

Company registration no. 2510318
Charity registered no. 803602 (England and Wales)
SC040937 (Scotland)

CHARITIES EVALUATION SERVICES

Annual Report and Accounts

for the year ended 31 December 2009

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Reference and Administrative Details

Trustees	David Croisdale-Appleby, OBE (Chair to 2 December 2009) Rosalind Oakley (Vice Chair to 15 December 2009; Chair from 15 December 2009) Jonathan Orchard (Treasurer) Nicolas Phillips (Vice Chair from 27 January 2010) Claire Caffrey (retired 27 January 2010) Dave Eldridge Bill Feinstein Jenny Field (appointed 21 October 2009) James Kelly (retired 15 July 2009) Janice Needham (retired 15 July 2009) Matt Overd (appointed 21 October 2009) Sue Rossiter (appointed 21 October 2009) Alan Rumary Corinne Seymour
Chief Executive and Company Secretary	Colin Nee (to 31 December 2009)
Interim Chief Executive and Company Secretary	Elizabeth Balgobin (from 4 January 2010)
Senior managers	Jane Jacobson Sally Anne Matthews Tim Wilson
Company registration number	2510318 (England and Wales)
Charity registration number	803602 in England and Wales SC040937 in Scotland
Registered office and business address	4 Coldbath Square London EC1R 5HL
Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG

Bankers

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Solicitors

Bates Wells & Braithwaite LLP
2-6 Cannon Street
London
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Trustees' report for the year ended 31 December 2009

1. Introduction and overview

The trustees present their report and the accounts for the year ended 31 December 2009.

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.

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 continued to be positive; we provided training in implementing evaluation and quality systems to 1,184 (966 in 2008) staff and volunteers from 778 (643 in 2008) organisations and 87% (86% in 2008) 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 continued to successfully deliver the National Performance Programme, launched the PQASSO 3rd edition CD-ROM, held the first conference in the UK on ICT and outcomes monitoring and a conference on quality. We introduced two new training courses to our programme and developed a third for funders and commissioners for 2010. We also achieved Level 2 of PQASSO as part of our commitment to ensure we operate to a high and consistent quality standard in all of our work.

CES continued to win awards in 2009 with Dr Jean Ellis' paper *Monitoring and Evaluation in the Third Sector: Meeting Accountability and Learning Needs* winning the Campbell Anderson Award at the 15th NCVO/VSSN Researching the Voluntary Sector Conference 2009.

The funding for the National Outcomes Programme came to an end and CES reluctantly made two redundancies in June 2009. The work that had been developed as part of this programme still has value to the third sector and some of the work has been taken up by the National Performance Programme, particularly around supporting the Outcomes Champions.

CES' income fell by 13.8% in 2009 and expenditure decreased by 10.5%, compared to 2008. The charity achieved a surplus of unrestricted funds and ended the year with lower restricted reserves than were brought forward from 2008. The overall result for the year was net outgoing resources of £120,806; this includes an unrestricted surplus of £41,985.

At the end of 2009 our Chair of the Board of Trustees, Professor David Croisdale-Appleby, stood down and Colin Nee, Chief Executive for over 8 years left to take up a new position. The Board of Trustees took the decision to take time to reflect on the leadership and management of CES and elected Ros Oakley as chair and appointed Elizabeth Balgobin as Interim Chief Executive. The Board wishes to express its thanks to David for his contribution to leading CES and shaping our strategic priorities and to Colin for his ever vigilant leadership and management of CES.

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 our Board of Trustees refined our vision and mission statements and our specific aims, as follows:

Our vision

An ever more effective third sector.

Our mission

To use our knowledge of evaluation and quality systems, and our influence as a sector leader, to help the third sector increase its impact.

Our values

CES believes in:

- The power of evaluation and quality to make the sector more effective
- Evaluation for learning as well as accountability
- Valuing diversity
- Being environmentally responsible
- Facilitating the sharing of knowledge
- Learning from those with whom we work.

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

We have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

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.

