

Engaged, cohesive, strong communities

Community Development Foundation – Annual Report and Accounts 2009–10

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Presented to the Parliament pursuant to The Government Resources and Accounts Act
2000 (Audit of Public Bodies) Order 2003

Ordered by the House of Commons to be printed on 31 March 2011

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This publication is also available on <http://www.official-documents.gov.uk/>

ISBN: 9780102971330

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2422585 03/11

Printed on paper containing 75% recycled fibre content minimum.

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Our vision is for an inclusive and just society.

Our mission is to lead community development analysis and strategy, in order to enable people to influence decisions that affect their lives.

Our values are...

We are committed to service quality and excellence.

We are committed to the principles of community development.

We are empowered and accountable.

We actively share knowledge and skills.

We ensure equality and promote diversity.

We practise corporate social responsibility.

Message from the Chair

Every day local people in the UK go to extraordinary lengths to improve the quality of their own lives and the lives of others. In the community development sector, we see countless examples of the resourcefulness and creativity of communities when it comes to meeting their own needs. Their contributions are invaluable to our society, and they are counting on our support.

There is no greater resource in tackling local challenges than local people themselves. Government and communities stand to benefit from the increased policy focus on community engagement, and public participation in decision making and service reform. However, all too often these good intentions are stamped out by bureaucratic barriers, strained relationships between citizens and government, and a lack of trust and resources.

At the Community Development Foundation (CDF), our goal is to facilitate and support community activity by building stronger relationships between local people and public body decision makers, helping local community groups access resources, and supporting community development practitioners in their work. Our bridging role – between government and the communities they serve – ensures we make local voices heard. Our dual role – as a charity and a non-departmental public body – gives us the credibility to work across both sectors. We serve as advocates for community development values and processes, and mobilise local people to actively engage in community life.

CDF had some major achievements in 2009–10. I am grateful to our Trustees, staff, government sponsors and other partners for their contributions to CDF's mission over this past year. In particular I would like to thank Tom Levitt MP on behalf of Trustees, staff and partners. Tom retired from the Board in May 2010 after six years of service. His leadership, guidance and insight ensured that CDF is in a better position to meet the challenges ahead.

Peter Latchford, Acting Chair

Message from the Chief Executive

The year 2009–10 brought many challenges for our communities, but not without opportunities. While a difficult economic climate hit many communities hard, it allowed the resilience and ambition of local people to come into the spotlight. At the heart of this effort, now and in the future, is community development.

In 2009–10, the government and communities struggled to cope with the effects of the recession. The potential for a change in government became more real in the run up to a landmark election, and the voluntary and community sector continued to look critically at its state and position. This was coupled with an increased demand for community development from communities and frontline workers in the public, voluntary and charitable sectors, working to improve local conditions and services. Operating under a new organisational structure, CDF was well-positioned to respond. Running multiple government-led programmes, we moved swiftly to get resources into communities and to determine the best ways to support community development practitioners in their work.

The strength of our community development approach to programme delivery enabled us to offer valuable insight for policymakers at the heart of government. We were able to offer evidence-based advice on issues facing some of the most vulnerable people in our communities. We value our closeness to practitioners on the ground and our voluntary and community sector partners. Many of our successes during 2009–10 are in large part down to that close relationship.

Throughout this period, our staff remained focused on our vision of an inclusive and just society. Their skills and experience reach far and wide – 86 percent of our staff have direct experience of working with communities in professional and voluntary capacities – but above all it has been their dedication that has allowed CDF to reach its goals. As CDF the public body closes down, and a new social enterprise takes its place, I want to thank staff for their unwavering commitment to the purpose of the organisation and the principles of community development.

Alison Seabrooke, Chief Executive

Trustees' report

The Board of Trustees of the Community Development Foundation (CDF) presents its annual report for the year ended 31 March 2010 under the Companies Act 1985 and the Charities Act 1993, together with the audited financial statements for the year. In doing this, the Trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission.

The Community Development Foundation, also known as CDF, is a registered charity, number 306130, as well as an executive non-departmental public body (NDPB) of Communities and Local Government (CLG). Its registered office is Unit 5, Angel Gate, 320–326 City Road, London EC1V 2PT. CDF also operated in Scotland, and in 2008 CDF complied with the requirement to register with the Office of the Scottish Charity Regulator, SC038825. The registered office remains the same.

Related parties

CDF receives sponsorship from the CLG. CLG is a related party and, during the year, CDF has had a number of material transactions with the department. CDF has also had material transactions with other government departments and other central government bodies. Most of these transactions have been with CLG, and the Office of Civil Society (OCS), formally Office of the Third Sector (OTS).

During the year, no Minister, Member of Parliament, Trustee, Director, key manager or other related party has undertaken any material transactions with CDF other than those disclosed in Note 23: Related party transactions.

Relationship with CPF Trust Ltd

CPF Trust Limited (the Trust) is a company limited by guarantee, number 1791017, and is registered with the Charity Commission, number 290255. The company is governed by its Memorandum and Articles of Association. CPF Trust works closely with its parent undertaking, CDF, to further the objectives of CDF, the charity. CPF Trust's principal activity during the year continued to be that of owning the HQ property (Angel Gate) and letting it to CDF.

Giving strength to local voices

We are the leaders in community development strategy and delivery. We manage programmes that fund projects in our communities, carry out research into what works, and use that to improve policy and practice. As a charity and a public body, we have a unique partnership with both government and those making change on the ground. We strengthen local voices, help shape communities and change lives.

At CDF, our work is guided by our mission, vision and values (page 4). With these as our guiding principles, we undertake a body of work each year to support communities and the community sector. We work towards CDF's three strategic aims:

engaged communities: where strong relationships exist between local people and government, and decision making involves everyone.

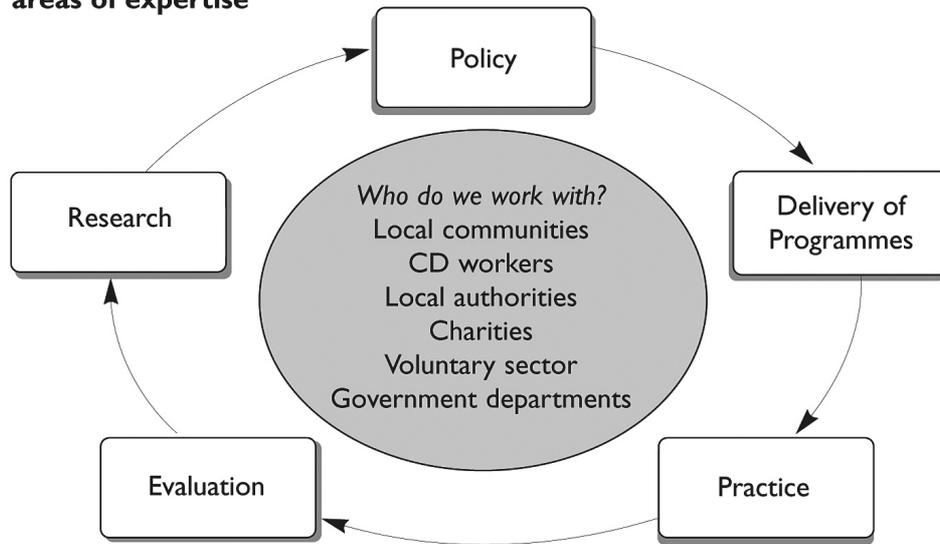
cohesive communities: where local people can work together to solve local problems, using their diversity as a strength, not a cause of tension.

strong communities and community sector: where local people are mobilised to respond to their own needs, and sustainable community groups exist to help them do so.

The CDF offer

To achieve our aims, CDF draws on more than 40 years of experience and expertise in policy, programme delivery, practice, research and evaluation. We make practical recommendations to policymakers and politicians based on thorough research and evaluation so they stand up to real life situations. We manage funding programmes – supporting groups right from application through to delivery – to ensure community projects can be delivered and community groups sustained. For the more than 20,000 community development practitioners, CDF offers a unique source of information, learning and best practice.

Our areas of expertise



Our future

The following report looks back at our activity over the year 2009–10. An outline of our strategic aims and work plan for the year 2010–11 can be found at www.cdf.org.uk/web/guest/corporate-strategy.

On 14 October 2010, CLG announced that CDF would cease to operate as a non-departmental public body (NDPB) effective 31 March 2011 and its grant in aid funding will end. The decision was part of an announcement on the future of many organisations operating as public bodies. CDF has operated in a dual role as a registered charity and public body since December 1967. As a result of losing its NDPB status, CDF trustees decided to close the existing organisation and open a successor organisation, operating as an incorporated charity from 1 April 2011. Working under a social enterprise model, this charity will support communities to help make them strong, more engaged and integrated.

Performance review

CDF evaluates its performance on a continual basis to ensure it is operating strategically and with an eye to the future. In the run up to the 2010 elections, political parties put forth various ideas policy proposals for the future of our communities. CDF was proactive in demonstrating the current and potential role of community development in informing and achieving their goals.

In 2009–10, CDF completed a rigorous scenario planning process to make sure the organisation continued to develop effectively and appropriately under changing external influences. Beginning in June 2009, CDF staff and Trustees entered into a series of brainstorming sessions to identify opportunities and challenges for the future. We identified five areas that could best support the organisation through future transitions: organisational structure; product development; publicity, marketing and communications; research; and stakeholder relationships. From these areas of focus, three key work priorities were agreed:

- develop the ‘CD offer’ to demonstrate the benefits of community development
- strategically identify and pursue business development and income diversification opportunities
- develop a contingency plan to manage any future reductions in income.

With these priorities and the future of CDF and community development in mind, we continued to work towards creating engaged, cohesive and strong communities and a community sector. The following sections detail our specific work in each of these areas. However, our ability to act strategically and resourcefully is due in large part to the support of our corporate functions. Over the past year, CDF undertook careful reviews of our business development, communications and marketing, finance and facilities, human resources and environmental functions. A number of necessary changes were made to maximise the impact and efficiency of our work. These teams are essential in providing excellent services to beneficiaries, partner organisations, government and CDF staff.

Business development

CDF's scenario planning work continued through the work of the Business Development working group – a representative body of staff members led by the Deputy Chief Executive. This team was tasked with evaluating CDF's reach and impact, and developing a business development strategy for the organisation. Its aim is to ensure we remain focused and strategic in our work, and identify opportunities to increase our financial independence.

Communications and marketing

We recognise how vital communications are when sharing knowledge and learning across government and the community development sector. Our communications function ensures that information reaches the people who need it. Whether they are decision makers, civil servants, community development workers or communities, our goal is to provide them with knowledge and learning in a way that is accessible, appropriate and timely. In 2009–10, CDF undertook a major review of our communications, with particular attention to our publishing function. Following the review, the Communications and Marketing team restructured and is already working to improve the reach and impact of CDF's communications, stakeholder engagement and publishing activities. The results have been an integrated communications and public affairs framework, a rigorous stakeholder analysis, and a strategy to improve CDF's media presence – together making sure that the widest possible audience engages with and benefits from CDF's work.

Finance and facilities

A new Finance and Facilities directorate was created in March 2009. The consolidated team combined the finance, facilities and ICT functions. Initiatives have taken place across the Directorate to promote value for money, efficiency and effectiveness. Central to this has been a review of policies and procedures in the facilities and ICT functions in the areas of Data Protection, Freedom of Information, Health and Safety, Business Continuity and Environmental Management. Finance continues to develop procedures and provide support and training across the organisation. Procurement is reviewed on an ongoing basis to ensure that all agreements provide both good service and value for money.

Human resources (HR)

CDF's staff are central to the success of the organisation. As of 1 June 2009, CDF is operating with the HR function reporting to the Chief Executive. The new team is responsible for providing appropriate and professional support to managers, and advice and guidance to all staff. The HR team started by reviewing CDF's pay and reward policy, developing a staff handbook and revised values and performance related appraisal system, and launching U@CDF, an HR IT system with self-service

access. Internal training is also now a routine occurrence and covers areas related to both operational and delivery work.

Environmental policy

CDF encourages environmental responsibility, and employees play an active role in achieving our environmental goals. In 2009–10, a volunteer team of CDF staff from across all offices began work to implement the Acorn Environmental Management Scheme using the British Standard BS8555. CDF aims to implement phases 1, 2 and 3 of BS8555 by March 2011. The team also organises events to encourage wider participation in environmental issues and raise awareness such as swap-shops and volunteering days. As part of the effort to turn our environmental commitment into action, we joined the 10:10 campaign and aim to reduce our carbon emissions by 10 per cent in 2010.

CDF's environmental policy and Environmental Management System aim to provide CDF staff with the most sustainable workplace realistically achievable. CDF is committed to reviewing our environmental performance regularly in order to continue to improve.

Engaged communities

Supporting involvement in local decision making

CDF aims to create engaged communities. We believe that strong relationships between communities and public bodies result in better decision making and sustainable solutions to local challenges. This past year, we increased our work with local authorities, helping them improve how they engage with communities. Some of our key achievements are listed below.

National Empowerment Partnership (NEP)

NEP aims to improve empowerment activities across England, and promote the value of involving communities in local decisions. Over the course of the year, CDF continued to support nine Regional Empowerment Partnerships (REP) in their efforts to improve scores on National Indicator (NI) 4: the percentage of people who feel they can influence decisions in their local areas. NEP is managed by CDF and funded by CLG.

Targeted Support for Empowerment and Participation Improvement (TSEPI)

The TSEPI programme aims to improve local authorities' engagement capacity and practices, helping them reach out to local people and respond more effectively to their concerns about public decisions and services.

The nine REPs receive funding to provide targeted support to areas in need of improving their empowerment practices. TSEPI is managed by CDF and funded by CLG.

Resource: The Art of Influence

It is often internal barriers within organisations that prevent community development workers from effecting real change. In February 2010, CDF published *The art of influence*, a report of how CDF helped two teams of frontline community development workers exert internal influence and realise tangible change within their organisations. The accompanying guidance, *Conducting your own action research*, provides tips and learning to help others across the country to address their own local problems.

Download the reports free at www.cdf.org.uk/artofinfluence and www.cdf.org.uk/conductingactionresearch

Take Part

Take Part builds people's capacity to engage in civic activism, consultation, and community leadership roles, and encourages people to get more involved in local decision making. Since last year, the number of Take Part Pathfinders has gone from eight to 18. Each Pathfinder is a partnership of local organisations that deliver a special programme of learning to local people in their areas. Take Part is managed by CDF and funded by CLG.

Involvement

Making localism work is a difficult and complex job, especially under strained finances. CDF responded to requests from local authorities for help in working more effectively with communities. In 2009–10, we began work with Councillors to help them be more effective community leaders, and with neighbourhood management teams to make it easier for local people to be involved in decision making. This work follows our authoritative guide, *Duty to Involve: Making it work*.

