

CHARITIES EVALUATION SERVICES

A company limited by guarantee and not having a share capital

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2005

Charity registered no. 803602

Company registered no. 2510318

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Company Information

Trustees	Jean Barclay (Chair) Karl Wilding (Vice Chair) James Kelly (Treasurer) Rodney Buse (retired 20 July 2005) Jim Emerson Bill Feinstein (retired 20 July 2005) Janice Needham Rosalind Oakley (appointed 26 April 2006) Udeni Salmon Professor Helen Simons Roger Sykes Carl Upsall
Chief Executive and Company Secretary	Colin Nee
Company registration number	2510318 (England and Wales)
Charity registration number	803602
Business address	4 Coldbath Square London EC1R 5HL
Registered office	4 Coldbath Square London EC1R 5HL
Auditors	Citroen Wells Devonshire House 1 Devonshire Street London W1W 5DR
Bankers	Unity Trust Bank Plc 9 Brindley Place 4 Oozells Square Birmingham B1 2HB
Solicitors	Bates, Wells & Braithwaite Cheapside House 138 Cheapside London EC2V 6BB

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Trustees' report for the year ended 31 December 2005

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1. Introduction and overview:

The trustees present their report and the financial statements for the year ended 31 December 2005. The statements have been prepared in accordance with the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005).

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

2005 was a critical year for the voluntary and community sector. Government policy continued to promote the sector as a key partner in enhancing the quality of public services, challenging

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historical demarcations about 'who provides what'. Legislation to modernise the legal framework for charities was reintroduced to Parliament following the general election, a new mission and strategy was adopted by the Charity Commission, and throughout England new organisational structures and services began to be established under the *ChangeUp* programme to improve the infrastructure support available to frontline voluntary and community organisations.

The year also saw important developments within CES, including the adoption of a new strategic plan for the period 2006-8, and the establishment of the *ChangeUp* national performance hub which we are jointly hosting with the National Council for Voluntary Organisations (NCVO) and the National Association of Councils for Voluntary Service (NACVS), with the support of a diverse range of infrastructure networks. Two of our trustees retired from the CES Board, and a new Chair, Vice Chair and Treasurer were appointed from among the existing trustees. We appointed four new staff members to our performance hub team, increasing the overall CES team from 12.9 to 16.9 full-time equivalent staff, with two further hub appointments taking post shortly after the reporting period. A number of new freelance associates were recruited, while longer-established associates continued to play a crucial role in helping the staff team to develop and deliver services.

In financial terms, too, CES grew considerably during the course of the year. This arose from our role in employing a number of the national performance hub staff and, as the hub's accountable body, receiving and distributing Government funds to the hub's two other implementing partners. Our income in 2005 rose by 73% and expenditure rose by 71% compared to 2004. The charity achieved an operating surplus for 2005 of £77,383.

In spite of the pressures of managing major organisational expansion, CES' core services of training, consultancy, advice and information continued to perform well, attracting highly positive feedback from our service users. Our training service alone reached 1,345 people from 803 voluntary organisations across the UK, and feedback and outcomes data confirmed that our courses had helped them to improve their effectiveness and quality. A number of important evaluations and consultancy projects were completed, including our external evaluation of a major capacity building programme for black and minority ethnic voluntary organisations. CES also continued to invest in capacity building within sector infrastructure networks, the most high profile example being our national outcomes programme supported by Big Lottery Fund. We met and indeed substantially exceeded our overall programme target of training and supporting 60 'outcomes champions' based within councils for voluntary service and other support networks. Meanwhile PQASSO, CES' practical quality assurance system, continued to reach new audiences, edging ever closer to the 10,000th sale.

2. Structure, governance and management:

CES is a company limited by guarantee and is governed by its Memorandum and Articles of Association. The company is also a registered charity in accordance with the provisions of the Charities Act, 1993.

Recruitment, appointment, induction and training of trustees:

During the year, the Board agreed new 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

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addition, Board members and the chief executive use their own networks to encourage suitable people to come forward.

An induction and ongoing training programme is intended to ensure 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 planning, development, financial and administrative matters. In addition, a Risk Audit Committee has been established since 2002 as a sub-committee of the Board to monitor business risks and ensure that effective mitigation measures are in place.

The Trustees who served during the year were as shown below:

Bill Feinstein	(Chair until his retirement from the Board on 20 July 2005)
Jean Barclay	(Chair from 20 July 2005, previously Vice Chair and Treasurer)
Karl Wilding	(Vice Chair from 20 July 2005)
James Kelly	(Treasurer from 20 July 2005)
Rodney Buse	(Retired 20 July 2005)
Jim Emerson	
Janice Needham	
Udeni Salmon	
Professor Helen Simons	
Roger Sykes, and	
Carl Upsall.	