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

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In 2009, the organisations that received training on CES' open and in-house programmes offered support in the following areas (note that a number were multi-functional and so the total exceeds 100%):

Education/training	58%
General charitable purpose	35%
Economic/community development/employment	32%
Other/none of these	24%
Medical/health/sickness	23%
Disability	22%
Arts/culture	21%
Relief of poverty	20%
Sport/recreation	18%
Accommodation/housing	13%
Environmental/conservation/heritage	8%
Religious activity	3%
Overseas aid/famine	2%
No response	2%
Animals	1%

These organisations offer support to the following categories of service users:

Children/young people	64%
Other charities or voluntary bodies	46%
Elderly people	36%
People with disabilities/special needs	35%
Other defined groups	32%
General public	30%
People with particular ethnic origin	30%
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 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. This small sample of statistics covers frontline and infrastructure organisations:

- More skilled and confident with respect to implementing evaluation and quality systems

strongly agreeing	36%
agreeing	55%
neither agreeing nor disagreeing	6%
disagreeing	2%
strongly disagreeing	0%
no response	1%

- More able to improve their services

strongly agreeing	31%
agreeing	56%
neither agreeing nor disagreeing	10%
disagreeing	1%
strongly disagreeing	0%
no response	2%

- More able to meet their users' needs

strongly agreeing	30%
agreeing	57%
neither agreeing nor disagreeing	9%
disagreeing	1%
strongly disagreeing	0%
no response	3%

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 achieve this through our participation at sector-wide events and contribution to partnership working groups and committees. In 2009 we presented at 22 conferences or seminars and published 15 articles and interviews.

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 on the organisation's size (small, medium, large and very large). With support from grant funding, we also provide free training programmes. We took the decision in 2009 to hold our course fee levels at early 2009 rates into the first half of 2010 in order to ensure that all organisations could plan their spend on training during these current financial uncertain times. 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 (71 sessions under 3 hours and 4 over 3 hours in 2009) and our website is also entirely free to view. Our website was accessed by nearly 90,667 unique users in 2009, a small increase on 2008. A number of our publications which in their print format are for sale are made available as free downloads on the website (accessed over 32,076 times in 2009, an increase of 16% on the previous year).

Strategy

The Board had agreed new strategic priorities for the next three years in 2008 and work in 2009 focused on achieving these 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.

Actions: Research on evaluation practice in the third sector; research findings shared with the Office of the Third Sector (OTS) and London Funders and cited in the Greater Manchester study of commissioner

practice; participation on the Third Sector Research Centre advisory panel; contribution to the OTS working group on Impact; responded to Conservatives' green paper on the third sector.

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.

Actions: Developed new training courses on monitoring policy and campaigning activity, and using evaluation to influence policy; research papers to NCVO/VSSN conference.

We also sustained 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.

Actions: 14 consultancy contracts won with a range of organisations and 12 completed in 2009.

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.

Actions: A full training programme offered across the country on performance management topics; on-line discussion forum with 857 members; 92 PQASSO Quality Mark peer reviewers trained.

"It was very good and I came away feeling quietly confident that I could implement PQASSO".
Training course participant

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.

Actions: Research commissioned into the performance needs of Voice4Change England partners; development of new PQASSO training course for funders and commissioners.

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.

Actions: we continued to work with those identified in 2008 and through grants from City Bridge Trust and City Parochial Foundation to work with marginalised groups in London.

3. Achievements and performance

2009 was another successful year for the CES team with a focus on being an exemplar organisation we went through the full PQASSO accreditation process and achieved level 2. We set ourselves 11 operational objectives, which sit below the four specific aims, for 2009 and performance against them is described below.

Operational Objectives

- 3.1 To provide 'open' and 'in house' training to support the implementation of evaluation and quality systems. *Indicator: At least 50% of organisations trained agree they have introduced a new system or achieved other beneficial change as a result of the training.*

60 days of open training provided and 107 days of in house training to 1,184 people from 778 organisations. 91% agreed that they felt more confident about implementing a new system; 87% agreed that the training will help them improve their services; 87% felt that the training will help them be more effective in meeting their users' needs.

- 3.2 To provide bespoke consultancy and external evaluation services. *Indicator: Effectiveness of client organisations strengthened; income target met.*

14 contracts won and 12 completed by the end of 2009. Income was £5,233 below target. Clients have been introduced to new tools to measure effectiveness; measuring the effectiveness of increased staff capacity and replicating success in other parts of the organisation; work with local authority councillors and funding officers to develop materials to be used with the third sector locally.

- 3.3 To maintain PQASSO's position as the sector's most popular quality system. *Indicator: sales of third edition; uptake of PQASSO Quality Mark; evidence of growing interest in PQASSO from statutory funders.*

904 copies of PQASSO workbook sold, of which 793 were 3rd edition; 37 applications for the quality mark in 2009; work begun to target information to statutory funders.

- 3.4 To provide two learning and networking events on areas of emerging interest. *Indicator: Conferences booked out and positive feedback received.*

First national conference on IT and Outcomes with 88 attendees and 11 system providers exhibiting; 94% agreeing that it had increased their knowledge of the range of solutions available; 74% stating that it would help them move forwards with their outcomes monitoring. Joint conference with IDEA on quality and grants and commissioning; 131 attendees; case studies presented; 77% felt that the conference helped them find out what commissioners and funders really want; 88% understood what makes for success in working in quality.

