Notes to the Accounts
for the year ended 31 December 2008 (continued)

1. Accounting Policies (continued)

(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:

Assets	Depreciation rate
Freehold 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. Tangible fixed assets acquired are only capitalised if the cost exceeds £100.

(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.

(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 freehold property.
- The PQASSO **Quality Mark Reserve** is a designated fund established to set aside any surplus earned from Quality Mark service for the future development of the service.
- 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.

Notes to the Accounts
for the year ended 31 December 2008 (continued)

2. Core grants

Unrestricted grants were received from the following funders:

	2008	2007
	£	£
Office of the Third Sector	153,868	150,116
Wates Foundation	7,500	7,500
	161,368	157,616
	161,368	157,616

3. Incoming resources from charitable activities

a) Restricted grants were received from the following funders:

	2008	2007
	£	£
Association of Charitable Foundations	1,477	-
Barclaycard	5,000	-
Big Lottery Fund – National Outcomes Programme Phase 2 (BAS/2/01021283)	381,795	319,800
Big Lottery Fund – PQASSO Quality Mark Development Phase (BAS/1/010218142)	-	44,535
Big Lottery Fund – PQASSO Quality Mark (BAS/2/010261961)	147,188	87,266
Capacitybuilders – Improving Reach	17,990	61,922
Capacitybuilders – National Support Service on Performance Management – Development	10,750	-
Capacitybuilders – National Support Service on Performance Management	450,000	-
Capacitybuilders – Performance Hub	307,521	1,300,621
The City Bridge Trust	20,000	40,000
City Parochial Foundation	39,000	15,000
	1,380,721	1,869,144
	1,380,721	1,869,144

b) Fees receivable were derived from the following services:

	2008	2007
	£	£
Technical support and evaluations	187,240	199,399
Training	237,106	243,029
	424,346	442,428
	424,346	442,428

Fees receivable and similar income derived from overseas entities amounted to £2,005 (2007: £2,363).

Notes to the Accounts
for the year ended 31 December 2008 (continued)

4. Resources expended

(a) Analysis of total resources expended

	Technical support & evaluation £	CES Training Services £	Governance costs £	Costs of generating funds £	Total 2008 £	Total 2007 £
External direct costs, including freelance consultants/trainers	373,971	297,386	27,410	346	699,113	630,975
Grants to institutions (see Note 5)	228,370	-	-	-	228,370	695,343
Direct staff costs	461,772	219,622	1,592	-	682,986	595,444
Other office costs	156,761	63,768	1,080	-	221,609	171,979
Support, including costs of support staff	115,172	60,471	26,715	21,930	224,288	169,817
	1,336,046	641,247	56,797	22,276	2,056,366	2,263,558

Support costs are allocated on the basis of staff time.

(b) Analysis of support costs

	Technical support & evaluation £	CES Training Services £	Governance costs £	Costs of generating funds £	Total 2008 £	Total 2007 £
General office, support staff and finance costs	111,923	58,765	25,961	21,311	217,961	162,272
Accountancy services	3,250	1,706	754	619	6,328	7,545
	115,173	60,471	26,715	21,930	224,289	169,817

Support costs are allocated on the basis of staff time

(c) Analysis of governance costs

	2008 £	2007 £
Legal and professional costs	-	920
External audit	6,500	5,000
Costs of strategic planning	2,000	-
Costs of AGM, trustee recruitment and trustees' travel expenses	18,910	5,537
Office costs and salaries allocated on the basis of staff time	29,387	19,794
	56,797	31,251

**Notes to the Accounts
for the year ended 31 December 2008 (continued)**

4. Resources expended (continued)

(d) Total Staff costs

	2008	2007
	£	£
Wages and salaries	714,503	634,628
Social security costs	70,398	53,573
Pension costs	31,792	25,469
	<u>816,693</u>	<u>713,670</u>

One employee earned more than £60,000 in the year (Banding: £60,000 - £70,000) (2007: one). Pension contributions for the highest paid employee amounted to £3,250 (2007: £3,159).

The average monthly number of full time equivalent employees was:

	2008	2007
Administration, training, technical support and evaluations	19	18

(e) Trustee information

No remuneration was paid to the trustees during the year (2007: £Nil). One trustee (2007: three) trustees received travel expenses during the year of £180 (2007: £541).