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

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

In addition to the senior management team, CES currently employs six training/consultancy staff members, six coordinating or administrative staff, and five members of the national performance hub. As at April 2006, the CES staff team consists of 18.6 full-time equivalent staff (14 full-time and 7 part-time staff) with one further full-time post currently being recruited. A part-time, freelance accountant provides accountancy support.

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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), the Umbrellas Forum, the *ChangeUp* Heads of National Hubs Group, the national performance hub partners group, and the National Council of Councils for Voluntary Service affiliate scheme. The chief executive is a member of the Association of Chief Executives of Voluntary Organisations (ACEVO), and sits on the Infrastructure National Partnership and the national performance hub's management board. Several members of staff are members of the UK Evaluation Society.

Related parties:

CES has no subsidiaries. In 2005, CES was appointed by the Home Office as the lead accountable body for the *ChangeUp* national performance hub. The hub has a management board consisting of one representative from each of CES and NCVO, and an independent Chair (Eric Appleby), and a partners group which currently has members from the following organisations:

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

Grant making:

The charity exceptionally made grants to institutions during the year as the accountable body for the *ChangeUp* national performance hub. Grants made are subject to separate restricted grant agreements as detailed on page 9 of this report and in Note 5 to the financial statements. 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 mitigate those risks. The Board has a policy on risk management and in 2002 established a Risk Audit Committee as a sub-committee of the Board. This committee continues to meet regularly to analyse serious business risks that could jeopardise 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 oversaw a number of other steps during 2005 to mitigate possible areas of risk including:

- a trustee skills audit;
- updating the staff grievance and disciplinary procedures;
- continuing the comprehensive review of CES' governance and overall organisational management with reference to the PQASSO standards;
- completing a risk analysis concerning CES' role within the *ChangeUp* national performance hub, and
- overseeing the development of a new strategic plan for the period 2006 – 2008.

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3. Objectives and activities:

Objects:

The objects for which the Company is established are as follows:

- (i) the promotion and improvement in direct pursuit of their objects of the efficiency and effectiveness of (a) charitable organisations established anywhere in the world and taking effect within the United Kingdom and (b) charitable organisations established within the United Kingdom and taking effect outside the United Kingdom the objects of which are confined to the relief of poverty or sickness or the advancement of education or religion through the promotion of and provision of education, training, advice and consultancy, information, technical assistance and research into and evaluation of programmes and projects connected with the work carried out within such charitable organisations and by all other appropriate means;
- (ii) to make donations or contributions to any charitable institution or institutions registered under the Charities Act 1960 (including without prejudice to the generality of the foregoing any member of the Company so registered);
- (iii) the protection and preservation of health;
- (iv) the advancement of education;
- (v) the relief of poverty;
- (vi) any other purposes which are recognised by English Law as being charitable.

Mission and aims:

In 2005, the Board of Trustees agreed a revised mission statement and specific aims as follows:

Mission:

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

Specific aims:

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

Strategy:

Following environmental and stakeholder analyses, in 2005 the Board of Trustees agreed a new strategic plan for 2006-8. Revised statements of our organisational mission and values, new specific aims, and outcomes and objectives for the three-year period were agreed as part of the new strategy.

Our environmental and stakeholder analyses confirmed that over the next few years, the sector is likely to face scrutiny as never before - from the public, from the media, from service users and funders, but most of all from itself; the desire to become ever more effective was seen as a

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defining characteristic of voluntary organisations both large and small. Moreover, it was clear that the sector was changing rapidly and its support needs concerning performance improvement approaches were diversifying as a result.

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

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

- frontline voluntary and community organisations,
- sector infrastructure support networks, and
- policy makers, regulators and funders.

Frontline voluntary and community organisations:

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

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

Infrastructure organisations and networks throughout the UK:

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

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

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

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

Policy makers, regulators and funders:

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

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

Significant activities in 2005:

- *Establishing the ChangeUp national performance hub.* Activities included finalising the business plan and governance arrangements; securing funding and recruiting the staff teams.
- *An open training programme and in house training courses throughout Britain.* 198 days of training were provided, focussing on monitoring and evaluation and quality assurance.
- *Bespoke technical support.* Technical assistance by telephone, email and face-to-face was provided to 70 organisations. Sessions were tailored to the particular needs of the organisations seeking support and were designed to help them implement self-evaluation, management standards and quality systems.
- *Consultancy and external evaluations.* As well as helping voluntary organisations to evaluate their projects, and develop evaluation and quality frameworks, our 'state-of-the-art' external evaluations and consultancy projects offered opportunities for CES to develop its learning and draw in earned income by carrying out in depth work with a small number of organisations. We completed 12 new consultancy and evaluation contracts during the year.
- *National outcomes programme.* This is a three-year programme, and 2005 saw CES completing the recruitment and training of 'outcomes champions' based within infrastructure support networks. A further 39 champions were trained, each of whom committed to training at least 10 frontline organisations within their networks.
- *Free or low cost publications in print and online.* We promoted a portfolio of publications in print or freely available online, pitched at various levels in order to achieve relevance to both the novice organisation and those that already had a certain amount of experience and confidence.
- *PQASSO.* We continued to promote PQASSO, the voluntary sector's leading 'off-the-shelf' quality system, and to offer training and mentoring services to support implementation.
- *Policy interventions* to, and ongoing liaison with Capacity Builders, the Home Office Active Community Unit, the Charity Commission, the Association of Charitable Foundations, major funders, umbrella bodies and infrastructure support networks in order to exercise a beneficial influence on the policy environment with regard to performance and accountability within which voluntary organisations operate.