"Gave me some powerful arguments which I can use in pushing the case for quality in my organisation"
Conference attendee

"Case study presentations from CANW and Kidscape were fantastic!! Really inspirational – Brilliant!!"
Conference attendee

- 3.5 To provide a range of information in print and online. *Indicator: sales and downloads; spontaneous positive feedback.*

Free publications accessed 32,076; 683 copies of publications sold.

- 3.6 To maintain the network of trained and licensed PQASSO mentors. *Indicators: End 2009 with at least 163 licensed mentors.*

18 new mentors trained; 11 mentors renewed licenses; mentor pool of 172 people.

- 3.7 To complete delivery of the agreed NPP business plan for 2008/9 and negotiate a new plan for 2009/10. *Indicator: New business plan for 2009/10 agreed with Capacitybuilders.*

Business plan for 2008/9 completed; business plan for 2009/10 agreed with Capacitybuilders; all partners involved in delivery; 26 training courses delivered; 36 episodes of mentoring support delivered; 5 Black and Minority Ethnic 'performance champions' trained; National Outcomes Programme materials updated.

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3.8 To participate in a consortium programme to build the skills of infrastructure organisations regarding outcomes. *Indicator: NAVCA bid to Big Lottery Fund BASIS programme being successful and programme implemented.*

The partnership bid was unsuccessful.

3.9 To use our learning from service delivery and participation in research projects to act as a policy voice on evaluation and quality. *Indicator: Understanding of policy makers increased regarding the third sector's needs regarding evaluation and quality.*

Research report and summary briefing downloaded 1,164 times; hosted event on value of government funded capacity building programmes attended by National Audit Office, Office of the Third Sector, Big Lottery Fund, NAVCA, ACEVO and Capacitybuilders; attendance at stakeholder panel for the Third Sector Research Centre; participation in ACEVO focus group to respond to the Conservatives' green paper on the third sector; written response to questions on 'payment by results' proposals; participation in the Local Grants Forum; participation in London Funders evaluation working group, participation in the National Programme on Third Sector Commissioning advisory group.

3.10 To focus primarily on developmental activity to begin building CES' profile and influence within the local statutory commissioning environment. *Indicator: to end the year with an action plan and Board/staff working group in place to steer and monitor its progress.*

Work begun to articulate CES' policy priorities; attendance at Office of the Third Sector meetings looking at local authority commissioning practice; promotion of Office of the Third Sector proportionate monitoring guidance; begun work to update CES' booklet for funders, *Does your money make a difference?*

Strategic working groups

Four strategic working groups, made up of trustees and staff, met in 2009 to review specific areas of work and recommend changes to develop CES' business. The four groups were:

- Consultancy and external evaluations service
- Marketing
- Policy
- Finances and CES business model

The issues affecting CES and our clients were discussed with a focus on the external context the third sector is operating in. This recognises the anticipated reduction in public spending and government funding to support our work. Change plans have been agreed and are being implemented in 2010.

Additionally, work was begun to review the CES website to ensure that this best reflects the work we do and provides accessible support and information to the third sector and those involved in supporting it. We are grateful to Christopher Noble for volunteering his time to help us think through what we need from a new website.

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.

Feedback from our outcomes interviews on our monitoring and evaluation courses shows that:

- 94% have put learning into practice
- 89% have shared learning from the course with colleagues

- 36% feel that their organisation will be more resilient in facing the economic downturn with 55% saying it is too early to tell
- 50% used information collected in monitoring and evaluation to improve their services
- 55% have used information in monitoring and evaluation to either report to funders or to gain further funding.

“we will be better able to demonstrate our monitoring capabilities for new contracts”

“I found it very useful at the time and still use the principles daily”

“attending the course gave me the confidence to see the process through”

“It was excellent - spot on. I really liked the follow up postcard as it just keeps it in my mind”
Course participants

Activities in Scotland

During the year we:

- ran six one-day training courses in Scotland; five on the topic of self-evaluation and one on PQASSO
- provided a free workshop for Scottish branches of a large UK voluntary organisation to tell them about PQASSO and the PQASSO Quality Mark
- provided consultancy to a Scottish organisation to support the re-drafting of their quality standards.

Towards the end of the year, three organisations in Scotland applied for the PQASSO Quality Mark, and work began on one of them in December.

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 20 shows CES' gross income from all sources and how this income was expended, and the split of activity between restricted and unrestricted funds.