5. Grants to institutions

Up to 31 March 2008, CES was the lead accountable body for the national performance hub, one of six national hubs created under the *ChangeUp* initiative. The national performance hub was a multiple partner project, and three of the partners, Charities Evaluation Services (CES), National Association for Voluntary and Community Action (NAVCA) and the National Council for Voluntary Organisations (NCVO) were delivery partners. In 2008, as the accountable body, CES received the final instalment of a restricted grant from Capacitybuilders, which covered the final stages of the business plan. CES in turn made restricted grants to NAVCA and NCVO.

The national hubs ended in March 2008 and were succeeded by National Support Services (NSS). CES is the lead body for the NSS on Performance Management – our National Performance Programme (NPP). CES has entered into partnership with acevo, nef, New Philanthropy Capital and Voice4Change England to deliver parts of the programme and in 2008 made restricted grants as set out below.

	Grants to institutions	
	2008	2007
	£	£
Performance Hub:		
NAVCA	148,891	72,571
NCVO	30,450	622,772
National Performance Programme:		
acevo	20,256	-
New Philanthropy Capital	25,748	-
Voice4Change England	3,025	-
	<u>228,370</u>	<u>695,343</u>

In addition to grants payable during the year, there were commitments of £117,579 in relation to 2009. The commitments at 31 December 2007 were £179,341, which were paid in the year.

Notes to the Accounts
for the year ended 31 December 2008 (continued)

6. Net incoming (outgoing) resources

This is stated after charging: -	2008	2007
	£	£
Bank loan interest and charges	16,298	18,802
Auditors' remuneration	7,500	6,342
Depreciation of tangible fixed assets	33,978	30,784
	<u> </u>	<u> </u>

7. Tangible Fixed Assets

	Freehold Property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:				
At 1 January 2008	492,700	59,922	40,062	592,684
Additions	10,000	4,396	24,055	38,451
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	502,700	64,318	64,117	631,135
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation:				
At 1 January 2008	78,832	43,552	34,463	156,847
Charge for year	10,054	13,028	10,896	33,978
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	88,886	56,580	45,359	190,825
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value at				
31 December 2008	413,814	7,738	18,758	440,310
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value at				
31 December 2007	413,868	16,370	5,599	435,837
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

*Freehold property is stated at cost. The property was previously held on a long lease, and the charity acquired the freehold in 2008. The current valuation is shown in the Trustees' Report.

8. Stocks

	2008	2007
	£	£
Publication stocks	3,700	5,898
	<u> </u>	<u> </u>

Notes to the Accounts
for the year ended 31 December 2008 (continued)

9. Debtors	2008	2007
	£	£
Trade debtors	119,023	145,905
Other debtors	7,112	6,885
Prepayments and accrued income	33,704	40,530
	<hr/>	<hr/>
	159,839	193,320
	<hr/>	<hr/>
10. Creditors: Amounts falling due within one year	2008	2007
	£	£
Bank loan	17,564	5,956
Taxation and social security	18,393	22,197
Accruals	10,378	196,573
Deferred income (see below)	42,821	31,982
Other creditors	81,958	31,704
	<hr/>	<hr/>
	171,114	288,412
	<hr/>	<hr/>
Deferred income	2008	2007
	£	£
Balance at 1 January 2008	31,982	27,041
Amount released to incoming resources	(31,982)	(27,041)
Amount deferred in the year:		
Technical Support	20,889	10,000
Training	21,494	21,557
Other	438	425
	<hr/>	<hr/>
Balance at 31 December 2008	42,821	31,982
	<hr/>	<hr/>
11. Creditors: Amounts falling due after more than one year	2008	2007
	£	£
Bank loan	242,790	262,426
	<hr/>	<hr/>
The bank loan is repayable by instalments as follows:-		
- Within one year	17,564	5,956
- Between one and two years	15,712	8,600
- Between two and five years	30,829	29,584
- Over five years	196,249	224,242
	<hr/>	<hr/>
	260,354	268,382
Included within current creditors	(17,564)	(5,956)
	<hr/>	<hr/>
	242,790	262,426
	<hr/>	<hr/>

Notes to the Accounts
for the year ended 31 December 2008 (continued)

The bank loan is secured by a fixed charge over CES' freehold 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.