Volunteer help:

Aside from our Board of Trustees, who between them contributed approximately sixty days of support to the charity, we engaged only one volunteer for a four month period in 2005 as a student placement. Mareika Harenberg provided administrative support across the range of CES' services and carried out 'outcomes interviews' with a sample of thirty-one service users to help us assess the effectiveness of our training programme. We are pleased to have this opportunity to thank her publicly.

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Objectives for the year:

Our key objectives for 2005 were:

- to establish the *ChangeUp* national performance hub;
- to provide training to voluntary and community organisations to support the implementation of evaluation and quality systems;
- to provide bespoke consultancy and external evaluation services;
- to continue making good progress with our three-year National Outcomes Programme by recruiting and training a further 30 'outcomes champions' from voluntary sector infrastructure networks, who would in turn provide training and support to frontline voluntary organisations;
- to consolidate PQASSO's position as the voluntary sector's 'industry standard',
and
- to use our experience to influence emerging Government policy and major funders' strategies with regard to performance improvement.

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

4. Achievements and performance:

Performance achieved against objectives set:

This was once again a highly productive year for the CES team and one marked by important achievements.

While maintaining the very high quality of our core training and consultancy services, the staff team produced new information and training resources, including a new publication on assessing impact and a second edition of our comprehensive guide to practical monitoring and evaluation in the voluntary sector. We commenced a pilot study to assess the feasibility of a 'kite mark' for PQASSO users, and continued to operate the training and licensing scheme for PQASSO mentors. We provided training in implementing evaluation and quality systems to over 800 organisations, and achieved good progress or closure with a number of important consultancy projects,.

A great deal of time and energy was invested by both staff and trustees in establishing the *ChangeUp* national performance hub, for which CES is the accountable body.

- ***Establishing the ChangeUp national performance hub:***

The performance hub is one of six national 'hubs of expertise' established under the Government's *ChangeUp* programme. *ChangeUp* is intended to improve the infrastructure support available to frontline voluntary and community organisations throughout England. The other hubs specialise in workforce development, information and communications technology (ICT), volunteering, finance and governance. Funding for the hubs was provided and administered by the Home Office, although from April 2006 fund management for the entire *ChangeUp* programme passed to a new agency, Capacity Builders.

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The performance hub is a multiple partner venture jointly led by CES and NCVO. Staff teams are based at CES, NCVO and NACVS. As the accountable body, CES receives an overall restricted grant from the Home Office/Capacity Builders, passing portions of the funds to NCVO and NACVS using separate restricted grant agreements.

Our objectives for the hub for 2005 were met. As planned, we concluded a consultation exercise involving hub partners, key stakeholders and intended recipients of the hub's services. A costed business plan setting out the aims, desired outcomes, activities, resources, and governance arrangements of the hub received ministerial approval in June. The business plan may be viewed at www.ces-vol.org.uk/downloads/pihubbusinessplan-26-32.pdf.

The hub staff teams were recruited at NCVO (four staff members) and NACVS (one staff member), and four of the six staff members based at CES took their posts during the year, the remaining two being recruited after the reporting period.

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

For organisations getting to grips with performance improvement, training and access to ongoing support can be vital for success. We exceeded all annual operational targets for our training programme. During the year, we worked with a hugely diverse range of voluntary organisations across the UK; 1,345 representatives from over 800 organisations attended our courses, which exceeded our target of 700 for the year. With grant aid from the Body Shop Foundation, we were able to provide training free of charge to 24 refugee community organisations based in the Midlands and North of England.

Feedback from all of our trainees showed very high satisfaction levels with our materials, trainers, content and style. Course participants also felt that the training would make a real difference to the effectiveness of their organisations. From a sample of 834 participants,

- 88 % felt more confident about implementing a new evaluation or quality system;
- 84 % felt the training would help them to improve their services, and
- 80 % felt it would help them to be more effective in meeting their users' needs.

Our 'outcomes interviews' with a sample of 31 trainees some months after their courses showed that, as a result of the training, virtually all were already creating new ways to improve their quality and effectiveness.

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

Our consultancy work and external evaluations for voluntary organisations again brought benefits not just to those commissioning the work but increased our own capacity by bringing fresh learning and innovative methodologies into the organisation. We completed 12 external evaluations and consultancy projects, including an evaluation of the capacity building programme for organisations working with black and minority ethnic communities; the extensive piloting throughout the UK of a new quality assurance framework for the Home-Start network; and projects to develop outcomes evaluation frameworks for the Association of London Government, the Citizenship Foundation, the British Heart Foundation, Coram Parents' Centre and others.