Overview

This was a busy year in which we used up much of the restricted funds brought forward from 2008 and received during the year. The second phase of our National Outcomes Programme, funded by Big Lottery Fund, ended this year. Added to this was a busy programme of events in the National Performance Programme funded by Capacitybuilders, and growing demand for the PQASSO Quality Mark, funded by Big Lottery Fund. We ended the year with net outgoing resources of £120,806, comprising net outgoing restricted funds of £162,791 and net incoming unrestricted funds of £41,985. Our 'free' reserves have

increased to £478,633 (2008: £432,383), representing 8.2 months of fixed overhead expenditure or 3.1 months of total expenditure (2008: 4.7 months). Free reserves are above the target level of three months of fixed overhead expenditure and the organisation is planning to continue to invest substantial reserves in implementing its strategic plan in 2010.

Incoming resources

Total incoming resources for 2009 were £1,718,925 compared with £1,993,998 in the previous year, a decrease of £275,073. This is made up of a fall in restricted grants of £406,202 (29%) and in bank interest of £23,198 (91%). Restricted grant income was still affected in 2009 by the transition from the Performance Hub to the National Performance Programme with its much smaller budget, in April 2008. Bank interest was severely affected by the economic downturn and fall in the bank base rate. The fall in incoming resources was offset in part by rises in core grants of £11,444 (7%) and earned income of £142,187 (33%). 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 £1,839,731, which was £216,635 or 10.5% less than in 2008.

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 £1,788,964 in 2009 compared to £1,977,293 in the previous year, a decrease of 9.5%. Again, this was due to the transition from the Performance Hub to the National Performance Programme with its lower budget.

Expenditure on the governance of the charity was £32,760 (2008: £56,797). 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.

The cost of generating funds, £18,007 in 2009 (2008: £22,276) 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 21 of the accounts shows the financial position of the charity on 31 December 2009. Total net assets at the year-end were £750,771, made up of a fixed asset reserve of £176,433, a designated reserve of £17,634, a general reserve of £478,633 and restricted funds of £78,071. Net assets decreased by £120,806 from the previous year-end.

Fixed assets include the depreciated cost of our offices at 4 Coldbath Square. In 2008, the charity purchased the freehold of the building on which we previously held a long lease. The value of the property fell significantly in the economic downturn in 2009. We received three valuations in January 2010, which varied greatly, but the average of which was £665,000 (2008: £825,000).

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 January 2010 CES reviewed its reserves policy and agreed that the policy, as set out below, is still appropriate to the organisation's circumstances.

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 2009 were £478,633 (2008: £432,383). This represents 8.2 months of fixed overhead expenditure in 2009. In 2008 the trustees 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 £176,433, 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

CES will experience more change in 2010 than it has in the last five years as it recruits a new permanent chief executive, prepares for the transition from fully funded activities for the PQASSO Quality Mark and the National Performance Programme to identifying what is possible to self-sustain and generate income and, celebrates its 20th anniversary.

The Board has taken time to identify the abilities and qualities they want in a new chief executive and hope to appoint to this post by early summer 2010. Work continues, in the meantime, to fully implement the strategy and its specific service aims. The four strategic working groups spent 2009 discussing what CES does, who it works for and how to improve our services for our customers.

Our service delivery aims for 2010 focus on the following areas:

- **Health and social care:** We will concentrate on developing our work on quality, monitoring and evaluation in the fields of health and social care as the largest area of work for the third sector and the people that the sector serves and supports.
- **Research and policy input:** We will continue to use our experience from service delivery and research to act as a national policy voice on quality systems, monitoring and evaluation tools, and

topics such as Social Return on Investment, to help inform national government following the national elections in 2010, and local government, think-tanks, funders and policy shapers.

- **Conferences:** We will continue to participate in national and local conferences for and about the third sector and will mount a large partnership conference on performance management.
- **Training:** We aim to provide training to support the implementation of evaluation and quality systems to at least 680 third sector organisations throughout the UK. We will aim to deliver a larger number of training dates outside of London.
- **PQASSO:** We will continue to offer training and support to those wishing to implement PQASSO. We will continue to develop and promote the PQASSO Quality Mark service with the aim that at least 40 organisations a year achieve the Quality Mark.
- **The National Performance Programme:** The programme will continue to provide resources to support infrastructure networks to help them support frontline third sector organisations on performance improvement working with our project partners, ACEVO, New Philanthropy Capital, Voice4Change England and New Economics Foundation. The NPP programme will provide support to the Outcomes Champions based in infrastructure organisations, enabling them to develop and support frontline organisations.
- **Jargonbusters:** CES publishes Jargonbusters on behalf of a dedicated working group made up of third sector and independent funders. The group has agreed that a second edition of Jargonbusters should be published on a dedicated web-site which CES will host. We aim to bring this important tool to the sector by September 2010.
- **Consultancy:** We will continue to seek tenders for bespoke consultancies and external evaluations, prioritising those which will generate learning to large numbers of third sector organisations, break new ground or influence policy. We aim to deliver at least a quarter of new work won in the area of health and social care.
- **Marketing:** We will ensure that CES and all CES products and services are promoted well and in line with the new marketing strategy. A six month post of Marketing Officer will be recruited to develop and embed this work in CES.
- **Business review:** CES will continue to review its business model to achieve best value for services delivered and to our clients.