LINKs

Local Involvement Networks (LINKs) were originally established to give local people and community groups a stronger voice on health and social care issues. In 2008, the decision was made to expand the remit of LINKs to other services. CDF managed a £600,000 grant programme to trial the LINKs expansion in four areas: Ealing, Milton Keynes, Northumberland and Stoke. The LINKs extension programme is managed by CDF and funded by CLG.

Communities in action: Skillshare

Skillshare, one of the organisations involved in the Take Part programme in the North East, delivered a session to local residents on How Your Local Authority Works as part of their Take the Lead programme. Some participants joined the programme out of interest, while others, joined for a particular reason, like tackling specific problems in their local areas.

'I've done all kinds of things – got a degree, been a teacher but still I couldn't get my voice heard by Democratic Services over an issue that concerned me. I joined the course to understand how my authority works and discovered that I'd been speaking to the wrong people and hadn't followed the rules. I'd previously submitted a question for debate but it had been rejected as I hadn't gone through the right process. The second time I submitted the question it was acknowledged. Just knowing how things work makes a huge difference.'

— Sandra Hall, resident, Saltburn

To find out more about how we help create engaged communities, and for more information on our programmes, visit www.cdf.org.uk/engaged

Cohesive communities

Helping people come together to manage diversity

CDF aims to create cohesive communities. We believe that with the proper support and capacity building, local people can collectively tackle discrimination, and build communities based on mutual respect and social justice. Over the past year, CDF has helped bring people and government together in productive dialogue and action to support local diversity. Some of our key achievements are listed below.

Faiths in Action and Regional Faith Forums

Local faith groups play a key role in fostering tolerance, dialogue and cooperation in our communities. The £4 million Faiths in Action Fund provides grants for local activities and initiatives that engage people of different faiths in productive conversation and social action. At a regional level, CDF funds regional faith forums to give the local inter faith and faith groups a chance to share ideas, support one another and voice their communities' concerns on regional issues. Faiths in Action and the Regional Faith Forums are managed by CDF and funded by CLG.

Hatred and Intolerance

Support for the far right is growing in areas where people feel those from different backgrounds don't get on, and where people feel unable to influence decisions affecting their communities. CDF has begun work to identify how community development workers are tackling these issues, and how new approaches can address gaps in strategy. Through this work, CDF will determine how community development interventions can stop the slide from local disaffection to hatred and intolerance.

Resource: Faith Matters

Faith and faith groups play a major role in the daily lives of local people and communities. For some, faith offers a moral grounding, for others it can be a source of tension, and for so many, faith is a gateway into community life. *Faith Matters* is a collection of 19 case studies of projects funded by the Faiths in Action Fund. Serving as a window into the opportunities and challenges of the faith sector, *Faith Matters* offers practical guidance and lessons learned for practitioners and policymakers alike.

Download the book free at www.cdf.org.uk/faithmatters

Tackling Race Inequalities Fund (TRIF)

TRIF is a £8.8 million programme addressing inequalities in opportunity and access to services for people from black, Asian and minority ethnic (BAME) communities. It works to help these groups get more involved in volunteering, community representation and political activity. TRIF is managed by CDF and funded by CLG.

Practice approaches to cohesion and migration

Local community development workers are helping build relationships and understanding between new migrants and the neighbourhoods receiving them. CDF is working with community development workers in the public and voluntary sectors to determine the role they play in dealing with tensions, and the challenges they face on the ground. Through this work we aim to influence government to address the challenges facing migrants and receiving communities, and to support community development workers who are dealing with these issues.

Communities in action: St. Michael's community garden

St. Michael's Parochial Church Council was awarded £12,000 from the Faiths in Action Fund. The group is using the money to create a community garden behind St. Michael's church, to replace a derelict and dangerous former church hall building. The garden will include plants from around the world to represent the diversity of cultures in the neighbourhood of Handsworth, Birmingham.

The process of creating the garden was found to be as valuable as the garden itself, bringing individuals and faith groups from the local area together to focused on a shared goal. The Parochial Church Council is also working with a partner organisation, the Jericho Foundation, to get long-term unemployed people involved in planting the garden as part of a skills training project. The garden is scheduled to open in the summer of 2010.

'The project has grown and developed in so many exciting ways, and the process has been just as important as the end result.'

Revd Dr Rowena Pailing, St. Michael's Vicarage

To find out more about how we help create cohesive communities, and for more information on our programmes, visit www.cdf.org.uk/cohesive

Strong communities

Building control and contribution by communities

We aim to create strong communities and a strong community sector. We believe strong communities are those that identify problems and work together to address their own needs. Strong communities depend on thriving and independent community groups and networks, and a skilled community development workforce. This past year, CDF worked on issues of sustainability and community planning, and played a key role in developing a skilled and confident community development workforce. Some of our key achievements are listed below.

National Occupational Standards for CD work (CD NOS)

Following the development of the revised CD NOS for England and Wales, CDF commissioned a summary of the NOS and a guide for community development workers and managers to help them use the NOS effectively. CDF continued to champion the contributions of the community development sector and the importance of improving its profile and resources. In particular, we worked with partners to develop appropriate, accredited qualifications for community development based on the new NOS and the new national Qualifications and Credit Framework. The CD NOS outline clearly the skills, knowledge and values required for effective community development. They provide a framework for the practice of community development across a wide range of roles, settings and levels of responsibility and are the basis for the development of robust and flexible qualifications and learning.

Resource: Green Up! Five ways to work with your council on the environment and sustainability

Communities can be valuable partners to their local councils when addressing issues of the environment and sustainability – provided they have a good understanding of how councils work and the tools they use. *Green Up!* helps local community and voluntary groups make sense of different frameworks and jargon so they can effectively engage with their local councils on these issues.

Download the guide free at www.cdf.org.uk/greenup

Grassroots Grants

Small community groups make a big impact on the lives of local people. The Grassroots Grants programme has funded over 15,000 local community groups to help them continue their work improving the quality of life in their local areas. As part of the programme, CDF also supported local funders in the Endowment Match Challenge (EMC), an innovative funding scheme where government pledges to match donations from individuals and businesses. As of December 2009, the EMC had raised over £32 million. Grassroots Grants is managed by CDF and funded by the Office for Civil Society (formally Office of the Third Sector).

Neighbourhood Support Fund (NSF)

A community development approach to investing in local communities makes a lasting impact for local people and community groups alike. NSF was launched in 1999 with the goal of re-engaging young people in education, employment and training. When the programme ended in 2006, CDF worked with local authorities to embed the groups' work in local area agreements. Ten years later, CDF revisited the funded groups to determine what sustainable impact the programme had on communities and community groups. We found work with young people had increased or sustained levels since the close of the programme. The groups themselves had grown their income, ensuring their communities will continue to benefit from their support in the future. For more information on a community development approach to grant giving, see our guide, *Funding communities adding value*.

Survey of community development workers and managers

In the autumn of 2009, CDF launched the first England-wide survey of community development workers and managers since 2002. Over 1,000 people responded, allowing us to paint a clear picture of who community development workers are, where they work, who they work with, and the opportunities and challenges they face. The final report will be published in summer 2010.

Shared Energy

With funding from the Barings Foundation, CDF worked with non-environmental community organisations to help them improve their awareness of how climate change will impact their organisations and their communities. Using a variety of approaches including environmental auditing, scenario planning and action planning, the project worked with nine community anchor organisations in three regions. One of the key products resulting from the project was the Shared Energy Toolkit. It contained a range of activities that any community organisation or group can use to improve their understanding of the issues.

Communities in action: Lincoln Larder

Lincoln Community Larder was awarded £5,000 from Grassroots Grants. The Larder aims to relieve poverty in Lincoln by providing basic nutritious food. Based in a deprived area of Lincoln, the Larder has many clients with addiction or mental health problems, and some who have recently been released from prison. Since the recession the number of clients using the Larder has increased dramatically. The group is currently supporting over 60 people with food for over 500 meals.

'The Larder's food parcels help me and my family. During these difficult times, I've had difficulty with the rent - the Larder food parcels have helped the family to cope on the very little cash we have. Many people I know in a situation like mine are being helped by the Larder.'

John, Larder volunteer and client

To find out more about how we help create strong communities and a strong community sector, and for more information on our programmes, go to www.cdf.org.uk/strong

Four nations

Sharing information and best practice in the four nations

CDF has a UK remit and Trustee representation from England, Wales, Scotland and Northern Ireland. Following devolution, our work outside England – in offices in Scotland and Wales – adjusted to reflect the political and practical changes. CDF remains committed to sharing knowledge and best practice across the four nations, and in 2009 commissioned a scoping exercise to determine our UK role going forward.

Scottish Community Development Centre (SCDC)

With CDF's support, SCDC became independent from CDF on 1 October 2009. It continues to actively support community development in Scotland, and maintains high quality standards in its work. Some of SCDC's key achievements are listed below.

Meeting the shared challenge

SCDC ran the Meeting the Shared Challenge programme on behalf of the Scottish Government and NHS Health Scotland. The capacity-building programme aims to enhance the role of community-led health improvement in Scotland.

Visioning Outcomes in Community Engagement (VOiCE)

To help achieve the National Standards for community engagement, SCDC developed a computer-based tool for planning, monitoring and evaluating community engagement work. VOiCE provides a common system for planning, monitoring and evaluating such activities, and a shared understanding of terms, types and purposes of engagement. SCDC was commissioned by the Scottish Government.

Our work in Wales

The Welsh Assembly Government (WAG) is responsible for funding community development in Wales, through funding programmes such as Communities First. CDF, WAG and Community Development Cymru (CDC) have each conducted reviews to determine how CD can be best supported across Wales.

In 2010, as a result of the Wales review process, devolution and CDF's own restructure, CDF decided to end its direct presence in Wales as of April 2011. CDF will maintain strong links with the community development sector in Wales in an effort to share knowledge and best practice across the four nations and is actively supporting CDC in its plans for future work in Wales.

CDF Wales had a number of key achievements in 2009–10.

Come outside! pilot programme

In conjunction with the Countryside Council for Wales (CCW), CDF helped develop and trial the Come Outside! programme. The programme explores whether linking community development workers with environmental organisations in the countryside creates sustainable, community-led activity and engages 'hard-to-reach' groups.

Sustainable development and climate change

The CDF fed into the consultation process for the Welsh Assembly Government's revised Sustainable Development Scheme, One Wales: One Planet which was launched in May 2009. It sets out WAG's new vision and priorities for a sustainable Wales and requiring all organisations in Wales to actively commit to sustainable development. In April 2010 CDF gave a presentation on the role of CD in relation to SD at an SD/Climate Change event for Local Service Delivery Board. CDF is now representing the CD sector at the DESH (Department of Environment, Sustainability & Housing) Ministerial Third Sector Partnership meetings.

Programmes and government partners

Government partners

Communities and Local Government

Department for Environment, Food and Rural Affairs

NHS Health Scotland

Office for Civil Society (formally Office of the Third Sector)

Welsh Assembly Government

The Scottish Government

Programmes

Connecting Communities: Community Champions Programme

Digital Inclusion Task Force Fund

Faiths in Action and Regional Faith Forums

Grassroots Grants

Hardship Fund

LINks Action Learning Project

National Empowerment Partnership

Tackling Race Inequalities Fund

Take Part

Targeted Support for Empowerment and Participation Improvement

Targeted Support Fund

CDF is ranked in the **top three** of over 200 government funders by the Directory of Social Change (2009).

Publications

These are just some of the practical publications and briefing papers we published during the year. To download or purchase CDF publications, visit

www.cdf.org.uk

The art of influence: How to make the case for community development

Building community cohesion and improving race equality

The Community Development Challenge: Where we stand three years on

Conducting your own action research

The Duty to Involve: Making it work

Faith Matters: Case studies from the Faiths in Action Fund

Green Up! Five ways to work with your council on the environment and sustainability

Help from within: An exploration of community self help

Migration and community cohesion: community development responses

Survey of community development workers and managers 2009

Young people, the community organisation, and the community

Structure, governance and management

Established in December 1967 by Declaration of Trust, the Community Development Foundation (CDF) was formerly known as the Young Volunteer Force Foundation and the Community Projects Foundation. In 2007, CDF's charitable objects were changed to reflect CDF's mission and agreed by the Charity Commission and the Office of the Scottish Charity Regulator. In August 2006, CDF's government sponsorship moved from the Home Office to the Community Empowerment Delivery Division of Communities and Local Government (CLG). Working relationships with this sponsor division developed positively over 2009–10.

Corporate governance

CDF's affairs are overseen by a publicly appointed Board of 15 Trustees which meets three times a year. The Board has corporate responsibility for strategic direction to ensure CDF meets its aims and objectives, and to ensure high standards of corporate governance. They are also responsible for keeping proper accounting records, which disclose with reasonable accuracy CDF's financial position at any given point in time. The Board ensures that the financial statements comply with various legislation including the Charities Act 1993 (The Charities Accounts and Reports), Regulations 2005 (2005 No. 572), HM Treasury's Financial Reporting Manual, and the Charities SORP 2005. The Trustees are also responsible for safeguarding CDF's assets and for their proper application as required by charity law.

The Chief Executive, who is also the Accounting Officer, is responsible for making day-to-day decisions on behalf of the organisation. A part-time Deputy Chief Executive was appointed from existing Directors in February 2009, and is responsible for supporting the Chief Executive in the effective management of the organisation. In January 2010 the post of Deputy Chief Executive became temporarily full-time to lead on business development, a decision resulting from CDF's scenario planning. A team of five directors (four full-time equivalent) assist the Chief Executive in coordinating and formulating policy and monitoring progress on key strategies, plans and budgets.

The Board has three sub-committees: finance, audit, and four nations and Europe. Each meets three times a year and has separate terms of reference, which are

available on the CDF website. Recommendations from these committees are taken to the full Board for endorsement.

In December 2009, four Trustees were reappointed: Andrew Robinson, Tom Levitt MP, Dan Rogerson MP and Jeremy Wright MP. Early in 2010 Jeremy Wright MP stood down and John Howell MP took his place. In April 2010 Tom Levitt MP announced that he would not be standing for Parliament in the upcoming election. His replacement is currently being sought. A complete list of Trustees in place for 2009–10 can be found on page 28.

Procedure for Trustee appointments

CDF adheres to the rules on public appointments of the Office of the Commissioner for Public Appointments (OCPA) when recruiting trustees to the Board. The posts are advertised externally by OCPA, the sponsor unit in CLG and through our own community development networks. Shortlisted candidates are interviewed by the Chair, an OCPA-nominated independent assessor and a CLG official. Three MP Trustees (one from each of the three main political parties) are nominated by their Chief Whip. The final appointment to the Board is made by the Secretary of State. Trustees serve for a maximum of ten years and are subject to reappointment approximately every three years.