Feedback on consultancy projects is collated annually from clients who received service during the previous year. Data from clients who had commissioned consultancy or external evaluations from CES in 2004 (collated in 2005) was very positive. All respondents agreed that CES had fully met the brief and provided value for money, and most confirmed that they had been able to make improvements within their organisations following the completion of our work with them. Anecdotal feedback received in 2005 was also encouraging; one spontaneous comment was typical:

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"The process is already proving to be helpful in a number of different ways; it requires us to define exactly what benefits we expect to see from a particular service; it gives us useful information about [users'] views; it gives us a steer on either sustaining or changing aspects of the service; it encourages staff's professional reflection and provides evidence to use in support of our work."

○ ***National Outcomes Programme:***

This is a major three-year programme, running from 2003 to 2006 and supported by a 'flagship' grant from Big Lottery Fund. Over the course of the programme, CES aims to recruit and train at least 60 development workers based within infrastructure support networks who are prepared to act as 'outcomes champions'. The champions are to be drawn from personnel based in councils for voluntary service and other support organisations in all nine English regions, as well as from networks supporting black and minority ethnic, rural development and volunteering sub sectors. Each of the trained champions commits to training and supporting at least 10 frontline organisations within their networks. A team at the Open University is independently evaluating the work.

2005 was a crucial year for the programme and excellent progress was achieved. By the end of the year, we had surpassed the two main output targets; we had completed recruitment and training of 76 outcomes champions (against the programme target of 60), and the champions themselves had completed training 776 frontline voluntary organisations (against the programme target of 500 - 600). According to the independent evaluators of the programme,

"Feedback from participants indicates an overwhelmingly positive response to the programme overall".

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

PQASSO, CES' practical quality assurance system for small organisations, is the leading nationally available, 'off-the-shelf' quality system created by and for the voluntary and community sector. Independent data suggest that it is the most widely used quality system within the sector.

During the year, we continued to promote the system successfully, selling 960 copies to 542 organisations and networks. We also made good progress in charting the future direction for PQASSO, developing a consultation and implementation plan for a third edition of PQASSO and commencing a pilot project to test the feasibility of a certification scheme or 'kite mark' for PQASSO users.

○ ***Using our experience to influence emerging Government policy and major funders' strategies with regard to performance improvement:***

Throughout 2005, CES continued to build strategic policy relationships with the Home Office's Active Community Unit and other major players. We sought to share our learning with the sector as a whole, to build our profile and enhance our position at the heart of the national planning process on performance improvement, influencing the way its work is implemented sector-wide.

No specific targets were set, but evidence of our achievement of this objective was received shortly after the reporting period; the Home Office provisionally agreed to increase CES' core funding substantially from 2006/7 onwards based on our ability to broaden the understanding of policy makers concerning the practical implementation quality improvement and outcomes monitoring and to catalyse lasting changes in practice within the sector through our dissemination activities.

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Fundraising performance:

CES' main income streams are earned income from fees for consultancy and training; sales income from PQASSO and from publications, and grants from statutory and independent funders. As a specialist infrastructure organisation supporting other voluntary agencies, CES has not considered it to be a sensible investment to apply resources to soliciting individual donations. Our annual target for grant fundraising in 2005 was £484,361. In fact, we succeeded in raising £1,382,097. Some of the grant income received in 2005 was for periods which ended during 2006, and we have accordingly treated a total of £207,551 of grant income as deferred to 2006; for details please see note 12 to the financial statement on pages 27 and 28.

Investment performance:

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

5. Financial review of 2005:

The Statement of Financial Activities set out on page 18 of the financial statements shows how CES' incoming resources have been expended in the year to 31 December 2005.

Incoming Resources:

Total incoming resources amounted to £1,619,540, an increase of 73% or £683,691 compared to 2004.

The overall increase in income resulted from very significant growth in grants receivable for training, technical support and evaluations, up from £287,269 in 2004 to £1,056,754 in 2005. Most of this increase results from grants from the Home Office to develop and implement the business plan for the *ChangeUp* national performance hub; we received development grants totalling £41,809 and implementation grants totalling £845,270 of which £675,727 has been treated as income in 2005, the balance of £169,543 being deferred to 2006. The growth in grant income more than offset a reduction of £96,073 in fees receivable for similar activities.

Core grants increased to £117,792, up by £2,767 compared to 2004, and bank interest receivable grew by £7,512 to £12,852. A breakdown of grants received is shown in Notes 2 and 3 to the financial statements.

Of total incoming resources and resources expended, more than £1 million has been allocated against restricted funds. The analysis of the various projects undertaken is detailed in note 12 to the financial statements.

Unrestricted incoming resources includes fees receivable for training, technical support and evaluations amounting to £432,142.