6. Structure, governance and management

CES is a company limited by guarantee and is governed by its Articles of Association, a copy of which is available on request. The company is also registered as a charity in England and Wales and separately in Scotland.

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. During the last six months of 2009 Board members also participated in the four strategic working groups.

The members of the Board of Trustees who served during the year were:

Professor David Croisdale-Appleby, OBE – Chair from 25 July 2008 to 2 December 2009
Rosalind Oakley – Vice Chair from 25 July 2008 and Chair from 15 December 2009
Jonathan Orchard – Treasurer
Claire Caffrey (to 27 January 2010)
Dave Eldridge
Bill Feinstein
Jenny Field (from 21 October 2009)
James Kelly (to 15 July 2009)
Janice Needham (to 15 July 2009)
Matt Overd (from 21 October 2009)
Nicolas Phillips
Sue Rossiter (from 21 October 2009)
Alan Rumary
Corinne Seymour

While the Board of Trustees sets policy and strategy, day-to-day management of the organisation is delegated to the Chief Executive, Colin Nee during 2009, 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 20 staff.

Volunteer help

Aside from our Board of Trustees, who between them contributed approximately eighty days of support, we engaged support from 1 volunteer specifically to help with the design of a new CES website. This support continues in 2010.

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 was a member of the Institute of Directors during 2009 and the Association of Chief Executives of Voluntary Organisations (ACEVO). 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 (V4CE)
- New Philanthropy Capital (npc) and
- New Economics Foundation (nef).

Grant making

The charity made grants to institutions during the year as the accountable lead body for the National Performance Programme. 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 2009) 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 2009 to mitigate possible areas of risk including:

- Reviewing the annual health and safety report
- Reviewing compliance with data protection regulations
- Continuing to assess the risks to the third sector due to the national economic recession and responses to this
- Developing new or revised personnel policies and procedures
- Income and expenditure indicative forecasting to the end of 2012
- Reviewing CES' reserves policy
- Reviewing CES' investment policy
- Reviewing the Board's planning cycle
- Adopting a Trustee code of conduct
- Continuing the comprehensive review of CES' governance and overall organisational management with reference to the PQASSO standards.

7. Trustees' responsibilities

The trustees (who are also directors of Charities Evaluation Services for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP)
- make judgments and estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Elizabeth Balgobin
Company Secretary
21 April 2010

Independent auditor's report to the trustees and members of Charities Evaluation Services

We have audited the financial statements of Charities Evaluation Services for the year ended 31 December 2009 which comprise the statement of financial activities, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's members and trustees 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 charity, the charity's members as a body and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees are also the directors of the company for the purposes of company law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of trustees' responsibilities contained within the trustees' report.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the trustees' annual report is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the trustees' report. 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 other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and
- the information given in the trustees' annual report is consistent with the financial statements.

Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
12 New Fetter Lane
London
EC4A 1AG

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31 December 2009

	Note	Unrestricted funds 2009 £	Restricted funds 2009 £	Total funds 2009 £	Total funds 2008 £
Incoming resources					
Incoming resources from generated funds					
Core grants	2	172,812	-	172,812	161,368
Bank interest receivable		2,196	-	2,196	25,394
Incoming resources from charitable activities					
Grants for training, technical support and evaluations	3	-	974,519	974,519	1,380,721
Fees receivable for training, technical support and evaluations		566,533	-	566,533	424,346
Other incoming resources		<u>2,865</u>	<u>-</u>	<u>2,865</u>	<u>2,169</u>
Total incoming resources		<u>744,406</u>	<u>974,519</u>	<u>1,718,925</u>	<u>1,993,998</u>
Resources expended					
Costs of generating funds					
Fundraising		18,007	-	18,007	22,276
Costs of charitable activities					
CES training services		245,397	319,372	564,769	641,247
Technical support and evaluations		406,257	817,938	1,224,195	1,336,046
Governance costs		<u>32,760</u>	<u>-</u>	<u>32,760</u>	<u>56,797</u>
Total resources expended	4	<u>702,421</u>	<u>1,137,310</u>	<u>1,839,731</u>	<u>2,056,366</u>
Net incoming/(outgoing) resources for the year / Net income (expenditure) for the year		41,985	(162,791)	(120,806)	(62,368)
Reconciliation of funds					
Total funds brought forward 1 January 2009		<u>630,715</u>	<u>240,862</u>	<u>871,577</u>	<u>933,945</u>
Total funds carried forward 31 December 2009		<u>672,700</u>	<u>78,071</u>	<u>750,771</u>	<u>871,577</u>