Policies and procedures for training Trustees

Trustees receive an induction when they join the Board, and are briefed by the Chair and Chief Executive. To keep Trustees abreast of national policy and local issues, we invite external guests – from senior representatives of national organisations to local community organisations – to Trustee meetings and the annual residential. We monitor Trustees' attendance at full Board and sub-committee meetings and appraise their contributions when considering their reappointment. CDF's Trustees – who are unpaid – make other voluntary contributions of time and expertise to CDF's business relating to their interests and backgrounds. In November 2009 the Framework Document between CLG and CDF was agreed and approved by the Permanent Secretary. In 2009 Trustee succession planning began to identify current skills and future gaps as Trustees were due to retire. It was also agreed that Trustee role packs and role descriptions be developed. This decision reflects good practice in CDF's recruitment procedures, and ensures clarity for all existing and new board members.

Risk management

CDF Trustees have established a risk management system to mitigate significant risks, whether strategic, regulatory, operational or financial. Regular review of risks is taken by:

- identifying risk during business planning and project management
- recording identified risks on a risk register – this allows for risks to cascade from departments through Directorates and then to the corporate level
- incorporating the risk register into a quarterly report by all directors to the Chief Executive which is reviewed at Directorate meetings
- conducting an internal audit review of internal control and risk management
- the Audit Committee and Board of Trustees approving the high level strategic risk register.

The Audit Committee has a leading role in advising and overseeing the risk management system. This committee comprises four publicly appointed Trustees, plus the Chief Executive, Finance and Facilities Director, National Audit Office (NAO) external auditors and CLG internal auditors. The risk register provides the detail from which the annual audit plan is prepared. CDF identified and proactively managed our potential top risks during this period (2009–10).

In 2009–10, CDF contracted the following to undertake audit activity: NAO as external auditors; CLG as internal auditors; Jeffrey’s Henry as project auditors; and Winston Gross to audit CPF Trust Ltd.

Staffing

At the balance sheet date, CDF had 68 employees (63.88 full-time equivalent) working from Head Office in London, in four other offices in Cambridge, Hove, Leeds and Cardiff, and as home-based workers.

Employees have union recognition and regular union meetings take place to discuss employment issues. All staff are kept informed of developments within CDF and are consulted, via the union, on any matters which may affect their terms and conditions. They receive copies of weekly Directorate minutes, budgets, annual reports and other key documents.

In accordance with CDF’s equal opportunities policy, the organisation has well-established fair employment practices in the recruitment, selection, retention and development of all staff, including those who are disabled. When CDF staff leave, we carry out exit interviews and ensure that any learning is shared where appropriate.

Sickness absence data

During 2009–10, the total number of days lost due to sickness absence was 347 days. This amounts to an average per employee of five days, but also includes single periods of long-term absence. It is accepted that there will always be a certain level of sickness absence for reasonable and legitimate reasons. It is CDF's policy to offer security of employment during such periods, subject to operational requirements. As a good employer, CDF recognises our responsibility to help staff identify the source of the problem, address any problems associated with the workplace, and encourage staff to seek appropriate support. Our new HR IT system, U@CDF, improves submission of and access to staff records.

Equal opportunities policy

CDF is an equal opportunities employer. The aim of our policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, marital status, colour, race, nationality, ethnic or national origin, disability, age, religion, sexual orientation or criminal convictions. As a public body CDF also has to carry out Equality Impact Assessments to ensure our work will not have an adverse impact on a particular group of people due to gender, race, disability, religion or belief, sexuality, age and socio economic background. An Equality Impact Assessment is the process of assessing the impact of our existing or proposed programmes, projects, policies, practices and services in relation to their consequences for equality on different groups within the community.

Data protection

CDF makes sure personal data stored on our databases is held subject to the requirements and principles of the Data Protection Act 1998. CDF follows the requirements of the government's data handling procedure. For 2009–10, no personal data related incidents were reported in CDF.

Associates

During 2009–10, CDF had 139 registered CDF Associates. Many Associates contributed to CDF's range of activities, including supporting grant programmes as independent assessors, completing evaluation or research projects, writing publications, providing capacity-building support to community organisations and working with local authorities. Associates have knowledge and expertise in community development practice and are experts in a range of related policy fields. They make a vital contribution to the success of CDF and the quality of our work.

Board of Trustees (2009–10)

Acting Chair: Peter Latchford (as of 7 May 2010)

Former Chair: Tom Levitt MP (11 June 2004 to 6 May 2010)

Elizabeth Bickerton

Michael Hamilton MBE

John Howell MP (joined 1 January 2010)

Dean T. Huggins

Abdul Ismail

Jagwant Johal

Professor Ruth Lister CBE

Stuart Murdoch

Andrew Robinson MBE

Dan Rogerson MP

Marilyn Taylor

Alison Wightman

Hilary Willmer

Jeremy Wright MP (retired 31 December 2010)

Register of members' interests

Trustee	Risk of interests relevant to CDF business
Tom Levitt MP	None
Peter Latchford	Trustee of the LankellyChase Foundation
Elizabeth Bickerton	Trades as Liz Bickerton Consultancy
Dean T. Huggins	Chair of the Federation for Community Development Learning (FCDL), Sheffield; Board member of the Community Foundation for Tyne & Wear, Newcastle
Michael Hamilton MBE	Employed by John Laing Services Limited
Abdul Ismail	Employed by Bradford and District Community Empowerment Network Limited, Bradford (Grassroots Grants local funder)
Jagwant Johal	None
Professor Ruth Lister CBE	None
Stuart Murdoch	Trustee for the Community Development Alliance Scotland, the Scottish Community Development Centre, and the Scottish Urban Regeneration Forum
Andrew Robinson MBE	Director of fund management company CCLA, which manages funds for CDF; Trustee of the LankellyChase Foundation and bassac
Dan Rogerson MP	None
Marilyn Taylor	None
Alison Wightman	Independent consultant, Trustee of the Scottish Community Development Centre
Hilary Willmer	None
Jeremy Wright MP	None
John Howell MP	None

Professional advisors

Solicitors

Royds Solicitors
65 Carter Lane
London
EC4V 5HF

Bank

Nat West Commercial Banking
City of London Office
PO Box 12258
1 Princes Street

London

EC2R 8PA

Auditors

National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

Contact information

Website: www.cdf.org.uk

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Community Development Foundation
Unit 5, Angel Gate
320–326 City Road
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Fax: 0207 837 6584
Email: admin@cdf.org.uk

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Community Development Foundation
Suite 4D, Joseph's Well
Hanover Walk
Leeds LS3 1AB
Tel: 0113 246 0909
Fax: 0113 246 7138
Email: north@cdf.org.uk

CDF Cambridge
Community Development Foundation
Unit 8, The Michael Young Centre
Purbeck Road
Cambridge CB2 8HN
Tel: 01223 406548
Fax: 01223 214074
Email: fundingadmin@cdf.org.uk

Faiths in Action and Regional Faith
Forums
Tel: 01223 406533
Fax: 01223 214074
Email: fundingadmin@cdf.org.uk

Grassroots Grants
Tel: 01223 406542
Fax: 01223 214074
Email: grassroots@cdf.org.uk

Tackling Race Inequalities Fund
Tel: 01223 406537
Fax: 01223 214074
Email: trif@cdf.org.uk

Hardship Fund
Tel: 01223 406546
Fax: 01223 214074
Email: hfteam@cdf.org.uk

Targeted Support Fund
Tel: 01223 406544
Fax: 01223 214074
Email: targetedsupportfund@cdf.org.uk

CDF Hove
Community Development Foundation
Westwerks
41-43 Portland Road
Hove, East Sussex BN3 5QD
Tel: 0127 372 4349

CDF Wales
Community Development Foundation
Williams House
11-15 Columbus Walk
Cardiff CF10 4BZ
Tel: 0292 002 0632
Fax: 0292 047 0213
Email: wales@cdf.org.uk

**Scottish Community
Development Centre (SCDC)**
Suite 301–309 Baltic Chambers
50 Wellington Street
Glasgow G2 6HJ
Tel: 0141 248 1924
Fax: 0141 248 4938
Email: info@scdc.org.uk
Website: www.scdc.org.uk

Financial review and results for the year (2009–10)

CDF has a mixed funding environment. It receives Grant-in-aid from the sponsoring government department. In addition it earns income through the contract management of grant programmes across government departments, research contracts and consultancies, conferences, publications and training courses. All income-generating work is in accordance with the objects of the charity.

The CDF financial accounts show incoming resources of £9.605 million in the year. CLG provided grant-in-aid funding of £1.706 million for the year. In addition CDF received restricted funding of £4.054 million in grants for specific projects from a number of organisations. These included £2.724 million for the National Empowerment Partnership, £0.904 million for Digital Inclusion, and £0.057 million for Learning Revolution. CDF received £2.711 million in fees for the contract management of grant programmes, £0.339 million through consultancy and training fees, £0.286 million from research contracts and £0.096 million return on investments.

During the year CDF disbursed £10.616 million to support the objectives of the charity. Expenditure on restricted programmes accounted for £4.550 million including grants made of £3.314 million. Grants paid under the National Empowerment Partnership amounted to £2.301 million, and under the Digital Inclusion programme of £0.898 million.

CDF also disbursed £5.657 million of unrestricted expenditure in the community sector. This included £2.662 million on the contract management of grant programmes, £0.737 million on policy and practice development, £0.197 million on research, and £0.131 million on publications.

A substantial part of CDF's work is the contract management of government grant programmes. In 2009–10 CDF disbursed conduit funding from government departments for distribution to local and regional funders of £86.558 million.

Summary financial review for the year (2009-10)

CDF Consolidated	Unrestricted	Restricted	Total
	£000	£000	£000
Net Incoming Resources	5,551	4,054	9,605
Net Expenditure	6,564	4,895	11,459
Transfers			-
Net Movement of Funds	(1,013)	(841)	(1,854)

The consolidated Statement of Financial Activities (SOFA) on page 47 shows a net deficit of £1.854 million (2008–09: surplus of £577,000). The SOFA shows a net deficit on unrestricted funds of £1.013 million (2008–09: surplus of £546,000). The deficit on restricted funds is £841,000 (2008–09: surplus of £30,000). This reflects grants received in advance of spend in 2009 but being spent or returned to the funding body in the current financial year.

A breakdown of restricted funds is given in Note 19.

Financial position

The consolidated Balance Sheet on page 49 shows Net Assets at 31 March 2010 of £3.754 million (2008–09: £5.61 million).

Disclosure of audit information to the auditors

No charge was made for non audit work. In so far as the Accounting Officer is aware, there is no relevant audit information of which CDF's auditors are unaware, and the Accounting Officer has taken all the steps that she ought to have taken to make her aware of any relevant audit information and to establish that CDF's auditors are aware of that information.

Supplier payments

CDF policy follows the BISs Better Payment Policy also known as the Prompt Payment policy. The Code states that a company should have a clear, consistent policy, adhered to by the finance and purchasing departments, that payment terms are agreed at the outset and payment procedures explained to suppliers, that bills are settled in accordance with payment terms agreed with suppliers, that complaints are dealt with quickly and that suppliers are advised of disputes.

CDF values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, promptly. Normal policy is to pay all small business invoices within 30 days.

On 8 October 2008 the Prime Minister committed Government organisations to paying suppliers within ten days of receipt of a correctly rendered invoice. CDF has implemented this commitment and is now reporting against these targets. The following 2009 results are calculated under the previous guidance of 30 days.

In the year CDF paid 41 percent of invoices on time (2008–09: 67 percent). This is primarily due to CDF having satellite offices and a centralised payments point. Delays have occurred in passing invoices for payment. Systems are being reviewed to ensure prompter payment. No interest was paid in respect of Late Payment of Commercial Debts (Interest) Act 1998.

CDF estimates that for all UK supplies, average creditor payment days in 2009–10 were 21 days (2008–09: 31 days).

FINANCIAL MANAGEMENT POLICIES

Reserves policy

The Reserves of CDF consist of restricted funds which are available only for the purpose they are restricted to and the unrestricted funds which are available to meet CDF's objectives.

In relation to unrestricted reserves, the current Trustee policy is to designate reserves where appropriate to meet existing and potential financial commitments of the organisation. This provides a clearer understanding of how the resources of the organisation are being utilised. CDF does not have a 'target' level of reserves as such, but aims to ensure that reserves are sufficient to ensure its continuing operation and to achieve its longer-term strategic aims. In particular it maintains a designated cessation reserve allowing for 6 months operating costs of grant-in-aid funded activity.

A breakdown of the designated reserves is provided in Note 1 and Notes 17 and 18 to the accounts.

The designation of reserves is subject to ongoing review by the Trustees as the strategy of the organisation develops.

Investment policy

The current investment policy is maximising return within a low-risk strategy. In view of the current economic situation our policy during the year was to earn interest by placing cash on short-term deposit rather than in long-term property or share arrangements. The average return on investments for the CDF during the year was 2.3 percent. Investments are held as part of the COIF Charities Deposit Fund managed by CCLA Investment Management Ltd.

Pensions

Pension obligations are discussed in Note 31 to the accounts and pension costs incurred detailed within the Remuneration report.

Revaluation of Land and Building

The lease of Unit 5, Angel Gate is held at valuation of £0.773 million. This includes a revaluation element of £0.062 million.

Discontinued activity

Following a review by the Trustees in 2008–09 financial year, the decision was made to set up the Scottish unit – the Scottish Community Development Centre (SCDC) as a separate business entity.

SCDC was incorporated as a separate organisation on 22 June 2009 but began operations from 1 October 2009 onwards. The Trustees of CDF agreed for a reserve transfer of £0.669 million to be made to SCDC to assist in funding the initial phase of the new organisation. In addition it was agreed by the Trustees of CDF that CDF will take on a redundancy indemnity of £0.123 million for a period of 18 months. Staff were transferred over to the new separate SCDC organisation on 30 September 2009 under a TUPE agreement.

Remuneration report

Remuneration for the Chief Executive and all employees is based on the CDF salary structure and job evaluation scheme. CDF operates a spot-rate pay system, which means that there is a single pay award for each band.

The Finance Committee recommends the pay award to the Chief Executive; all pay and cost-of-living recommendations are then submitted to the sponsoring government department for approval.

Chief Executive

The Emoluments and Pensions Entitlements of the Chief Executive Officer for the year were as follows:

	2010		2009	
	Salary £	Pensions £	Salary £	Pensions £
A Seabrooke	95,452	12,552	83,333	7,820

The above figures have been subject to audit.