Resources Expended:

In line with the expansion in incoming resources, total expenditure in the year grew to £1,542,157, an increase of just under 71% or £640,120 on the previous year. Much of this is

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attributable to the *ChangeUp* performance hub project, which will continue to be a key component of our income and expenditure for the next two years.

Expenditure on charitable activities grew from £848,215 last year to £1,481,598 in 2005, an increase of almost 75%, or £633,383.

An analysis of resources expended is set out in Note 4 to the financial statements. This shows resources committed to technical support and evaluations, including amounts expended on the *ChangeUp* performance hub, of £850,794, and resources committed to training of £630,804.

The cost of generating funds increased from £19,126 in 2004 to £23,463 in 2005. Governance costs amounted to £37,096.

Summary of accounts:

The results show a modest surplus; incoming resources exceeded resources expended by £77,383. The surplus last year was £33,812.

Assets and liabilities:

The balance sheet on page 19 of the financial statements shows the financial position of CES at 31 December 2005.

Total net assets amounted to £419,753. This figure consists of the accumulated balance of unrestricted funds of £409,244 and a balance of £10,509 restricted funds. The balance on restricted funds represents the value of restricted fixed assets carried forward.

Financial outlook:

CES' financial position continues to remain strong so that it is well placed to meet all current and future commitments. CES relies to an important extent on the continued support of the Active Community Unit of the Home Office, the Big Lottery Fund and a number of trusts and foundations to whom we wish to express our thanks.

Reserves and reserves policy:

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

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

In order to provide for these eventualities, trustees adopted a reserves policy in April 2003. The policy states that CES will aim to maintain a level of reserves that is no less than 23% of relevant expenditure and no more, on a sustained basis, than 40%. 'Relevant expenditure' is defined as expenditure items categorised as overhead costs in the organisation's management accounts. In line with Charity Commission guidance, our policy thus makes a

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distinction between free reserves and reserves which may only be realised by disposal (such as fixed assets); only the former count as reserves under our policy. Thus, while our total funds balance carried forward at the end of 2005 amounted to £419,753 only £241,870 of this sum counts as free reserves, the balance of £177,883 being the reserves which may only be realised by disposal of £167,374 and restricted reserves of £10,509.

During 2005, we maintained our free reserves within the 23% - 40% band until we received the first instalment of the large Home Office grant to implement the *ChangeUp* national performance hub, at which point reserves grew beyond the agreed level. In April 2006, the Board of Trustees will reassess the level of reserves needed in light of CES' new role as the accountable body for the hub and a new reserves policy will be considered.

Turning to reserves which may only be realised by disposal, £150,281 of the total fixed asset reserve of £167,374 is the value of the office property in Coldbath Square which we occupy (£433,576) net of the mortgage outstanding on the property on 31 December 2005 (£283,295). During 2004, we looked at a number of occupancy options in order to assess the feasibility of expanding our office space in order to accommodate new staff and offer better training facilities. As part of this research, we obtained a valuation on the property in Coldbath Square of £640,000. However, on disposal we would need to acquire a larger property and to do this would require us to raise additional capital far in excess of our free reserves. We are therefore not currently in a position to relocate our office as we are unable to raise the additional capital required to purchase larger premises, but we will continue to explore our options in the coming year.

6. Plans for the future:

Our strategic plan for 2006-9 is set out on pages 6 and 7 above. During 2006, we plan to continue to refine and improve our core training, consultancy and information services while ensuring that the new *ChangeUp* national performance hub achieves its ambitious business plan. The hub aims to increase the infrastructure support available to frontline voluntary organisations wishing integrate performance improvement tools and approaches into their management practice.

Our operational plan for 2006 focuses on objectives in the following key areas:

- The *ChangeUp* national performance hub has completed its set up phase and begun delivering a range of services. We will work with our hub partners to ensure that service targets set out in the business plan are met and we will seek funding from Capacity Builders to finance hub services from March 2007 onwards.
- Training: we will provide training to support the implementation of evaluation and quality systems to 800 voluntary organisations throughout the UK.
- Consultancy: we will seek tenders for bespoke consultancies and external evaluations, prioritising those which are likely to generate valuable learning to large numbers of voluntary and community organisations, influence policy or break new ground.
- The national outcomes programme: the initial three-year programme supported by Big Lottery Fund comes to an end in June 2006. We will carry out a programme of dissemination activities to promote the learning from the programme and we will seek funding for a new three-year programme.

CHARITIES EVALUATION SERVICES
A Company limited by guarantee and not having a share capital

Trustees' report for the year ended 31 December 2005

- PQASSO: we will continue to promote the current edition and the training which supports implementation; we will develop a consultation and implementation plan for a third edition; complete a pilot project to test the feasibility of a recognition scheme or 'kite mark' for PQASSO users, and continue to operate the successful training and licensing scheme for PQASSO mentors.
- National policy 'voice': we will seek opportunities to use our experience to influence emerging Government policy and major funders' strategies with regard to performance improvement.