The results shown above are attributable to continuing operations only.

There are 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 22 to 31 form an integral part of these accounts.

Balance Sheet
as at 31 December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	7		420,672		440,310
Current assets					
Stocks	8	6,237		3,700	
Debtors	9	134,359		159,839	
Cash at bank and in hand		<u>573,788</u>		<u>681,632</u>	
		714,384		845,171	
Liabilities					
Creditors: Amounts falling due within one year	10	<u>(153,329)</u>		<u>(171,114)</u>	
Net Current Assets			<u>561,055</u>		<u>674,057</u>
Total Assets Less Current Liabilities			981,727		1,114,367
Creditors: Amounts falling due after more than one year	11		<u>(230,956)</u>		<u>(242,790)</u>
Net Assets			<u>750,771</u>		<u>871,577</u>
Funds					
Restricted	12		78,071		240,862
Unrestricted	13				
- Fixed Asset Reserve		176,433		179,956	
- Designated Reserve		17,634		18,376	
- General Reserve		<u>478,633</u>		<u>432,383</u>	
			<u>672,700</u>		<u>630,715</u>
			<u>750,771</u>		<u>871,577</u>

The notes on pages 22 to 31 form an integral part of these accounts.

Approved by the Board of Trustees on 21 April 2010 and signed on behalf of the Board by

.....
Rosalind Oakley

.....
Nicolas Phillips

Notes to the Accounts for the year ended 31 December 2009

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 Law and Accounting Standards.

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

Notes to the Accounts for the year ended 31 December 2009 (continued)

each area. Rentals under operating leases are charged to the SOFA over the term of the lease.

(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 2009 (continued)

2. Core grants and donations

Unrestricted grants and donations were received from the following funders:

	2009	2008
	£	£
NCVO (Campbell Anderson Prize 2009)	500	-
Office of the Third Sector	154,812	153,868
Wates Foundation	<u>17,500</u>	<u>7,500</u>
	<u>172,812</u>	<u>161,368</u>

3. Incoming resources from charitable activities

a) Restricted grants were received from the following funders:

	2009	2008
	£	£
Association of Charitable Foundations	-	1,477
Barclaycard		5,000
Big Lottery Fund – National Outcomes Programme Phase 2 (BAS/2/01021283)	160,024	381,795
Big Lottery Fund – PQASSO Quality Mark (BAS/2/010261961)	142,820	147,188
Capacitybuilders – Improving Reach	-	17,990
Capacitybuilders – National Support Service on Performance Management – Development	-	10,750
Capacitybuilders – National Support Service on Performance Management	596,425	450,000
Capacitybuilders – Performance Hub	-	307,521
The City Bridge Trust – training	43,500	20,000
City Parochial Foundation	<u>31,750</u>	<u>39,000</u>
	<u>974,519</u>	<u>1,380,721</u>

b) Fees receivable were derived from the following services:

	2009	2008
	£	£
Technical support and evaluations	277,813	187,240
Training	<u>288,720</u>	<u>237,106</u>
	<u>566,533</u>	<u>424,346</u>

Fees receivable and similar income derived from overseas entities amounted to £4,546 (2008: £2,005)

Notes to the Accounts for the year ended 31 December 2009 (continued)

4. Resources expended

(a) Analysis of total resources expended

	Technical support & evaluation £	CES Training Services £	Governance costs £	Costs of generating funds £	Total 2009 £	Total 2008 £
External direct costs, including freelance consultants/trainers	232,523	209,697	11,752	-	453,972	699,113
Grants to institutions (see Note 5)	197,183	-	-	-	197,183	228,370
Direct staff costs	481,014	257,825	1,878	1,878	742,595	682,986
Other office costs	171,106	63,917	1,123	1,123	237,269	221,609
Support, including costs of support staff	<u>142,369</u>	<u>33,330</u>	<u>18,007</u>	<u>15,006</u>	<u>208,712</u>	<u>224,288</u>
	<u>1,224,195</u>	<u>564,769</u>	<u>32,760</u>	<u>18,007</u>	<u>1,839,731</u>	<u>2,056,366</u>