12. Restricted Funds

	Balance 1 January 2008	Movement in resources		Balance 31 December 2008
	£	£	£	£
		Incoming	Outgoing	
(a) Improving Reach	21,546	17,990	(39,536)	-
(b) Jargonbusters project	-	1,477	(1,477)	-
(c) National Outcomes Programme 2006/9 (Big Lottery fund – BAS/2/01021283)	43,729	381,795	(347,235)	78,289
(d) National Performance Hub	174,057	307,521	(481,578)	-
(e) National Performance Programme	-	450,000	(323,837)	126,163
(f) National Performance Programme – development of business plan	-	10,750	(10,750)	-
(g) PQASSO Quality Mark 2007/10 (Big Lottery Fund – BAS/2/010261961)	60,311	147,188	(171,089)	36,410
(h) Dissemination of research into monitoring and evaluation practice in the voluntary sector	-	14,000	(14,000)	-
(i) Training services for voluntary and community organisations in London	16,667	50,000	(66,667)	-
	<u>316,310</u>	<u>1,380,721</u>	<u>(1,456,169)</u>	<u>240,862</u>

(a) The improving Reach project, funded by Capacitybuilders, was run jointly with the Refugee Council to improve monitoring and evaluation in local refugee voluntary organisations. The project ended on 31 March 2008.

(b) Jargonbusters is a joint initiative to simplify the language of planning, project management and performance improvement. A grant was received from the Association of Charitable Funders to enable CES to promote the Jargonbuster guidelines on its website.

(c) The second National Outcomes Programme (2006/9) is funded by Big Lottery (Ref. BAS/2/01021283). Grant is received quarterly in accordance with out work plans and cash flow forecasts. The funding will cease at the end of June 2009 and the amount carried forward is committed for expenditure in 2009.

Notes to the Accounts
for the year ended 31 December 2008 (continued)

12. Restricted Funds (continued)

- (d) The *ChangeUp* National Performance Hub, which ended on 31 March 2008, was funded by Capacitybuilders. The grants brought forward from 2008 and received in 2008 were used to complete the project.
- (e) The *ChangeUp* national hubs were replaced from April 2008 by the national support services, funded by Capacitybuilders. CES is the lead body for the national support service on performance management, which we have named the National Performance Programme.
- (f) A small grant was received from Capacitybuilders to support the work of preparing a business plan for the national support service on performance management.
- (g) The development of CES' new PQASSO Quality Mark service is supported by a three-year grant from the Big Lottery Fund (Ref. BAS/2/010261961). The grant covers the period October 2007 to September 2010 and is received quarterly in accordance with our work plans and cash flow forecasts. The amount carried forward is committed to be spent early in 2009.
- (h) In 2008 CES produced a report on the results of its national survey into monitoring and evaluation practice in the voluntary sector. Grants were received in 2008 from Barclaycard and the City Parochial Foundation to support dissemination of the findings.
- (i) Grants totalling £50,000 received in 2008 from the City Bridge Trust and City Parochial Foundation, together with grants of £16,667 brought forward from 2007, were used to support training in monitoring and evaluation and quality assurance for small and medium-sized voluntary organisations in London.

13. Movements in funds - unrestricted Funds

	Balance 1 January 2008 £	Movements in Resources Incoming £	Outgoing £	Transfer between reserves £	Balance 31 December 2008 £
Fixed Asset Reserve	167,455	-	(33,978)	46,479	179,956
PQASSO Quality Mark Reserve	-	-	-	18,376	18,376
General Reserve	450,180	613,277	(566,219)	(64,855)	432,383
	617,635	613,277	(600,197)	-	630,715

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 freehold property.

The PQASSO Quality Mark Reserve is a designated fund established to ringfence funds for the continuing development of the PQASSO Quality Mark service. The fund contains the income received for PQASSO Quality Mark peer reviews, less the costs of providing the reviews.

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

Notes to the Accounts
for the year ended 31 December 2008 (continued)

14. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Fixed assets	440,310	-	-	440,310
Net current assets	414,819	18,376	240,862	674,057
Creditors of more than one year	(242,790)	-	-	(242,790)
	<u>612,339</u>	<u>18,376</u>	<u>240,862</u>	<u>871,577</u>

15. Operating lease commitments

There is an annual commitment of £49,906 (2007: £Nil) in respect of two operating leases relating to land and buildings, both of which expire in over 5 years.

16. Pension Fund

The company contributes to the personal pension schemes of its employees. Payments made into their schemes during the year amounted to £31,792 (2007: £25,469).

17. Related Party Transactions

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