7. Trustees' responsibilities:

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 Company and of the surplus or deficit of the Company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report was approved by the Board of Trustees on 26 April, 2006.

Colin Nee
Secretary

CHARITIES EVALUATION SERVICES

A Company Limited by Guarantee and not having a Share Capital

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHARITIES EVALUATION SERVICES

We have audited the financial statements on pages 18 to 28 for the year ended 31 December 2005. These have been prepared under the historic cost convention and the accounting policies set out therein.

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

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities 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' Annual Report and the 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 if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

CHARITIES EVALUATION SERVICES

A Company Limited by Guarantee and not having a Share Capital

**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 state of the charity's affairs as at 31 December 2005, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

26 April 2006

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31 December 2005

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2005	Total Funds 2004
		£	£	£	£
Incoming Resources					
Incoming resources from generated funds					
Core grants	2	117,792	-	117,792	115,025
Bank interest receivable		12,852	-	12,852	5,340
Incoming resources from charitable activities					
Grants for training, technical support and evaluations	3	-	1,056,754	1,056,754	287,269
Fees receivable for training, technical support and evaluations		432,142	-	432,142	528,215
		_____	_____	_____	_____
Total incoming resources		562,786	1,056,754	1,619,540	935,849
		_____	_____	_____	_____
Resources expended					
Costs of generating funds					
Fundraising		23,463	-	23,463	19,126
Costs of charitable activities					
Training, technical support and evaluations		435,353	1,046,245	1,481,598	848,215
Governance costs		37,096	-	37,096	34,696
		_____	_____	_____	_____
Total resources expended	4	495,912	1,046,245	1,542,157	902,037
		_____	_____	_____	_____
Net incoming resources for the year/ Net income for the year		66,874	10,509	77,383	33,812
Reconciliation of funds					
Total funds brought forward 1 st January 2005		342,370	-	342,370	308,558
		_____	_____	_____	_____
Total funds carried forward 31st December 2005		409,244	10,509	419,753	342,370
		_____	_____	_____	_____

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 comparative figures for 2004 have been restated where appropriate, in accordance with SORP 2005.

The notes on pages 20 to 28 form an integral part of these financial statements.

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Balance Sheet
as at 31 December 2005

		2005		2004	
Fixed Assets	Note	£	£	£	£
Tangible assets	7	461,178		454,565	
Current Assets					
Stocks	8	4,100		3,677	
Debtors	9	155,522		133,114	
Cash at bank and in hand		743,244		118,221	
		902,866		255,012	
Liabilities					
Creditors: Amounts falling due within one year	10	(674,481)		(83,166)	
Net Current Assets		228,385		171,846	
Total Assets Less Current Liabilities		689,563		626,411	
Creditors: Amounts falling due after more than one year	11	(269,810)		(284,041)	
Net Assets		419,753		342,370	
Funds					
Restricted	12	10,509		-	
Unrestricted					
- Fixed Asset Reserve	13	167,374		158,543	
- General Reserve		241,870		183,827	
		409,244		342,370	
		419,753		342,370	

The notes on pages 20 to 28 form an integral part of these financial statements.

Approved by the Board of Trustees on 26 April 2006 and signed on behalf of the Board by

.....
Jean Barclay

.....
James Kelly

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to the Financial Statement
for the year ended 31 December 2005

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared 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. Where appropriate, comparative figures have been restated.

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

Incoming resources

Voluntary income comprises grants that provide core funding. Such income is only deferred when:

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

Income from charitable activities comprises income received under contract and grants where entitlement to the funding is subject to specific performance conditions. Such income is recognised as earned as the related goods or services are provided.

Investment income is recognised on a receivable basis.

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

Resources expended

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

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

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to the Financial Statement (continued)

1. Accounting Policies (continued)

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
Leasehold property	2% straight line
Fixtures, fittings and equipment	33%, 50% straight line
Computer equipment	33%, 50% straight line

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

Publication Stocks

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

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.

Corporation Tax

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

Fund accounting

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

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.

Intangible fixed assets and amortisation

Expenditure to acquire intellectual property rights, such as trademarks, is capitalised and amortised using the straight line method over their useful lives. Intangible assets are not revalued.

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to Financial Statements (continued)

2. Core grants

Unrestricted grants were received from the following funders:

	2005	2004
	£	£
Home Office Active Communities Directorate	112,792	110,025
Wates Foundation	5,000	5,000
	117,792	115,025

3. Incoming resources from charitable activities

a) Restricted grants were received from the following funders:

	2005	2004
	£	£
Barclays	-	5,000
The Baring Foundation	5,000	1,250
Big Lottery Fund	275,218	222,202
The Body Shop Foundation	10,000	-
Bridge House Trust	18,500	18,500
Calouste Gulbenkian Foundation	9,000	-
Centrica	-	5,000
City Parochial Foundation	17,500	10,000
Comic Relief	-	3,615
EC1 New Deal	-	5,000
Home Office Active Communities Directorate	717,536	16,702
Lloyds TSB Foundation for England and Wales	4,000	-
	1,056,754	287,269

b) Fees receivable were derived from the following services:

	2005	2004
	£	£
Technical support and evaluations	236,764	305,902
Training	195,378	222,313
	432,142	528,215

Fees receivable and similar income derived from overseas entities amounted to £Nil (2004: £1,450).