The Chief Executive is employed on a permanent basis, subject to a three-month notice period. The Chief Executive received £6k performance-related pay during the year. Health and life insurance benefits are received through a scheme held with Canada Life. The scheme covers all employees of the organisation and total payments made to the scheme in 2009–10 were £46,607 (2009: £44,748).

No compensation was paid to former senior managers. There were no awards for early termination except for redundancy. No fees were paid to a third party for the services of a senior manager.

Trustees or connected persons receive no remuneration in respect of their services. Trustees received reimbursement of expenses amounting to £6,634 during the year. This included reimbursement for travel and other reasonable out-of-pocket expenses.

Pensions

Our occupational pension scheme is provided through an outside provider, the Pensions Trust, Growth Plan. This is a money purchase type of pension scheme where the employee and employer's pension contributions are invested to provide a pension on retirement. Current contribution rates are 3.5% of salary from the employee and 10% from CDF. The Chief Executive Officer receives an additional 2.5% pension contribution from CDF. The Pension Trust provides an annual statement to participating individuals providing an estimate of their pension entitlement on retirement.

We are contracted in to the State Second Pension (S2P) so staff pay a higher rate of National Insurance and build up an extra earnings-related state pension, payable at state retirement age.

An on-going review of pension provision is made to ensure it meets the requirements of staff.

Life assurance and permanent health insurance

Staffs are covered by two non-contributory insurance schemes:

- Group Life Assurance Scheme which provides four times salary death benefit for death in service;
- Group Income Protection Scheme which provides 75% of salary (less any state benefits) after 26 weeks continuous sickness absence.

Both are subject to the rules of the insurance company providing the schemes.

Statement of Accounting Officer's responsibilities

Under the Charities Act 1993, the Secretary of State (with the consent of HM Treasury) has directed CDF to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and give a true and fair view of the state of affairs of CDF and of its incoming resources and application of resources, recognised gains and losses and cashflows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by Communities and Local Government (CLG), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts

The Accounting Officer of CLG has designated the Chief Executive, A. Seabrooke, as Accounting Officer of CDF.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CDF's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

Statement on internal control

a) Scope of responsibility

As Accounting Officer and Trustees, we have joint responsibility for maintaining a sound system of internal control that supports the achievement of CDF's policies, aims and objectives, while safeguarding the public funds and assets for which the Accounting Officer is personally responsible. This is in accordance with the responsibilities assigned to us in *Managing Public Money* and the requirements laid down by Communities and Local Government (CLG) in our annual Grant letter.

b) The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CDF for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

c) Capacity to handle risk

Risk management is implicit in CDF's systems and procedures. Risks are regularly considered and discussed at Trustee level and appropriate actions taken when necessary. During this financial year the high level risk register identified strategic, regulatory, operational and financial risks across CDF and countermeasures to mitigate these risks. Each department within CDF produces its own quarterly risk register which feeds into the high level register. The latter is considered at monthly Directorate meetings and by the Audit Committee every four months.

d) The risk and control framework

The key elements of the risk management strategy include the following:

- Maintenance of a corporate plan: vision, mission, strategic aims and objectives. This is reviewed annually. This leads to both an updated annual workplan and an ongoing assessment of resource requirements. This means that there is a clear line of sight for CDF's activity and a message which can be clearly translated to internal and external stakeholders.

- A senior management team (Directorate), which meets weekly and holds monthly planning meetings to consider the strategic direction of the organisation, including the high level risk register. This team includes the Chief Executive, Deputy Chief Executive, Directors of Finance and Facilities, Programmes, Communications and Marketing, and Co-directors of Community Development. Other staff attend on an occasional basis to observe and contribute.
- Reports to the Finance and Audit Committees and to the full Trustee Board on financial and performance systems of internal control. Systems have previously been subject to external assessment every five years, through a Quinquennial Review under the Home Office. The next review will take place in 2010, based on an assessment of current risks.
- CLG's Internal Audit Services conducts an internal audit programme throughout the year. Specific work was undertaken on the key control testing within finance, HR and IT, and in the strategic areas of 'Performance Management' and 'Efficiency and Effectiveness of Delivery against Objectives'. Reports were discussed and reported to management and plans drawn up to ensure points arising were implemented. The reports were also presented to the Audit Committee for review.
- The standard Financial Memorandum of Understanding and Management Statement. The Framework Document with CLG was signed-off by CLG during the year.
- For organisations that receive funding administered by CDF on behalf of government such as Connecting Communities Plus, Grassroots Grants, Take Part, the Hardship Fund, Tackling Race Inequalities Fund and the National Empowerment Partnership, external auditors were engaged to conduct audits on a sample of those recipients to ensure correct use and control of funding.
- All managers report regularly to the Chief Executive or senior staff on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects. Trustees receive regular reports on work performance in relation to objectives.
- Senior staff undertake a regular programme of structured workshops, some of which have external facilitation, to identify and keep up to date the record of risks facing the organisation. Work began to review induction, probationary, supervision, appraisal and training plans. This is linked in to the annual work programme process.
- Senior staff operate on an ongoing basis a prioritisation methodology to rank risk and assess cost benefit. This is done both in relation to the annual (and three-yearly) work programme but also for in-year unexpected items or changes.
- Key performance and risk indicators are in place and are the subject of reports to the sponsor department and Trustees.

- Reports are produced by the Chief Executive on internal control activities for other staff, for Trustees and for the sponsor departments.
- Where appropriate, reports are produced on compliance with key government recommendations. Work is under way in relation to implementing CLG's information risk and data handling/security guidance. A Senior Information Risk Owner and Information Asset Owners from amongst CDF's senior management team were appointed during the year to oversee the process.
- The Audit Committee meets three times a year. It is responsible for dealing with corporate governance, risk and controls, and finalising the annual accounts.

e) Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within CDF who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Trustees and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework
- the work of the internal auditors, who submit to the organisation's Audit Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement
- comments made by the external auditors in their management letters and other reports.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control is as follows:

The Board

The Board has overall responsibility for monitoring the effectiveness of CDF's system of internal control and receives regular reports from the Audit Committee.

The Audit Committee

The Audit Committee plays an important role in managing risk within CDF. It is constituted of non-executive members of the CDF Board and an independent non-executive as the Chair. The Audit Committee reviews the effectiveness of the risk management process and meets four times during the year.

I am not a member of the Committee but attend most of its meetings, as do our internal auditors and our external auditors, the National Audit Office. The Committee's terms of reference incorporate a right of access to the Chair for both the internal and external auditors.

Internal audit

The internal audit function carries out its work in accordance with the internal audit plan that is approved by the Audit Committee and which is designed to allow internal audit to make a statement on the adequacy and effectiveness of CDF's risk management, governance and control processes for the year.

The Audit Committee receives regular reports from internal audit. These reports identified a number of opportunities for improving controls and procedures, which management has responded to positively. Internal audit concluded in the year under review that based on the work undertaken, CDF has a satisfactory system of risk management, governance and control in place. Procedures are reviewed and implemented to address issues identified by the internal audits during the year.

Other assurance mechanisms

A number of financial control processes have been maintained. The Finance Department produces monthly management accounts which are reviewed by budget holders and the Directorate. In addition, the Board reviews the management accounts four-monthly to identify deviation from the original budget.

CDF carries out re-forecasts of its expenditure and outputs (primarily planned consultation documents and policy statements) on a quarterly basis to take into account changes in the work required to meet its strategic objectives and ensure that it operates within the financial targets of the Annual Plan. The Annual Plan is prepared following consultation with stakeholders and a rigorous internal approach involving budget holders and the Directorate; the final approval is granted by the Board.

Directorate provide to the Accounting Officer regular assurance in relation to their operation of internal controls for the major areas of risk they are exposed to.

It is our belief that there are satisfactory processes in place for identifying, evaluating and managing the significant risks faced by CDF. We believe that these processes will continue to work effectively in managing the major new risks arising from CLG's decision to remove NDPB status from CDF, and the Trustees' consequent decision to cease the activities of the existing charity from 31 March 2011.

Alison Seabrooke
Chief Executive and
Accounting Officer

Peter Latchford
Acting Chair

Audit certificate

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Community Development Foundation for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer, Board of Trustees and auditor

The Board of Trustees and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Communities and Local Government and for ensuring the regularity of financial transactions funded by Parliamentary grant-in-aid. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Communities and Local Government. I report to you whether, in my opinion, the information, which comprises the 'Structure, governance and management' and 'Financial review and results for the year', included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Community Development Foundation has not kept proper accounting records, if I have not received all the information and explanations I require for

my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Community Development Foundation's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Community Development Foundation's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises 'Message from the Chair', 'Message from the Chief Executive', 'Trustees' Report', 'Giving Strength to Local Voices', 'Performance review', 'Programmes and government sponsors' and 'Publications'. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Community Development Foundation's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Communities and Local Government, of the state of the Community Development Foundation's

and the group's affairs as at 31 March 2010 and of the incoming resources and application of resources of the group for the year then ended;

- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Communities and Local Government; and
- information, which comprises 'Structure, governance and management' and 'Financial review and results for the year', included within the Annual Report, is consistent with the financial statements.

Emphasis of Matter – Financial Statements not Prepared on a Going Concern Basis

Without qualifying my opinion, I draw attention to Note 1 and Note 35 to the financial statements. On 14 October 2010 the Minister for the Cabinet Office announced that the Community Development Foundation would cease to be a non departmental public body on 31 March 2011 and would not receive grant in aid funding after that date. On 14 January 2011 the trustees decided to cease the operations of the existing charity as at 31 March 2011. As a consequence, the trustees and the Accounting Officer do not consider the existing charity to be a going concern and the financial statements have not been prepared on a going concern basis. Details of the impact of this on the financial statements are provided in Note 1 and Note 35 to the financial statements.

Opinion on Regularity

- In my opinion, in all material respects, the incoming and outgoing resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP*

28 March 2011

Accounts

Consolidated statement of financial activities for the year ended 31 March 2010

	Notes	Unrestricted £ ('000)	Restricted Funds £ ('000)	Total Funds 2010 £ ('000)	Total Funds 2009 Restated £ ('000)
Incoming resources for the year					
Incoming resources from generated funds					
Voluntary income		1,706	0	1,706	1,593
Investment income		96	0	96	296
Incoming resources from charitable activities					
		3,684	3,685	7,369	5,333
Other incoming resources		0	0	0	48
Incoming resources for the year from discontinued activities					
		65	369	434	574
Net incoming resources	2	5,551	4,054	9,605	7,844
Resources expended for the year					
Charitable activities					
		5,657	4,327	9,984	6,262
Governance costs		88	0	88	91
Resources expended for the year from discontinued activities					
		321	223	544	924
Net expenditure	3/4	6,066	4,550	10,616	7,277
Notional costs					
Cost of capital	6	164	0	164	186
Net incoming/(outgoing) resources		(679)	(496)	(1,175)	381

Reversal of notional costs		164	0	164	186
Net incoming/(outgoing) resources before transfers		(515)	(496)	(1,011)	567
Transfers between funds	20	0	0	0	0
Gains/(losses) on revaluation of fixed assets	9	(174)	0	(174)	10
Transfers of reserves for discontinued activities		(324)	(345)	(669)	0
Total net movement in funds		(1,013)	(841)	(1,854)	577
Restated fund balances brought forward		4,635	973	5,608	5,031
Fund balances carried forward	21	3,622	132	3,754	5,608

The notes on pages 52 to 105 form part of these financial statements. The Charity has no recognised gains or losses other than the net movement in funds for the year. The incoming resources and resulting net movement in funds in the current year arise from both continuing and discontinued operations. The 2009 prior year comparatives have been restated to reflect the discontinuation of SCDC operations. Refer to note 34 for further information.

Consolidated balance sheet as at 31 March 2010

	Notes	2010 £ ('000)	2009 £ ('000)
Fixed assets			
Tangible assets	9	823	1,241
Intangible assets	9	9	47
Total fixed assets		832	1,288
Current assets			
Stock	11	0	16
Debtors	12	477	421
Investments	27	4,091	4,342
Cash at bank	27	1,067	436
Total current assets		5,635	5,215
Liabilities			
Creditors	14	2,713	895
Net current assets		2,922	4,320
Total assets less current liabilities		3,754	5,608
Creditors due after one year	14	0	0
Net assets		3,754	5,608
The funds of the charity			
Restricted funds	19	132	973
Unrestricted funds	17	3,622	4,635
Total charity funds	21	3,754	5,608

The notes of pages 52 to 105 form part of these financial statements. The accounts were approved by the Trustees and Chief Executive on 22 March 2011 and were signed on their behalf by:

Peter Latchford, Acting Chair
22 March 2011

Alison Seabrooke, Chief Executive
22 March 2011

Community Development Foundation's balance sheet as at 31 March 2010

	Notes	2010 £ ('000)	2009 £ ('000)
Fixed assets			
Tangible assets	10	50	277
Intangible assets	10	9	47
Total fixed assets		59	324
Current assets			
Stock	11	0	16
Debtors	13	477	421
Investments	27	4,091	4,342
Cash at bank	27	1,067	436
Total current assets		5,635	5,215
Liabilities			
Creditors	15	2,711	893
Net current assets		2,924	4,322
Debtors due after one year	13	222	239
Total assets less current liabilities		3,205	4,885
Creditors due after one year	15	0	0
Net assets		3,205	4,885
The funds of the charity			
Restricted funds	19	132	973
Unrestricted funds	18	3,073	3,912
Total charity funds		3,205	4,885

The notes of pages 52 to 105 form part of these financial statements. The accounts were approved by the Trustees and Chief Executive on 22 March 2011 and were signed on their behalf by:

Peter Latchford, Acting Chair
22 March 2011

Alison Seabrooke, Chief Executive
22 March 2011

Consolidated cashflow statement for the year ended 31 March 2010

	Notes	2010 £ ('000)	2009 £ ('000)
Net cashflow from operating activities	25	1,217	530
Capital expenditure and financial investment			
Purchase of fixed assets	9	(120)	(137)
Purchase of intangible assets	9	(48)	0
Net cash inflow (outflow) on capital expenditure and financial investment		(168)	(137)
Acquisitions and disposals			
Payment for the discontinuation of operations	34	(669)	0
Net cash inflow (outflow) on acquisitions and disposals		(669)	0
Financing			
Cash inflow (outflow) from short term deposits	27	251	(268)
Net cash inflow (outflow) from financing		251	(268)
INCREASE (DECREASE) OF CASH IN YEAR		631	125

Notes of accounts

1. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

Basis of accounting

The Financial statements set out on pages 47 to 51 together with the Notes on 52 to 105 have been prepared on a break up basis of accounting and the accruals basis in accordance with the Accounts Direction given by the Secretary of State with the consent of Treasury in accordance with Sections 41 and 42 of the Charities Act 1993 (The Charities Accounts and Reports) Regulations 2005 (2005 No. 572). The Regulations are supported by a Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” (revised 2005) and applicable accounting standards. The financial statements also comply with the Treasury’s Financial Reporting Manual (FReM). The FReM additionally requires Charitable NDPBs to follow the principles set out in the FReM, including providing additional disclosures where the FReM requirements go beyond those required by the SORP or other charitable legislation.