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 2009 £	Total 2008 £
General office, support staff and finance costs	138,218	32,358	17,482	14,568	202,626	217,961
Accountancy services	<u>4,151</u>	<u>972</u>	<u>525</u>	<u>438</u>	<u>6,086</u>	<u>6,328</u>
	<u>142,369</u>	<u>33,330</u>	<u>18,007</u>	<u>15,006</u>	<u>208,712</u>	<u>224,289</u>

Support costs are allocated on the basis of staff time

(c) Analysis of governance costs

	2009 £	2008 £
Legal and professional costs	-	-
External audit	7,265	6,500
Costs of strategic planning	-	2,000
Costs of AGM, trustee recruitment and trustees' travel expenses	4,487	18,910
Office costs and salaries allocated on the basis of staff time	<u>21,008</u>	<u>29,387</u>
	<u>32,760</u>	<u>56,797</u>

Notes to the Accounts for the year ended 31 December 2009 (continued)

4. Resources expended (continued)

(d) Total staff costs

	2009	2008
	£	£
Wages and salaries	761,015	714,503
Social security costs	73,183	70,398
Pension costs	<u>38,868</u>	<u>31,792</u>
	<u>873,066</u>	<u>816,693</u>

One employee earned more than £60,000 in the year (Banding: £70,000 - £80,000) (2008: £60,000 - £70,000). Pension contributions for the highest paid employee amounted to £3,510 (2008: £3,250).

The average monthly number of full time equivalent employees was:

	2009	2008
Administration, training, technical support and evaluations	20	19

(e) Trustee information

No remuneration was paid to the trustees during the year (2008: £Nil). Two trustees (2008: one) received travel expenses during the year of £87 (2008: £180).

5. Grants to institutions

CES is the lead body for the National Support Service on Performance Management – our National Performance Programme (NPP). CES has entered into partnership with ACEVO, New Economics Foundation, new Philanthropy Capital and Voice4Change England to deliver parts of the programme and in 2009 made restricted grants as set out below.

	Grants to institutions	
	2009	2008
	£	£
Performance Hub:		
NAVCA	-	148,891
NCVO	-	30,450
National Performance Programme:		
ACEVO	38,138	20,256
New Economics Foundations	62,500	-
New Philanthropy Capital	54,248	25,748
Voice4Change England	<u>42,297</u>	<u>3,025</u>
	<u>197,183</u>	<u>228,370</u>

6. Net incoming (outgoing) resources

This is stated after charging:

	2009	2008
	£	£
Bank loan interest and charges	6,161	16,298
Auditors' remuneration	7,265	7,500
Depreciation of tangible fixed assets	<u>30,768</u>	<u>33,978</u>

Notes to the Accounts for the year ended 31 December 2009 (continued)

7. Tangible Fixed Assets

	Freehold property	Fixtures, fittings and equipment	Computer equipment	Total
Cost:	£	£	£	£
At 1 January 2009	502,700	64,318	64,117	631,135
Additions	-	4,907	6,223	11,130
Disposals	-	-	(3,661)	(3,661)
At 31 December 2009	<u>502,700</u>	<u>69,225</u>	<u>66,679</u>	<u>638,604</u>
Depreciation:				
At 1 January 2009	88,886	56,580	45,359	190,825
Charge for the year	10,054	7,904	12,810	30,768
Eliminated on disposal	-	-	(3,661)	(3,661)
At 31 December 2009	<u>98,940</u>	<u>64,484</u>	<u>54,508</u>	<u>217,932</u>
Net book value at:				
31 December 2009	<u>403,760</u>	<u>4,741</u>	<u>12,171</u>	<u>420,672</u>
31 December 2008	<u>413,814</u>	<u>7,738</u>	<u>18,758</u>	<u>440,310</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

	2009	2008
	£	£
Publication stocks	<u>6,237</u>	<u>3,700</u>

9. Debtors

	2009	2008
	£	£
Trade debtors	97,430	119,023
Other debtors	9,256	7,112
Prepayments and accrued income	<u>27,673</u>	<u>33,704</u>
	<u>134,359</u>	<u>159,839</u>

10. Creditors: Amounts falling due within one year

	2009	2008
	£	£
Bank loan	13,283	17,564
Taxation and social security	6,737	18,393
Accruals	18,557	10,378
Deferred income (see below)	74,677	42,821
Other creditors	<u>40,075</u>	<u>81,958</u>
	<u>153,329</u>	<u>171,114</u>