4. Resources expended

a) Analysis of total resources expended

	Technical support & evaluation	CES Training Services	Governance costs	Costs of generating funds	Total 2005	Total 2004
	£	£	£	£	£	£
External direct costs, including freelance consultants/trainers	111,739	245,804	-	-	357,543	260,554
Grants to Performance Hub Partners (see note 5)	423,070	-	-	-	423,070	-
Staff costs	206,836	241,870	22,902	16,716	488,324	410,376
Other office costs	78,144	96,622	12,909	-	187,675	160,449
Support, including costs of support staff	31,005	46,508	1,285	6,747	85,545	70,658
	850,794	630,804	37,096	23,463	1,542,157	902,037

Support costs are allocated on the basis of staff time.

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to the Financial Statements (continued)

b) Analysis of support costs

	Technical support & evaluation £	CES Training Services £	Governance costs £	Costs of generating funds £	Total 2005 £	Total 2004 £
General office, support staff and finance costs	25,292	37,939	1,285	6,747	71,263	56,211
Accountancy services	5,072	7,608	-	-	12,680	11,757
Legal and professional costs	641	961	-	-	1,602	2,690
	31,005	46,508	1,285	6,747	85,545	70,658

c) Analysis of governance costs

	2005 £	2004 £
Legal and professional costs	1,800	1,800
External audit	3,420	3,000
Costs of AGM and trustees' travel expenses	1,207	945
Office costs and salaries allocated on the basis of staff time	30,669	28,951
	37,096	34,696

d) Total Staff costs

	2005 £	2004 £
Wages and salaries	479,314	392,900
Social security costs	43,513	39,229
Pension costs	20,282	21,960
	543,109	454,089

One employee earned more than £60,000 in the year (Banding: £60,000 - £70,000). Pension contributions for the higher paid employee amounted to £2,864 (2004: £2,688).

The average monthly number of employees was:

	2005	2004
Administration, training, technical support and evaluations	16.9	12.9

e) Trustee information

No remuneration was paid to the trustees during the year (2004: £Nil). One trustee received travel expenses during the year of £217 (2004: £101).

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to the Financial Statements (continued)

5. Grants to institutions

CES is the lead accountable body for the national performance hub, one of six national hubs created under the Government's *ChangeUp* initiative. The national performance hub is a multiple partner project, and three of the partners, Charities Evaluation Services (CES), National Association for Councils of Voluntary Service (NACVS) and the National Council for Voluntary Organisations (NCVO) are delivery partners, and are or will be receiving funds for this purpose. As the accountable body, CES receives a restricted grant from the Home Office Active Community Unit which covers the cost of implementing the business plan as a whole. CES in turn has a restricted grant agreement with the NACVS and is in process of agreeing a restricted grant agreement with NCVO.

During 2005, CES received three quarterly instalments from the Home Office totalling £845,270 of which £169,543 has been deferred to 2006. Of the sum received in 2005, restricted grants totalling £51,025 were made from CES to NACVS, and a total of £372,045 is being held for transfer from CES to NCVO once the CES/NCVO restricted grant agreement has been finalised.

	Grants to institutions	
	£	
NACVS		51,025
NCVO		372,045
		423,070

6. Net incoming resources

	2005	2004
	£	£
This is stated after charging: -		
Bank loan interest and charges	18,278	18,278
Auditors' remuneration	3,420	3,000
Amortisation of intangible fixed assets	-	8,334
Depreciation of tangible fixed assets	32,346	18,207
	<u> </u>	<u> </u>

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to the Financial Statements (continued)

7. Tangible Fixed Assets	Long Leasehold Property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost:				
At 1 January 2005	492,700	17,257	24,211	534,168
Additions	-	21,766	17,193	38,959
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	492,700	39,023	41,404	573,127
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 January 2005	49,270	15,779	14,554	79,603
Charge for year	9,854	10,057	12,435	32,346
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	59,124	25,836	26,989	111,949
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2005	433,576	13,187	14,415	461,178
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2004	443,430	1,478	9,657	454,565
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold property is disclosed at cost, the current valuation is shown in the Trustees' report.