Consolidated financial statements have been prepared for CDF and its subsidiary company CPF Trust Ltd. In addition a separate balance sheet has been prepared for CDF. The income and expenditure of the subsidiary trading company are taken to the consolidated Statement of Financial Activities (SOFA). The SOFA, adjusted for intra group transactions, and the Balance Sheets of CDF and CPF Trust Limited are consolidated on a line by line basis.

Following the decision of the trustees of CDF to cease trading on 31 March 2011, the accounts have been prepared on the basis that CDF is no longer a going concern and the accounts therefore apply the break up basis of accounting.

Accounting Policies

Fund Accounting

The reserves have been allocated to designated funds and future applications.

Designated funds (see notes 17 and 18)

- a) Loans and fixed asset reserve

This represents the value of Fixed Assets held.

- b) Fixed asset revaluation reserve

This represents the revalued element of Unit 5, Angel Gate, London.

- c) CPF Trust

This represents the net value of assets held in the CDF balance sheet relating to CPF Trust.

- d) Specific reserve

This represents a number of initiatives as follows:

	£
Operating Commitments	144,567
SCDC redundancy provision	31,232
Maternity Coverage	30,000
Total	205,799

- e) General redundancy

This reserve is set to cover redundancies arising with the organisational development of SCDC and as a provision against future operational changes.

- f) Cessation reserve

This reserve was for the purpose of setting funds aside to meet 6 months financial operating obligations of the group should it face cessation.

- g) Designated contracts

This is a reserve that represents funds received for the performance of specific contracts.

- h) Fixed asset replacement reserve

This reserve is to ensure funds are available to meet the capital requirements of CDF. Reserves are set at the net difference between additions and depreciation in the year.

i) SCDC operating reserve

This was for future operating costs for SCDC but has now been removed.

j) Wales operating reserve

This covers anticipated net operating costs for CDF's operations in Wales for the period of 2009/10.

k) Pension – debt on withdrawal reserve

A reserve is being built up to ensure funds are available should the pension debt on withdrawal liability crystallise.

General reserve

This reserve represents the funds, which are not currently designated for any specific purpose.

Restricted funds (See note 19)

These funds are subject to specific conditions imposed by the donors.

Incoming resources

Grants receivable

A prudent estimate of grants receivable for the period is credited to income on receipt of notification from the grantor of a grant being made available for the period.

Where grants are received prior to the end of the financial year in respect of specific expenditure that is to be carried out during the following financial year, these grants are credited to Deferred Income in the year of receipt. If the grant is of a capital nature or has not yet been earned it should be recognised when it is receivable.

The Grant in Aid from CLG is recorded in the Statement of Financial Activities in the year for which it relates, after a grant letter has been received stating the group is entitled to the Grant In Aid and the amount is clearly stated. In the SOFA the grant has been allocated to the group's activities in the same proportion as in the latest Trustee approved budget. In the notes to the accounts, the Grant in Aid income is apportioned between CDF's strategic aims on the same ratio in which the expenses directly linked to the Grant in Aid use are incurred.

Treatment of income as grant, conduit and contract income

CDF both receives grants to perform pieces of work, and undertakes contract work for the grant management and administration of programmes.

Where contract work is undertaken for the grant management of programmes, any funding received for subsequent payment as grants is treated as conduit funding and excluded from the accounts of CDF. CDF only recognises income received as its management fee in the accounts for this work. This treatment is in accordance with the requirements of the Charities SORP.

Where CDF receives grant funding for pieces of work then this will be fully recognised in the accounts of CDF.

Investment income

Investment income is earned on cash surpluses held by CDF. Investment income is earned from two main sources:

- A Natwest business reserve account is held where cash earns interest on all balances held overnight;
- Longer-term investments are held in risk-free, short-term money market deposits with CCLA Investment Management Ltd in the COIF Charities Deposit Fund.

Donations

Donations are mainly from the corporate sector. These are recognised on an accruals basis where there is reasonable assurance of receipt.

Deferred Income

Income arising on work to be undertaken in subsequent financial periods will be deferred to that period on the balance sheet.

Capital for restricted funds is fully charged to the SOFA in the year of purchase. A provision is set up for subsequent depreciation of assets and released to the SOFA over the life of the asset.

Resources Expended

Expenditure is classified between “costs in the furtherance of Charitable Activities” and Governance Costs.

Costs in furtherance of Charitable Activities

These include direct expenditures such as staff costs, premises and other operational costs for the core objectives of the group – achieving stronger communities and a community sector, improving community cohesion, and improving community engagement.

For grant making programmes, grants are recorded in the Statement of Financial Activities when they are paid out to the groups.

Governance

These include direct expenditures such as audit fees, cost of Trustees meetings, the preparation of the annual report and strategic planning within CDF.

There were no fundraising activities or related costs in the year.

Analysis of Income and Expenditure across Objectives

In Notes 2 and 3 income and expenditure is analysed by charitable objective.

All income and expenditure is allocated across objectives on an activity level by the relevant budget manager. This is then reviewed by the Finance Director and Chief Executive to ensure correctness and consistency.

Liquid Resources

This includes cash held on short-term deposit for at least a day in order to earn interest. All other cash held is cash at bank or in hand and is therefore disclosed as “Bank and Cash” on the balance sheet.

Liabilities

A liability is recognised when a constructive obligation has arisen. This is either when there is a contract in place or when the goods or services have been satisfactorily received and a payment is due.

Bad Debt Provision

Bad debt provisions are made for debtors when there is a probability that they will not be recovered. All debts greater than 3 months old are now fully provided for.

Fixed Assets

Fixed assets comprise items with expenditure greater than £500, which are held for continuing use by the group. Assets are held at valuation. They are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and Equipment	3-20 years
IT Equipment	3-5 years
Intangible Assets	4 years
Freehold Land and Buildings	50 years
Leasehold Land and Buildings	50 years

Depreciation is calculated both in year of purchase and year of disposal.

Valuation of assets is undertaken on the following basis:

Freehold and Leasehold Land and Buildings: an external valuation is undertaken every 5 years. Indexation of assets from valuation is made for other years.

Furniture and Equipment, IT Equipment and Intangible Assets: a depreciated historic cost basis is used as a proxy for current valuations.

Freehold land and buildings were revalued in 2007/08. The valuation was indexed in 2009/10 using the BIS Tender Price Index of Public Sector Building Non-Housing as a proxy for current valuation.

Restricted fund assets are fully charged to the SOFA in the year of acquisition. A deferred capital charges provision is then released against depreciation of the asset in subsequent years.

As a result of the Trustees resolving to cease trading on 31 March 2011, all assets have been reviewed for impairment. All fixed assets have been recorded at net realisable value. Furniture and Equipment, IT Equipment and Intangible assets are not expected to bring significant value.

Impairment and depreciation values are disclosed separately in the accounts.

Investments

Investments comprise short term deposits held with CCLA Investment Management Limited.

The investment policy is to maximise return on surplus cash funds while ensuring these are held in risk-free investments.

Stock

Stock is held at the lower of cost or net realisable value.

As a result of the Trustees resolving to cease trading on 31 March 2011 all stock has been assumed to have nil net realisable value.

Finance and Operating Leases

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to CDF, are capitalised on the Balance Sheet and depreciated over their useful lives. The interest element of the rental obligations is charged to the Statement of Financial Activities over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Cashflow Statement

Under Financial Reporting Standard 1 (revised), the group is required to prepare a cashflow statement on the grounds of its size.

Taxation

As a charity CDF is exempt from corporation tax under Section 505 ICTA 1988. CDF is however registered for VAT and is not exempt from those requirements. CDF accounts for VAT due or reclaimable through quarterly VAT returns. Irrecoverable VAT is fully charged to the Statement of Financial Activity as it arises.

Grant Making Policy

CDF manages a number of restricted funds out of which grants are paid to third parties. Grants are paid where these meet the restrictions of the specific fund. A formal application process must be completed before any organisations are selected for grant payments and any grant payments made. As part of this process the appropriateness of both the organisation and the specific purposes for which the grant will be used will be assessed.

Grants are recognised in the accounts on payment.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one organisation and a financial liability of another. The financial instruments held by the CDF are split into the following categories:

Financial assets

Cash at bank

Investments

Loans and receivables:

Sundry debtors

Other debtors

Financial liabilities

Trade creditors

Other creditors

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction costs or face value of the instrument. Subsequent measurement is determined by adjusting the costs/revenue to reflect a constant rate of interest payable over the full term in which payments are to be made.

The fair value of short-term debtors and creditors is the transaction cost of the face value, as due to the short maturity of these instruments, there is no interest rate applicable and subsequent measurement is, thus, not required.

Foreign Exchange

Due to the nature of the organisation, CDF has minimal exposure to foreign exchange movements as detailed in note 32 Financial Instruments. Where appropriate, CDF translates foreign currency balances at the bank spot rate at the end of each financial year and realises the gain or loss on the transaction at its strike rate. No hedge or options are undertaken to mitigate the risk of any foreign exchange movements.

2. Net incoming resources

	Grant in aid £ ('000)	Other Grants £ ('000)	Other £ ('000)	Total 2010 £ ('000)	Total 2009 Restated £ ('000)
Unrestricted Incoming Resources From Continuing Activities					
Stronger Communities and Community Sector	614	1,453	15	2,082	1,051
Cohesive Communities	366	591	57	1,014	1,610
Engaged Communities	726	589	528	1,843	850
Governance	0	451	0	451	0
Unrestricted Incoming Resources	1,706	3,084	600	5,390	3,511
Restricted Incoming Resources From Continuing Activities					
Barings Climate Change Special Initiative	0	0	0	0	74
Digital Inclusion Grant	0	904	0	904	0
Every Action Counts	0	0	0	0	700
Learning Revolution	0	57	0	57	0
National Empowerment Partnership	0	2,724	0	2,724	2,602
Plan D	0	0	0	0	34
Restricted Incoming Resources	0	3,685	0	3,685	3,410
Activities in Furtherance of the Charity's Objects	1,706	6,769	600	9,075	6,921
Investment Income					
Unrestricted Resources					
Interest Receivable	0	0	96	96	296
Restricted Resources					
Interest Receivable	0	0	0	0	0
Investment Income	0	0	96	96	296

Other Incoming Resources

Unrestricted Resources

Recovery on staff seconded	0	0	0	0	10
Other	0	0	0	0	38

Unrestricted Resources	0	0	0	0	48
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Restricted Resources	0	0	0	0	0
Other	0	0	0	0	0

Restricted Resources	0	0	0	0	0
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Net Incoming Resources From Continuing Activities	1,706	6,769	696	9,171	7,265
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Unrestricted Incoming Resources From Discontinued Activities

Stronger Communities and Community Sector	0	23	0	23	105
Cohesive Communities	0	16	0	16	11
Engaged Communities	0	26	0	26	39
Governance	0	0	0	0	0

Unrestricted Incoming Resources	0	65	0	65	155
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Restricted Incoming Resources From Discontinued Activities

Community Health Exchange	0	138	0	138	296
Capacity Building Development Programme	0	0	0	0	5
Carnegie UK Trust	0	0	0	0	8
LEAP Database Tool/ACS Resource	0	0	0	0	17
Meeting the Challenge Support Programme	0	145	0	145	20
Standards for community engagement	0	86	0	86	78

0	369	0	369	424
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Total Net Incoming Resources	1,706	7,203	696	9,605	7,844
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3. Total expenditure

	Activities undertaken directly £ ('000)	Grant funding of activities £ ('000)	Support costs £ ('000)	Total 2010 £ ('000)	Total 2009 Restated £ ('000)
Analysis of resources expended from continued activities					
Stronger communities and community sector	1,552	50	1,129	2,731	2,163
Cohesive communities	904	7	405	1,316	838
Engaged communities	2,095	3,257	585	5,937	3,261
	4,551	3,314	2,119	9,984	6,262
Governance	88	0	0	88	91
	4,639	3,314	2,119	10,072	6,353

Analysis of grant funding from continuing activities

	Grants to institutions	Grants to individuals	Total 2010	Total 2009 Restated
Every Action Counts	44	0	44	571
National Empowerment Partnership	2,301	0	2,301	1,882
Barings Climate Change Special Initiative	20	0	20	52
Digital Inclusion Grant	898	0	898	0
Learning Revolution	51	0	51	0
	3,314	0	3,314	2,505

Note 29 details a list of all institutions receiving grant funding.

Note 24 details the funding organisations and purpose of the grant.

	Management	Facilities & I.T.	Finance	Human Resources	Grant making support costs	Total 2010	Total 2009 Restated
Analysis of Support costs from continuing activities							
Stronger communities and community sector	312	528	101	107	81	1,129	741
Cohesive communities	27	103	101	93	81	405	260
Engaged communities	28	125	101	87	244	585	708
Total	367	756	303	287	406	2,119	1,709

	Activities undertaken directly	Grant funding of activities	Support costs	Total 2010	Total 2009 Restated
Analysis of resources expended from discontinued activities					
Stronger communities and community sector	107	74	0	181	351
Cohesive communities	107	74	0	181	222
Engaged communities	107	75	0	182	351
Total	321	223	0	544	924

Note 34 details the rationale for the treatment of SCDC transactions as a discontinued activity. As part of preparing the annual accounts on a break up basis a closedown provision has been created. Refer to note 35 for further information.

4. Net expenditure for the year

		2010	2009
		£ ('000)	£ ('000)
Audit	A	76	36
Communications and information		415	248
Computer consumables		51	67
Consultancy costs		2,250	643
Depreciation and amortisation		117	96
Impairment of fixed assets		312	0
Insurance		15	10
Loss on foreign exchange		9	0
Recruitment and training		145	137
Rent and rates		153	114
Severance	C	87	352
Telephone and postage		84	77
Travel and subsistence		150	135
Trustees costs	B	18	14

Of the above expenses a total of £84,798 (2009: £296,648) relates to SCDC; CDF's discontinued operation during the year.