Notes to the Accounts for the year ended 31 December 2009 (continued)

10. Creditors: Amounts falling due within one year (continued)

Deferred income

	2009	2008
	£	£
Balance at 1 January 2009	42,821	42,821
Amount released to incoming resources	(42,821)	(42,821)
Amount deferred in the year:		
Technical support	38,732	20,889
Training	35,508	21,494
Other	<u>437</u>	<u>438</u>
Balance at 31 December 2009	<u>74,677</u>	<u>42,821</u>

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

	2009	2008
	£	£
Bank loan	<u>230,956</u>	<u>242,790</u>
The bank loan is repayable by instalments as follows:		
- within one year	13,283	17,564
- between one and two years	13,549	15,712
- between two and five years	42,294	30,829
- over five years	<u>175,113</u>	<u>196,249</u>
	<u>244,239</u>	<u>260,354</u>
Included within current creditors	<u>(13,283)</u>	<u>(17,564)</u>
	<u>230,956</u>	<u>242,790</u>

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 1.5% over the bank's base rate.

Notes to the Accounts for the year ended 31 December 2009 (continued)

12. Restricted Funds

	Balance 1 January 2009 (restated*) £	Movement in resources		Balance 31 December 2009 £
		Incoming £	Outgoing £	
(a) National Outcomes Programme 2006/9 (Big Lottery Fund – BAS/2/01021283)	78,289	160,024	(238,313)	-
(b) National Performance Programme	124,813	596,425	(689,780)	31,458
(c) PQASSO Quality Mark 2007/10 (Big Lottery Fund - BAS/2/010261961)	37,760	142,820	(133,967)	46,613
(d) Training services for voluntary and community organisations in London	-	75,250	(75,250)	-
	<u>240,862</u>	<u>974,519</u>	<u>(1,137,310)</u>	<u>78,071</u>

* Funds brought forward have been restated to correct an allocation error in the previous year. The balance in the National Performance Programme fund has been reduced by £1,350 and the balance in the PQASSO Quality Mark fund increased by the same amount.

- (a) The second National Outcomes Programme (2006/9) was funded by the Big Lottery Fund (Ref. BAS/2/01021283). Grant was received quarterly in accordance with our work plans and cash flow forecasts. The funding ceased at the end of June 2009 and we were permitted by the funder to use funds in hand to complete the programme and plan a successor service.
- (b) Capacitybuilders funds the National Support Service on Performance Management (our National Performance Programme). The programme is funded from April 2008 to March 2011. Grant is received quarterly. The amount carried forward is committed to be spent early in 2010.
- (c) 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 2010.
- (d) Grants totalling £75,250 received in 2009 from the City Bridge Trust and City Parochial Foundation were used to support training in monitoring and evaluation and quality assurance for small and medium-sized voluntary organisations in London.

Notes to the Accounts for the year ended 31 December 2009 (continued)

13. Movements in funds - unrestricted funds

	Balance 1 January 2009	Movement in resources		Transfer between reserves £	Balance 31 December 2009 £
		Incoming £	Outgoing £		
Fixed Asset Reserve	179,956	-	(30,768)	27,245	176,433
PQASSO Quality Mark Reserve	18,376	-	-	(742)	17,634
General Reserve	<u>432,383</u>	<u>744,406</u>	<u>(671,653)</u>	<u>(26,503)</u>	<u>478,633</u>
	<u>630,715</u>	<u>744,406</u>	<u>(702,421)</u>	<u>-</u>	<u>672,700</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 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.

14. Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Fixed assets	420,672	-	-	420,672
Net current assets	465,350	17,634	78,071	561,055
Creditors of more than one year	<u>(230,956)</u>	<u>-</u>	<u>-</u>	<u>(230,956)</u>
	<u>655,066</u>	<u>17,634</u>	<u>78,071</u>	<u>750,771</u>

15. Operating lease commitments

The quarterly amounts payable in respect of operating leases shown below are analysed according to the expiry of the leases.

	2009 £	2008 £
One year	47,926	46,906
Between two and five years	171,734	187,624
Over five years	-	28,144
	<u> </u>	<u> </u>

In August 2008 CES acquired two leases on premises at 10 Coldbath Square, London EC1R 5HL for the purposes of providing a training room and additional office space. There are two leases, each for six years with break clauses operating at the end of the third, fourth and fifth years.

Notes to the Accounts for the year ended 31 December 2009 (continued)

16. Pension Fund

The company contributes to the personal pension schemes of its employees. Payments made into their schemes during the year amounted to £38,868 (2008: £31,792).

17. Related Party Transactions

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