8. Stocks	2005 £	2004 £
Publication stocks	4,100	3,677
	<hr/>	<hr/>
9. Debtors	2005 £	2004 £
Trade debtors	138,441	127,827
Other debtors	36	642
Prepayments and accrued income	17,045	4,645
	<hr/>	<hr/>
	155,522	133,114
	<hr/>	<hr/>

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to the Financial Statement (continued)

10. Creditors: Amounts falling due within one year

	2005	2004
	£	£
Bank loan	13,485	11,981
Taxation and social security	6,784	9,505
Accruals	391,436	35,594
Deferred income (see below)	243,894	22,369
Other creditors	18,882	3,717
	<u>674,481</u>	<u>83,166</u>

Deferred income

	2005	2004
	£	£
Balance at 1 January 2005	22,369	35,505
Amount released to incoming resources	(22,369)	(35,505)
Amount deferred in the year:		
Technical Support	22,569	-
Training	13,362	11,985
Grants received	207,551	9,984
Other	412	400
	<u>243,894</u>	<u>22,369</u>

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

	2005	2004
	£	£
Bank loan	<u>269,810</u>	<u>284,041</u>
The bank loan is repayable by instalments as follows:-		
- Within one year	13,485	11,981
- Between one and two years	14,294	12,730
- Between two and five years	48,237	43,166
- Over five years	207,279	228,145
	<u>283,295</u>	<u>296,022</u>
Included within current creditors	(13,485)	(11,981)
	<u>269,810</u>	<u>284,041</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 1½% over the bank's base rate.

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes to the Financial Statements (continued)

12. Restricted Funds

	Balance 1 January 2005 £	Movements in Incoming £	Resources Outgoing £	Balance 31 December 2005 £
(i) Services to London support networks	-	2,500	(2,500)	-
(ii) Services to London smaller organisations	-	15,000	(15,000)	-
(iii) National Outcomes Dissemination Programme (funded by the Big Lottery Fund)	-	275,218	(275,218)	-
(iv) Training for London community organisations	-	18,500	(18,500)	-
(v) Promotional activities	-	4,000	(4,000)	-
(vi) Training for small refugee community organisations	-	10,000	(10,000)	-
(vii) Developmental work on the <i>ChangeUp</i> national hub of expertise on performance improvement	-	41,809	(41,809)	-
(viii) <i>ChangeUp</i> national hub of expertise on performance improvement	-	675,727	(665,218)	10,509
(ix) Activities to address barriers to improving performance by voluntary agencies	-	5,000	(5,000)	-
(x) Development of publication	-	9,000	(9,000)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	1,056,754	(1,046,245)	10,509
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

- (i) Grants totalling £2,500 were received to support the training and support of workers providing services to London support networks.
- (ii) Grants totalling £15,000 were received to support improved effectiveness in small and medium sized voluntary organisations in London.
- (iii) Grants totalling £301,476 were received to provide continuing support of a 3-year national outcomes dissemination programme grant funded by The Big Lottery Fund, of which £275,218 fell to be recognised as income of this year, with the remainder, £26,258, treated as deferred income.
- (iv) A grant of £18,500 was received to support training for London community organisations.
- (v) A grant of £12,000 was received to contribute to the promotion of our services, and develop a business plan for the 3rd edition of PQASSO, of which £4,000 fell to be recognised as income for 2005 with the remainder of £8,000 treated as deferred income.
- (vi) A grant of £10,000 was received for training small community organisations.
- (vii) Grants totalling £41,809 were received for developmental work on the *ChangeUp* national hub of expertise on performance improvement.

CHARITIES EVALUATION SERVICES
A Company Limited by Guarantee and not having a Share Capital

Notes for the Financial Statement (continued)

12. Restricted Funds (continued)

- (viii) Grants totalling £845,270 were received to support the *ChangeUp* national hub of expertise on performance improvement, of which £675,727 fell to be recognised as income in 2005, with the remaining £169,543 treated as deferred income.
- (ix) A grant of £5,000 was received to support activities to address barriers to improving performance by voluntary organisations, of which £1,250 fell to be recognised as income of this year, with the remainder, £3,750 treated as deferred income. A grant of £5,000 was received in 2004 of which £1,250 was recognised as income in 2004, with the remainder, £3,750 recognised as income of this year.
- (x) A grant of £9,000 was received for the development and promotion of the Practical Guide to Monitoring and Evaluation publication.

13. Unrestricted Funds

	Balance 1 January 2005 £	Movements in Resources Incoming Outgoing		Transfer between reserves £	Balance 31 December 2005 £
	£	£	£	£	£
Fixed Asset Reserve	158,543	-	(23,341)	32,172	167,374
General Reserve	183,827	562,786	(472,571)	(32,172)	241,870
	<u>342,370</u>	<u>562,786</u>	<u>(495,912)</u>	<u>-</u>	<u>409,244</u>

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

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

14. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fixed assets	450,669	10,509	461,178
Net current assets	228,385	-	228,385
Creditors of more than one year	(269,810)	-	(269,810)
	<u>409,244</u>	<u>10,509</u>	<u>419,753</u>

15. Pension Fund

The company contributes to the personal pension schemes of its employees. Payments made into their schemes during the year amounted to £20,282 (2004: £21,960).

16. Related Party Transactions

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