A. The external audit fee for the year is £33,000 (2009: £24,000).

B. Trustees or connected persons receive no remuneration in respect of their services. Trustees received reimbursement of expenses totalling £6,634 (2009: £8,004). This included reimbursement for travel and other reasonable out of pocket expenses. The number of Trustees who claimed expenses during the year was 8 (2009: 15).

C. CDF undertook an organisation review in 2008-09 which resulted in severance costs based on the cost of adjustments made to certain grades of posts, Voluntary and compulsory redundancy costs, Employee support costs, and Consultancy costs.

5. Staff emoluments

	2010 £ ('000)	2009 £ ('000)
Staff Emoluments from Continued Activities		
Wages and salaries	2,008	1,390
Social security costs	216	163
Pension costs	132	111
Agency staff	283	123
	2,639	1,787
Recoveries from staff secondment	0	(10)
Inward staff secondment	5	19
Total Staff Emoluments from Continued Activities	2,644	1,796
Staff Emoluments from Discontinued Activities		
Wages and salaries	299	605
Social security costs	30	53
Pension costs	23	41
Agency staff	9	1
	361	700
Recoveries from staff secondment	0	0
Inward staff secondment	0	0
Total Staff Emoluments from Discontinued Activities	361	700

The number of employees whose emoluments as defined for taxation purposes (basic pay and taxable benefits) amounted to over £70,000 in the year was as follows:

	2010	2009
£70,001 - £80,000	0	0
£80,001 - £90,000	0	1
£90,001 - £100,000	1	0

All employees whose emoluments were greater than £70,000 are part of a defined contribution pension scheme and CDF paid contributions of £12,552 (2009: £7,820) for these employees.

The average number of people, including part-time staff employed during the year was 64 (2009: 58). Staff numbers only include permanent staff.

The total amount outstanding on staff loans at year end is £1,629 (2009: £3,910).

Full time equivalent staff employed by objective are:

	2010	2009
<i>Permanent Staff (excluding outward secondment)</i>		
Stronger communities and community sector	28	25
Cohesive communities	15	9
Engaged communities	21	24
	64	58
<i>Agency Staff</i>		
Stronger communities and community sector	5	2
Cohesive communities	2	-
Engaged communities	3	2
	10	4
Total	74	62

Pensions

CDF offers an occupational pension plan to all employees through the Pension Trust. This is a Money Purchase Plan, which equates to a defined contribution scheme. CDF contribute 10% of the gross salary to relevant staff. Staff make a contribution of 3.5% to match and any voluntary contributions that they wish to make. The Pensions Trust provides an annual statement to participating individuals providing a broad estimate of their protected pension.

Pensions costs charged in the year amounted to £155,104 (2009: £152,237). At the balance sheet date there were no prepaid pension costs. The assets of the scheme are held separately from those of the group in an independently administered fund.

6. Notional cost of capital

Notional cost of capital is calculated as 3.5% of the average capital employed by the Group in the year. This disclosure is required as the group is a Non-Departmental Public Body. The cost of capital calculated for 2010 is £163,809 (2009: £186,178).

7. Trading subsidiary

CPF Trust is a subsidiary undertaking of CDF. CPF Trust's principal activity during the year continued to be that of owning the CDF headquarters building and letting it to CDF.

The headquarters building is at Unit 5, Angel Gate, 320-326 City Road, London EC1V 2PT. The premises are a leasehold property with 980 years remaining on the lease. It is the registered address for the parent entity CDF.

A summary of the results and net assets of CPF Trust is shown below.

	Unrestricted funds	Restricted funds	Total funds 2010	Total funds 2009
	£ ('000)	£ ('000)	£ ('000)	£ ('000)
Income and expenditure				
Incoming resources	40	0	40	45
Resources expended	40	0	40	45
Movements in funds from operations	0	0	0	0
Surplus/(Deficit) on revaluation of buildings	(174)	0	(174)	10
Net movement in funds	(174)	0	(174)	10
Balances brought forward at 1 April 2009	723	0	723	713
Balances carried forward at 31 March 2010	549	0	549	723

8. Reconciliation of individual charities' results to consolidated statement of financial activities

	CDF funds (parent) £ ('000)	CPF Trust funds (subsidiary) £ ('000)	Intra group £ ('000)	Total funds 2010 (group) £ ('000)	Total funds 2009 (group) (Restated) £ ('000)
Net movement in funds					
Net incoming resources for the year	9,625	40	(60)	9,605	7,844
Net expenditure for the year	11,305	214	(60)	11,459	7,267
Total net movement in funds	(1,680)	(174)	0	(1,854)	577
Fund balances brought forward at 1 April 2009	4,885	723	0	5,608	5,031
Fund balances carried forward at 31 March 2010	3,205	549	0	3,754	5,608

9. Fixed Assets (consolidated)

Tangible Assets	Furniture & Equipment		IT Equipment	Leasehold Land & Buildings (CPF Trust)	Finance Leases	Asset Under Construction	Total
	£ ('000)	£ ('000)					
Cost							
At 1 April 2009	324	322		1,027	0	18	1,691
Additions	36	65		0	19	0	120
Disposals	-90	-160		0	0	0	-250
Reclassification	0	105		0	0	-18	87
Indexation							
Revaluation	0	0		-187	0	0	-187
At 31 March 2010	270	332	332	840	19	0	1,461
Depreciation							
At 1 April 2009	158	229		63	0	0	450
Charge for the year	24	42		17	4	0	87
Disposals	-83	-148		0	0	0	-231
Reclassification	0	53		0	0	0	53
Revaluation	0	0		-13	0	0	-13
Impairment	164	124		0	4	0	292
At 31 March 2010	263	300	300	67	8	0	638
Net Book Value at 31 March 2010	7	32	32	773	11	0	823

Net Book Value at 1 April 2009 **166** **93** **0** **964** **18** **1,241**

All of the fixed assets shown above are used for direct charitable purposes.

The property at Unit 5, Angel Gate, 320-326 City Road, London EC1V 2PT is the subject of a 999 year lease.

As part of preparing the annual accounts on a break up basis all fixed assets have been reviewed for impairment. Refer to note 35 for further information.

Intangible Assets

Software Licenses £ ('000)

Cost	
At 1 April 2009	146
Additions	48
Disposals	-35
Reclassification	-87
At 31 March 2010	72

Depreciation	
At 1 April 2009	99
Charge for the year	30
Disposals	-33
Reclassification	-53
Impairment	20
At 31 March 2010	63

Net Book Value at 31 March 2010 **9**

All of the intangible fixed assets shown above are used for direct charitable purposes.

As part of preparing the annual accounts on a break up basis all fixed assets have been reviewed for impairment. Refer to note 35 for further information.

In order to comply with the Financial Reporting Standards 10 and 15 on Tangible Fixed Assets, and Goodwill and Intangible assets respectively CDF has reclassified non intangible assets that are not consistent with FRS 15. As a result, £87,052 of previously recorded intangible fixed assets has been reclassified as IT Equipment.

10. Fixed Assets (parent charity)

Fixed Assets

Cost	Furniture & Equipment £ ('000)	IT Equipment £ ('000)	Finance Leases £ ('000)	Asset Under Construction £ ('000)	Total £ ('000)
At 1 April 2009	324	322	0	18	664
Additions	36	65	19	0	120
Disposals	-90	-160	0	0	-250
Reclassification	0	105	0	-18	87
At 31 March 2010	270	332	19	0	621

Depreciation

At 1 April 2009	158	229	0	0	387
Charge for the year	24	42	4	0	70
Disposals	-83	-148	0	0	-231
Reclassification	0	53	0	0	53
Impairment	164	124	4	0	292
At 31 March 2010	263	300	8	0	571

Net Book Value at 31 March 2010	7	32	11	0	50
Net Book Value at 31 March 2009	166	93	0	18	277

Intangible Assets

Software Licenses £ ('000)

Cost	
At 1 April 2009	146
Additions	48
Disposals	-35
Reclassification	-87
At 31 March 2010	72

Depreciation	
At 1 April 2009	99
Charge for the year	30
Disposals	-33
Reclassification	-53
Impairment	20
At 31 March 2010	63
Net Book Value at 31 March 2010	9
Net Book Value at 1 April 2009	47

All of the intangible fixed assets shown above are used for direct charitable purposes.

As part of preparing the annual accounts on a break up basis all fixed assets have been reviewed for impairment. Refer to note 35 for further information.

In order to comply with the Financial Reporting Standards 10 and 15 on Tangible Fixed Assets, and Goodwill and Intangible assets respectively CDF has reclassified non intangible assets that are not consistent with FRS 15. As a result, £87,052 of previously recorded intangible fixed assets has been reclassified as IT Equipment.

11. Stock

	2010 £ ('000)	2009 £ ('000)
Stock held for resale	0	16

12. Debtors (consolidated)

	2010 £ ('000)	2009 £ ('000)
Due within one year:		
Sundry debtors	406	293
Accrued income	0	76
Prepayments	69	35
Other debtors	2	17
	477	421

Intra Government Balances Analysis

	2010 £ ('000)	2009 £ ('000)
Debtors due within one year		
Other central government bodies	329	249
Local authorities	9	23
NHS bodies	0	6
Public Corporations	0	0
Total intra-government balances	338	278
Balances with bodies external to government	139	143
Total	477	421

Included within the 'Other central government bodies' balance is an amount of £241,254 with CLG (2009: £210,081).

13. Debtors (parent charity)

	2010 £ ('000)	2009 £ ('000)
Due within one year		
Sundry debtors	406	293
Accrued Income	0	76
Prepayments	69	35
Other Debtors	2	17
	477	421
Due after one year		
CPF Trust Debtor	22	39
Loan to CPF Trust	200	200
	222	239
Total	699	660

CDF has loaned a sum of £200,000 to CPF Trust Limited to assist in the purchase of CDF's headquarters. The loan is for a period of 15 years, carries a rate of interest of 4.75% and is secured by a second mortgage on the property.

Included in the CPF Trust Debtor is the amount that CPF Trust owes CDF for financing the property related costs after taking into account what CDF owes CPF Trust for renting the premises.

Both the CDF Trust debtor and the loan to the CPF Trust have been left as long term debtors as there are no intentions by the CDF trustees to call upon these amounts within the loan period. It is the intention of the Trustees of CDF to transfer the above long term debtors into the new social enterprise under the same present terms and conditions.

14. Creditors (consolidated)

	2010	2009
	£ ('000)	Restated £ ('000)
Due within one year		
Accruals	701	373
Deferred income	754	9
Trade creditors	863	288
VAT creditors	361	69
Tax and social security	0	0
Other creditors	16	156
Finance lease	18	0
	2,713	895
Due after one year		
Finance lease	0	0
Total	2,713	895

CDF restated the 2009 figures so that the loans and overdrafts balance of £172k is netted off against the cash balance at the end of the year.

Intra Government Balances Analysis

Creditors due within one year

Other central government bodies	714	70
Local authorities	1	5
NHS bodies	0	2
Public Corporations	0	0
Total intra-government balances	715	77
Balances with bodies external to government	1,998	818
	2,713	895

Creditors due after one year

Balances with bodies external to government	0	0
Total	2,713	895

Included within the 'Other central government bodies' balance is an amount of £nil with CLG (2009: £1,311)

15. Creditors (parent charity)

	2010	2009
	£ ('000)	Restated £ ('000)
Due within one year		
Accruals	699	373
Deferred income	754	9
Trade creditors	863	286
VAT creditors	361	69
Tax and social security	0	0
Other creditors	16	156
Finance lease	18	0
	2,711	893
Due after one year		
Finance lease	0	0
Total	2,711	893

CDF restated the 2009 figures so that the loans and overdrafts balance of £172k is netted off against the cash balance at the end of the year.

16. Deferred Income

	2010	2009
	£ ('000)	£ ('000)
Deferred income as at 1 April	9	304
Incoming resources deferred in current year	754	9
Amounts released from previous years	(9)	(304)
Deferred income as at 31 March	754	9

At year end CDF received £32,256 of management fees for the Tackling Race Inequalities Fund programme in advance of the first quarter management fee income for the 2011 financial year. A further total of £715,486 was received during the year that is attributable to the obligations for the 2011 financial year for the National Support, Hardship Fund, Target Support Empowerment Initiative, and Faiths in Action programmes.

17. Unrestricted funds (consolidated)

	Movement in funds			Balance at 31 March 2010 £ ('000)
	Balance at 31 March 2009 £ ('000)	Designations £ ('000)	Releases £ ('000)	
Fixed asset replacement reserve	1,019	174	(464)	729
Fixed Asset Revaluation Reserve	260	0	(174)	86
Specific reserve	1,399	211	(853)	757
General redundancy	75	282	(75)	282
Cessation fund	773	23	0	796
Designated contracts	13	0	(13)	0
Fixed asset replacement reserve	20	0	(20)	0
SCDC operating reserve	65	0	(65)	0
Wales operating reserve	203	0	(134)	69
Pensions debt on withdrawal reserve	650	100	0	750
Total designated funds	4,477	790	(1,798)	3,469
General reserve	158	0	(5)	153
Total unrestricted funds	4,635	790	(1,803)	3,622

The Designated Grants reserve represents funds to meet future specific pieces of work. The Fixed Asset Replacement reserve is designated to meet future capital requirements. The SCDC Operating reserve and Wales Operating reserve represent funding of future operations out of reserves. The Pensions - Debt on Withdrawal reserve represented a fund that was set up to meet the contingent liability if CDF was to withdraw from its existing pension scheme. Specific reserve is a reserve earmarked for specific purpose. General reserve is a reserve that can be used for any purpose approved by the Committee. The fixed asset revaluation reserve represents the gains in asset values arising from the revaluation of fixed assets.

18. Unrestricted funds (parent charity)

	Balance at 31 March 2009 £ ('000)	Movement in Funds Designations £ ('000)	Releases £ ('000)	Balance at 31 March 2010 £ ('000)
Fixed asset replacement reserve	314	0	(273)	41
CPF Trust reserve	239	0	(17)	222
Specific reserve	1,399	211	(853)	757
General redundancy	75	282	(75)	282
Cessation fund	773	23	0	796
Designated contracts	13	0	(13)	0
Fixed asset replacement reserve	20	0	(20)	0
SCDC operating reserve	65	0	(65)	0
Wales operating reserve	203	0	(134)	69
Pensions debt on withdrawal reserve	650	100	0	750
Total Designated Funds	3,751	616	(1,450)	2,917
General reserve	161	0	(5)	156
Total Unrestricted Funds	3,912	616	(1,455)	3,073

The Designated Grants reserve represents funds to meet future specific pieces of work. The Fixed Asset Replacement reserve is designated to meet future capital requirements. The SCDC Operating reserve and Wales Operating reserve represent funding of future operations out of reserves. The Pensions - Debt on Withdrawal reserve represented a fund that was set up to meet the contingent liability if CDF was to withdraw from its existing pension scheme. Specific reserve is a reserve earmarked for specific purpose. General reserve is a reserve that can be used for any purpose approved by the Committee. The fixed asset revaluation reserve represents the gains in asset values arising from the revaluation of fixed assets.

19. Restricted funds

	Balance at 31 March 2009 £ ('000)	Movement in funds		Balance at 31 March 2010 £ ('000)
		Designations £ ('000)	Releases £ ('000)	
CDF related restricted funds				
Age Concern	4	-	-	4
Bangor Project Community Fund	3	-	-	3
Barings Climate Change Special Initiative	21	-	(21)	-
Canterbury Peoples Group	5	-	-	5
Community Resources Fund	15	-	-	15
Digital Inclusion	-	904	(903)	1
Every Action Counts	157	-	(147)	10
John Laing	10	-	(10)	-
Learning Action Centres BIS	2	-	-	2
Learning Revolution	-	57	(57)	-
Leicester Practice Learning Centre	4	-	-	4
Local Initiatives	1	-	-	1
Measures of Community Shares	7	-	-	7
National Empowerment Partnership	462	2,724	(3,185)	1
Neighbourhood Support Fund	46	-	-	46
Policy Action Team 15	2	-	-	2
Resource	(1)	-	-	(1)
Self Advocacy Team	2	-	-	2
Somali Project (CRETETA)	2	-	-	2
Welsh Community Strategy	25	-	-	25
WUC Research	1	-	-	1

	768	3,685	(4,323)	130
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SCDC related restricted funds

Community Health Exchange	104	138	(242)	-
Leap for Health Unit	-	1	(1)	-
Standards for community engagement	3	86	(89)	-
Healthy Living Centre	9	-	(9)	-
Carnegie UK Trust RARP	1	-	(1)	-
Meeting the Challenge Support Programme	70	146	(216)	-
LEAP Database Tool/ACS Resource	16	-	(16)	-
	203	371	(574)	-

Refer to note 34 for further details relating to SCDC transactions.

In addition to the above restricted balances relating to CDF, the following entities have restricted balances under £500:

	Balance at 31 March 2009 £	Movement in funds		Balance at 31 March 2010 £
		Designations £	Releases £	
Connecting Communities	-	-	(133)	(133)
Community Forum	430	-		430
Faith One off Community Enterprise	(34)	-	-	(34)
Learning Action Centres DFEE	438	-	-	438
Leeds City Council Project	306	-	-	306
London Survivors Group	325	-		325
Plan D	227	-	(227)	-
Scottish Community Action Research Fund	1	-	-	1
Small Grants Project (Manage)	85	-	-	85

Sustainable Community Network	360	-	-	360
Women's Connect West Midlands Objective	422	-	-	422
	2,560	-	(360)	2,200

20. Transfers between funds

	2010	2010	2009	2009
	Unrestricted	Restricted	Unrestricted	Restricted
	£ ('000)	£ ('000)	£ ('000)	£ ('000)
Total	0	0	0	0

There have been no transfers between unrestricted and restricted funds during the year.

21. Reconciliation of funds (consolidated)

	2010 £ ('000)	2009 £ ('000)
Opening funds as at 1 April CDF	4,885	4,318
Opening funds as at 1 April CPF Trust	723	713
Movement in restricted funds	(841)	30
Movement in unrestricted funds	(1,013)	547
Funds carried forward at 31 March 2010	3,754	5,608

Reconciliation of funds (consolidated)

	Restricted funds £ ('000)	Unrestricted general funds £ ('000)	Designated funds £ ('000)	Total £ ('000)
Fixed assets	7	52	773	832
Net current assets	125	101	2,696	2,922
Long Term Creditors	0	0	0	0
Total funds	132	153	3,469	3,754

22. Reconciliation of funds (parent charity)

	2010 £ ('000)	2009 £ ('000)
Opening funds as at 1 April CDF	4,885	4,319
Movement in restricted funds	(841)	30
Movement in unrestricted funds	(839)	536
Funds carried forward at 31 March 2010	3,205	4,885

Reconciliation of funds (parent charity)

	Restricted funds £ ('000)	Unrestricted general funds £ ('000)	Designated funds £ ('000)	Total £ ('000)
Fixed assets	7	11	41	59
Net current assets	125	145	2,654	2,924
Long Term Debtors	0	0	222	222
Creditors >1 year	0	0	0	0
Total funds	132	156	2,917	3,205

23. Related party transactions

During the 31 March 2010 year, CDF is a NDPB of the Department for Communities and Local Government. From 1 April 2011, CDF will cease to be a NDPB of the Department for Communities and Local Government. Refer to note 35 for further information.

CDF received a Grant in Aid of £1,706,000 in 2010 (2009: £1,593,000) from the Department for Communities and Local Government. CDF received grant funding from the Department for Communities and Local Government for the National Empowerment Partnership of £2,723,631 (2009: £2,602,006) and Digital Inclusion Task Force Fund of £904,423 (2009: nil). CDF did not, however, receive further grant funding from the Department for Environment, Food and Rural Affairs for the Every Action Counts programme during the year (2009: £700,000).

In addition, CDF undertook the management under contract of the listed programmes. Fee income earned and conduit funding during the year is shown below:

	Fee Income £ ('000)	Conduit Funding £ ('000)	Total 2010 £ ('000)	Total 2009 £ ('000)
Connecting Communities Plus	0	0	0	733
Expanded LINks Action Learning Project	22	260	282	0
Building Fund	0	0	0	467
Faiths in Action	414	1,267	1,681	267
Grassroot Grants	515	43,591	44,106	28,236
National Support Programme	446	0	446	0
Tackling Anti-Social Behaviour Programmes (Connecting Communities)	129	0	129	0
Tackling Race Inequalities Fund	292	3,724	4,016	0
Take Part Pathfinder	455	2,105	2,560	1,115
Targeted Support for Empowerment and Participation Improvement	21	4,365	4,386	0
Targeted Support Fund	180	14,689	14,869	11,000
Hardship Fund	364	16,920	17,284	0

Funding organisation details for each programme listed in Note 24.

For the purposes of conduit funding activities CDF acts as an intermediary agent. At the end of the financial year CDF held £731k in cash at bank relating to this activity.

During the year the CDF Trustees had the following material transactions relating to CDF:

Abdul Ismail: employed by Bradford and District Community Empowerment Network Limited. Bradford and District Community Empowerment Network Limited received grant payments from the Targeted Support Fund programme amounting to £469k and from Grassroots Grants programme for £302k.

Dean T. Huggins: Board member of the Community Foundation for Tyne and Wear, Newcastle. The Community Foundation for Tyne and Wear received grant payments from the Grassroots Grants programme amounting to £1,534k.

By virtue of common directors/trustees, CPF Trust Limited is deemed to be a subsidiary of CDF. CDF occupies the building located at Unit 5, Angel Gate, 320-326 City Road, London EC1V 2PT which is owned by CPF Trust Ltd. Refer to note 7 for further details.

As outlined in the Accounts Direction in the Annex, the Pensions Trust is a related party. Refer to note 31 for further details.

24. Funders

Projects	Funding Organisation
Capacity Building Development Partnership	Learning Connections , Scottish Government
Community Health Exchange (CHEX)	NHS Health Scotland
Connecting Communities Plus, Community Grants	Communities and Local Government
Demonstrating Links	Community Scotland & Scottish Natural Heritage
Every Action Counts	Department for Environment, Food and Rural Affairs
Faith Communities Capacity Building Fund	Communities and Local Government
Grassroots Grants Programme	Office of the Third Sector, Cabinet Office
National Empowerment Partnership	Communities and Local Government
Plan D	UK European Commission representation
Regional Links project	Active Communities Directorate of the Home Office
Scottish Community Action Research Fund	Communities Scotland
Targeted Support Fund	Office of the Third Sector, Cabinet Office
Standards for Community Engagement	Communities Scotland

Restricted Funds	Purpose	Restrictions
Age Concern	Research project on older people in neighbourhoods.	Timing, Methodology, Adherence to Purpose
Bangor Project Community Fund	A project working in Bangor community on social and economic regeneration.	Timing, Methodology, Adherence to Purpose
Barings Climate Change Special Initiative	A project supporting non environmental organisations to take action on climate change. CDF working with Groundwork, bassac, New Economics Foundation and Community Sector Coalition	Timing, Methodology, Adherence to Purpose
Canterbury People's Group	Estate based community development project to work with tenants on regeneration of their area.	Timing, Methodology, Adherence to Purpose
Capacity Building Development Programme	Support programme for managers and providers of community capacity building services.	Timing, Methodology, Adherence to Purpose
Carnegie UK Trust RARP	Evaluation, consultancy and research study for the Carnegie Trust Rural Commission	Timing, Methodology, Adherence to Purpose
Community Forum	Commissioned from Home Office to promote dialogue for local policy making.	Timing, Methodology, Adherence to Purpose
Community Health Exchange	Community health networking.	Timing, Methodology, Adherence to Purpose
Community Resource Fund	Research into social inclusion and regeneration.	Timing, Methodology, Adherence to Purpose
Connecting Communities	Evaluation of impact of national programme to enhance use of Information and Communication Technology in communities.	Timing, Methodology, Adherence to Purpose
Digital Inclusion	A programme to reduce the technology gap to groups and the community.	Timing, Methodology, Adherence to Purpose
Every Action Counts	A programme to engage national and local voluntary and community sector organisations across England in work to protect and improve our environment and to deliver sustainable development.	Timing, Methodology, Adherence to Purpose
Faith One Off Community Enterprise	A programme supporting community enterprise.	Timing, Methodology, Adherence to Purpose
Healthy Living Centre	A program tackling health inequalities in Scotland.	Timing, Methodology, Adherence to Purpose

John Laing	To produce a book on community development approaches to health.	Timing, Methodology, Adherence to Purpose
Leap Database Tool A/C Resources	To establish a database for LEAP work.	Timing, Methodology, Adherence to Purpose
Leap for Health Unit	A unit established to explore establishing a LEAP based work programme which will be launched with a series of events.	Timing, Methodology, Adherence to Purpose
Learning Action Centres	Centres established to manage the establishment of Information and Communication Technology.	Timing, Methodology, Adherence to Purpose
Learning Revolution	To raise awareness of the benefits that informal learning brings to individuals, families, businesses and communities.	Timing, Methodology, Adherence to Purpose
Leeds City Council Project	A project to develop the skills and knowledge of 12 unemployed people in order so they can undertake a qualitative audit of employment issues and social care needs.	Timing, Methodology, Adherence to Purpose
Leicester Practice Learning Centre	A programme supporting community development work in Leicester.	Timing, Methodology, Adherence to Purpose
Local Initiatives	Various studies of social and economic regeneration.	Timing, Methodology, Adherence to Purpose
London Survivors Group	Project to set up a network of support for people with mental health issues in the London Area.	Timing, Methodology, Adherence to Purpose
Measures Of Community Shares	Study to analyse ways of judging whether communities are flourishing.	Timing, Methodology, Adherence to Purpose
Meeting the Challenge Support Programme	Scotland wide programme to support community led health through Community Health Partnerships.	Timing, Methodology, Adherence to Purpose
National Empowerment Partnership	A programme to empower citizens and communities in England by demonstrating the difference community empowerment can make to individuals, community groups, communities and public agencies; developing effective methods of quality assurance for community empowerment and promoting examples of good practice across the country.	Timing, Methodology, Adherence to Purpose
Neighbourhood Support Fund	Established to test community based approaches to reintegrating disaffected young people into the community.	Timing, Methodology, Adherence to Purpose

Plan D	An information and dissemination project about EU policy - The Commission's 'Plan D' - Democracy, Dialogue and Debate - puts in place a framework, through national governments, for a 25 country debate on Europe's future.	Timing, Methodology, Adherence to Purpose
Policy Action Team I5	Project of work in relation to social exclusion, in order to produce policy.	Timing, Methodology, Adherence to Purpose
Resource	Community Development Initiatives.	Timing, Methodology, Adherence to Purpose
Scottish Community Action Research Fund	Commissioned to select communities, supply research mentors, manage and evaluate an initiative designed to enable community organisations to develop, commission and make use of their own research.	Timing, Methodology, Adherence to Purpose
Self Advocacy Team	Initiative which is assisting a Local Project in enabling people with mental illnesses to relate to public services and utilise self-help	Timing, Methodology, Adherence to Purpose
Small Grants Project	Established to support and monitor small community based online centres	Timing, Methodology, Adherence to Purpose
Somali Project	Somali Refugee Employment Training Project in Tower Hamlets	Timing, Methodology, Adherence to Purpose
Standards for Community Engagement	The creation of standards to be used by practitioners on community development.	Timing, Methodology, Adherence to Purpose
Sustainable Community Network	Research and publication on 'Sustainable Communities in the Network Society'.	Timing, Methodology, Adherence to Purpose
Welsh Community Strategy	Program of capacity building and support of 5 local regeneration programs in Wales	Timing, Methodology, Adherence to Purpose
Women Connect West Midlands Objective	Match funding to support the initiatives of the Women Connect project in the West Midlands.	Timing, Methodology, Adherence to Purpose
WJUC Research	Research commission for DfES	Timing, Methodology, Adherence to Purpose

Conduit Funds	Purpose	Restrictions
Connecting Communities Plus	Connecting Communities Plus, Community Grants - A programme of funding for small voluntary and community groups working on improving access to public sector services for BME communities, race equality and community cohesion.	Timing, Methodology, Adherence to Purpose
Faith Communities Capacity Building Fund	Faith Communities Capacity Building Fund - A programme of funding to build capacity of faiths sector to contribute to community cohesion and support a range of inter faith activities organised by faith-based and voluntary organisations and contributing to community cohesion in England and Wales.	Timing, Methodology, Adherence to Purpose
Faiths in Action	A programme for inter faith dialogue and social action with grants for local inter faith community based activity, plus funding and capacity building support for the nine (emerging and established) regional inter faith forums in England.	Timing, Methodology, Adherence to Purpose
Grassroots Grant	A programme investing in a thriving community sector by increasing the small grant funding available to community groups so making it more sustainable whilst also strengthening independent grant-making capacity at top-tier local authority level so building stronger and more active communities.	Timing, Methodology, Adherence to Purpose
Hardship Fund	Supports organisations that are in financial hardship as a result of the recession, which is impacting on their ability to deliver services in the following areas, health and social care, housing support, education and training, information, advice and guidance.	Timing, Methodology, Adherence to Purpose
Links	Local Involvement Networks (LINks) were created to give individuals and community groups a stronger voice about their local health and social care services.	Timing, Methodology, Adherence to Purpose
Tackling Race Inequalities Fund	A race equality grants programme for about 20 strategic partners to support Government priorities and new strategy on race equality.	Timing, Methodology, Adherence to Purpose
Take Part	A programme to increase the levels of participation in civic activism, consultation and civic participation; and in community leadership roles and increase the skills and confidence for participation among citizens, particularly those from more disadvantaged communities. Funding 19 pathfinders locally and managing the national support, development and co-ordination of the programme.	Timing, Methodology, Adherence to Purpose

Targeted Support for Empowerment and Participation Improvement	<p>An extension of the National Empowerment programme. A programme to empower citizens and communities in England by demonstrating the difference community empowerment can make to individuals, community groups, communities and public agencies; developing effective methods of quality assurance for community empowerment and promoting examples of good practice across the country.</p>	Timing, Methodology, Adherence to Purpose
Targeted Support Fund	<p>A programme to address the particular and pressing needs of local communities during the recession via local funders. A grants programme for small local service providers in areas that are considered most at risk of increasing levels of deprivation as a result of the downturn with those organisations that are offering services that specifically relate to needs resulting from the downturn being prioritised.</p>	Timing, Methodology, Adherence to Purpose

25. Reconciliation of net (outgoing)/incoming resources before revaluations and investment asset disposals to new cashflow from operating activities

	Notes	2010 £ ('000)	2009 £ ('000)
Net incoming/(outgoing) resources before revaluations & investment asset disposals		(1,011)	567
Depreciation and amortisation	9	429	96
Loss on Disposal of Fixed Asset	9	21	3
(Increase)/decrease in stock	11	16	4
(Increase)/decrease in debtors	12	(56)	398
Increase/(decrease) in creditors	14	1,818	(531)
(Increase)/decrease in fixed assets schedule		0	(7)
Net cash infow/(outgoing) from operating activities		1,217	530

26. Reconciliation of net cashflow to movement in net funds

	2010 £ ('000)	2009 £ ('000)
Change in cash for the period	631	236
Cash inflow (outflow) from changes in liquid resources	(251)	268
Changes in net funds resulting from cashflow	380	504
Net funds at beginning of year	4,778	4,274
Net funds at end of year	5,158	4,778

27. Analysis of net funds

	At 1 April 2009 Restated £ ('000)	Cashflow £ ('000)	At 31 March 2010 £ ('000)
Cash available on demand	436	631	1,067
Increase in cash for the period	436	631	1,067
Financing			
Short term deposits	4,342	(251)	4,091
Net funds at end of year	4,778	380	5,158

The closing cash balance is all held in commercial banks.

The amount of cash in hand (petty cash) both in the headquarters and regional offices is £672 (2009: £571). CDF restated the 2009 figures so that the loans and overdrafts balance of £172k is netted off against the cash balance at the end of the year.

28. Finance Lease

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the CDF, are capitalised in the Balance Sheet and depreciated over the life of the lease.

Obligations under Finance Leases

	2010 £ ('000)	2009 £ ('000)
Finance lease obligations: Payment due		
Within one year	18	0
Between two to five years	0	0
Greater than five years	0	0
Total	18	0

CDF entered into 2 contracts with Ikon Document Efficiency during the year to lease photocopier machines under finance leases.

i) HQ photocopier - the asset was made available for use and rental payments commenced on 1st April 2009. The total lease payments made under the lease agreement were £4,081 and the interest element charged to the Statement of Financial Activities was £2,562.

ii) Leeds photocopier - the asset was made available for use and rental payments commenced on 22nd June 2009. The total lease payments made under the lease agreement was £1,166 and the interest element charged to the Statement of Financial Activities was £772.

29. Grant Payments

Grant payments were made under grant programmes to the following recipients during the year:

	£ ('000)
<i>Every Action Counts</i>	
Bassac	9
Capacity Global	14
Community Sector Coalition Consortium	20
	43
 <i>Barings Climate Change Special Initiative</i>	
bassac	9
Groundwork	3
New Economics Foundation	7
Community Sector Coalition Consortium	1
	20
 <i>Digital Inclusion</i>	
Piper Smith Watton LLP	243
Digital Inclusion Limited	655
	898
 <i>Learning Revolution</i>	
Burnely, Pendle Rossendale Council for Voluntary Service	5
Salford County Council	2
SkillShare North East Limited	10
Thurrock Council	19
WEA Yorkshire and Humber region	15
	51
 <i>National Empowerment Partnership</i>	
COGS; Communities & Organisations; Growth & Support	185
Creating Excellence [SW]	183
East of England Development Agency	181
Improvement & Development Agency	657
Leicester North West Community Forum	175
London Civic Forum	183
North West Together We Can	186
Regional Action West Midlands	181
South East Rural Community Councils	186
Voluntary Organisations Network North East	185
	2,302
 Total	 3,314

30. Other Commitments

During the year CDF had commitments under operating leases related to rental agreements and service agreements as follows:

	2010	2009
	£ ('000)	£ ('000)
Operating leases which expire:		
<i>Land and Buildings</i>		
Within one year	89	25
In more than one year but less than 5 years	0	58
In more than 5 years	0	0
<i>Other</i>		
Within one year	56	19
In more than one year but less than 5 years	0	8
In more than 5 years	0	0
<i>Total</i>		
Within one year	145	44
In more than one year but less than 5 years	0	66
In more than 5 years	0	0
Total	145	110

As CDF will cease to exist on 31 March 2011 all rental agreements and service contracts will cease on 31 March 2011. Refer to note 35 for further information.

31. Pensions obligations

1. The Community Development Foundation participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

2. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

3. The rules of the Growth Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

4. The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

5. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

6. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

7. The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

8. The Community Development Foundation paid contributions at the rate of 10% during the accounting period. Members paid contributions at the rate of 3.5% during the accounting period.

9. As at the balance sheet date there were 39 active members of the Plan employed by the Community Development Foundation. The Community Development Foundation continues to offer membership of the Plan to its employees.

10. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual

participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

11. The valuation results at 30 September 2008 have now been completed and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

12. The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% per annum
- Investment return pre retirement	7.6
- Investment return post retirement	
Active/Deferreds	5.1
Pensioners	5.6
- Bonuses on accrued benefits	0
- Rate of price inflation	3.2

13. In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

14. The Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.

15. If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

16. In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions. 'Best

estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre-retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners).

17. A copy of the recovery plan must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009.

18. The next full actuarial valuation will be carried out as at 30 September 2011.

19. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

20. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

21. The leaving employer's share of the buy-out debt is the proportion of the Plan's pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

22. The Community Development Foundation has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2009. As of this date the estimated employer debt for The Community Development Foundation was £2,070,728.

23. The Scheme Actuary has advised that the figure quoted as at 30 September 2009 is likely to have decreased by approximately 38% to 31st March 2010, such that the estimated employer debt for the Community Development Foundation is £1,283,851 as at 31st March 2010.

24. The Scheme Actuary has further advised that the figure quoted as at 30 September 2010 is likely to have increased by 4% to 30 September 2010. Based on this advice, the estimated employer debt for the Community Development Foundation is £2,153,558.

32. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks that an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, CDF is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. CDF has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks it faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

Credit risk

CDF's exposure to credit risk is negligible. Individual bodies are paid on a quarterly basis upon submission of relevant documentation thus minimising risk exposure. CDF is not therefore exposed to significant credit risks.

Liquidity risk

CDF's resource and capital requirements are mainly financed by resources voted annually by Parliament. CDF is not therefore exposed to significant liquidity risks.

Interest rate risk

All of CDF's financial liabilities carry nil or a fixed rate of interest and CDF is not therefore exposed to significant interest-rate risk.

Foreign currency risk

CDF's exposure to foreign currency risk is negligible. Foreign currency income is negligible and foreign currency expenditure is not significant. CDF therefore has no standing policy to eliminate currency exposures on high value transactions.

Fair values

The book values of financial instruments are considered equivalent to their fair values as at 31 March 2010.

33. Statement of Debts Written Off

The total amount of debts written off during the year was £520 (2009: £8,291)

The movement in provisions for bad and doubtful debts was £1,745 (2009: £10,387)

	2010 £ ('000)	2009 £ ('000)
Bad Debt Provision movement		
Opening Provision	(2)	(12)
Write off during the year	1	8
Debt recovered	1	2
New provision	0	0
Closing Provision	0	(2)

34. Discontinued operations

On 22 June 2009 SCDC was incorporated as a separate organisation; though not beginning operations until 1 October 2009 onwards under a TUPE agreement. The Trustees of CDF agreed to take on the indemnity redundancy of up to £123k for a period of 18 months. A specific reserve of £61.5k was set up as a provision for any future redundancy costs. Staff and existing SCDC related programmes were transferred to the new SCDC organisation on 30 September 2009.

A total of £669,593 was paid to SCDC in two separate payments during the year with any residual balance to be paid out in the 2011 financial year.

As a result of the discontinuation of the SCDC operations, all SCDC related income and expenditure during the year up to 30 September 2009 has been reclassified as a discontinued activity. All 2009 income and expenditure has also been reclassified to reflect what has been grouped as continuing last year will be compared to what is shown as continuing this year.

The impact of the restatement is shown below:

	2009 Unrestricted funds Original £ ('000)	2009 Restricted funds Original £ ('000)	2009 Total Original £ ('000)	2009 Unrestricted funds Restated £ ('000)	2009 Restricted funds Restated £ ('000)	2009 Total Restated £ ('000)
Incoming resources from charitable activities	2,073	3,834	5,907	1,922	3,411	5,333
Resources Expended from Charitable activities	3,382	3,804	7,186	3,098	3,164	6,262
Net incoming/(outgoing) resources	(1,309)	30	(1,279)	(1,176)	247	(929)

The impact of the discontinuation of SCDC has also resulted in the restatement of staff emolument costs as outlined in Note 5. The impact of restatement is shown below:

	2009 Original £ ('000)	2009 Restated £ ('000)
Wages and salaries	1,996	1,390
Social security costs	215	163
Pension costs	152	111
Agency staff	125	123
	2,488	1,787
Recoveries from staff secondment	(10)	(10)
Inward staff secondment	19	19
Total Staff Emoluments	2,497	1,796

35. Post balance sheet events

Public bodies announcement

On 14th October 2010 the Minister for the Cabinet Office announced that CDF would cease to operate as a non-departmental public body effective from 1st April 2011 and would not receive Grant in Aid funding from that date. The decision came in an announcement on the future of many organisations operating as public bodies. CDF would continue to as an independent entity operating under a social enterprise model.

Our future

On 17th December 2010 the Department for Communities and Local Government confirmed that it would fund a number of costs arising from the closedown of CDF. Based on this decision the Trustees of CDF agreed at a Trustees meeting on 14th January 2011 to proceed with a transfer of assets and reserves into a new organisation on 31 March 2011. This successor organisation will take the form of an incorporated charity limited by guarantee. It will operate a social enterprise model to build on the expertise and skills of CDF accumulated in its dual role as a registered charity and public body since December 1967.

Re-statement of accounts on a break up basis

As a result of the above, the going concern assumption no longer applies; thus resulting in the need to restate the annual accounts under the break-up basis. The accounts have been prepared on this basis, and this has a substantial impact on the result recorded for the year. As a consequence, all fixed assets have been reviewed and a £312k impairment of fixed assets has been recorded.

Result of applying break-up basis

	Total 2010 (group) £ ('000) Original	Total 2010 (group) £ ('000) Restated
Net movement in funds		
Net incoming resources for the year	9,605	9,605
Net expenditure for the year	11,148	11,459
Total net movement in funds	(1,543)	(1,854)

Closedown Costs

As a result of the above, there will be further closedown costs which CDF will incur. The below closedown costs have not been provided for in the 2010 annual report as they are

not considered valid costs as at 31 March 2010. CDF's current best estimate of these closedown costs is:

	£ ('000)
Pension Debt on withdrawal	2,171
Redundancy	282
Other Closedown Provisions	55

There are no other known post balance date event that would materially impact on the financial statements presented in the 2010 annual report on or before the approval of the annual report.

The accounts were authorised for issue on the same date the Comptroller and Auditor General certified the accounts.

Annex: Accounts Direction Given by The Secretary of State

1. The annual accounts of The Community Development Foundation (hereafter in this accounts direction referred to as “the Trust”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for 2008/09 and for subsequent years shall be prepared in accordance with:-

- (a) the accounting and disclosure requirements given in *Managing Public Money* and in *the Government Financial Reporting Manual* issued by the Treasury (“the FReM”), as amended or augmented from time to time;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Trust and are in force for the year for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of accounting standards. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.
3. This direction shall be reproduced as an appendix to the annual accounts.
4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

An officer in the Department for
Communities and Local Government

Date 30 March 2009

SCHEDULE I

1. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
2. The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

SCHEDULE 2

ADDITIONAL DISCLOSURE REQUIREMENTS

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

I. The notes to the annual accounts

- (a) an analysis of grants from:
 - (i) government departments
 - (ii) European Community funds
 - (iii) other sources identified as to each source;
- (b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;
- (c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;
- (d) details of employees, other than board members, showing:-
 - (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Trust, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
 - (ii) the total amount of loans to employees
 - (iii) employee costs during the year, showing separately:-
 - (1) wages and salaries
 - (2) early retirement costs
 - (3) social security costs

- (4) contributions to pension schemes
- (5) payments for unfunded pensions
- (6) other pension costs
- (7) amounts recoverable for employees on secondment or loan to other organisations

(The above analysis shall be given separately for the following categories:

- I employed directly by the Trust
- II on secondment or loan to the Trust
- III agency or temporary staff
- IV employee costs that have been capitalised);

(e) an analysis of liquid resources, as defined by accounting standards;

(f) in the note on debtors, prepayments and payments on account shall each be identified separately;

(g) a statement of debts written off and movements in provisions for bad and doubtful debts;

(h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Trust's operations.

*(i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Trust), between the Trust and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to board members and key managers are as notified to the Trust by each individual board member or key manager
- (iii) the following are related parties:
 - (I) subsidiary and associate companies of the Trust

- (2) pensions funds for the benefit of employees of the Trust or any subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
- (3) board members and key managers of the Trust
- (4) members of the close family of board members and key managers
- (5) companies in which a board member or a key manager is a director
- (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
- (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
- (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
- (9) settlements in which a board member or a key manager is a settlor or beneficiary
- (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest
- (11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer
- (12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary
- (13) the Department for Communities and Local Government, as the sponsor department for the Trust.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Trust's management board.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.

(iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at board meetings of the company.

* Note to paragraph 1(i) of Schedule 2: under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.



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ISBN 978-0-10-297133-0

