

Community Development Foundation
Annual Report and Accounts 2008-09

Engaged, Cohesive, Strong Communities

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Title page:

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

Page 41:
Paragraph 1.

I certify that I have audited the financial statements of the Community Development Foundation for the year ended 31 March 2009 under The Government Resources and Accounts Act 2000 **(Audit of Public Bodies) Order 2003**.

February 2010
LONDON: THE STATIONERY OFFICE



COMMUNITY DEVELOPMENT FOUNDATION
ANNUAL REPORT AND ACCOUNTS 2008-09

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Community Development Foundation – Annual Report and Accounts 2008–09

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Our mission is to lead community development analysis and strategy, in order to empower people to influence decisions that affect their lives. With this as our guiding principle, we aim to overcome poverty and disadvantage, knitting society together at the grassroots and deepening democracy to create our vision of an inclusive and just society.

Message from the Chair



As both a charity and a public body, CDF has been well placed to respond to the demands of the last year. With the fiscal environment changing dramatically during that time, our role has become even more critical. We are ready to meet the challenges ahead – for our communities and for community development.

During the last year we have developed and delivered new programmes, publications, reports, pilot activities and projects, with the aim of supporting and promoting community development. Our expertise in bringing a community development approach to grant management has been recognised, and an independent audit has ranked us as one of the nation's top three funders. CDF is committed to drawing learning and evidence from its work with communities and disseminating this to stakeholders.

We believe that a community development approach – from stimulating local community activity and involvement to delivering public services – has significant benefits for communities and the state, and helps increasingly precious resources to be efficiently distributed, with lasting effect. This is a message we continue to shape with our sponsor government department, Communities and Local Government (CLG).

In its 40-year history, CDF has lived through and developed responses to economic recessions. CDF has a vision of an inclusive and just society and I look forward to working with other Trustees and staff, in partnership with other organisations, to develop sustainable responses to the economic, social and environmental challenges that lie ahead.

A handwritten signature in black ink, which appears to read 'Tom Levitt'.

Tom Levitt MP,
Chair

Message from the Chief Executive



We aim to help individuals and communities influence the decisions that affect their lives. As local communities and public bodies deal with the stresses caused by the recession, we believe that a community development approach is vital to tackling the difficulties it will create.

Community development can help in many ways – from supporting public bodies to adopt new ways of working to improve their services, to stimulating community organisations and activism, to working with communities troubled by disadvantage and disaffection.

From the end of 2008, CDF's attentions turned to helping government departments respond to the recession. Looking ahead, staff and Trustees also began to consider how social, economic, political and environmental changes will affect our communities, and how CDF may need to respond.

Our staff have been busy commenting and advising on policy and developing and delivering new programmes. During the year we have said goodbye – and thank you – to some employees who made great contributions to CDF and we have welcomed many new staff. Throughout, the CDF team has continued to work energetically and enthusiastically, while responding to increasing external demands. The Trustees and I thank them for their dedication; we are proud of their achievements.

I believe that it is only by working with others that CDF can help inspire new approaches to meeting local challenges and recognise the opportunities present in communities which can help improve their conditions. At CDF we also believe that we can learn much by sharing information and good practice across the UK nations. Our organisation was established as a UK-wide body more than four decades ago; following devolution we began to reduce our presence in Wales and Scotland, but remain committed to maintaining these historical bonds to strengthen community development policy and practice.

I am excited by the richness and diversity of activity taking place across CDF, all with the single focus of helping make a positive impact in our communities. 2009 presents many opportunities to build upon relationships with other organisations that share this commitment; it will be a challenging journey in the current circumstances, but one CDF has already shown it can rise to.

A handwritten signature in black ink that reads "Alison Seabrooke". The signature is fluid and cursive, written in a professional style.

Alison Seabrooke,
Chief Executive

Trustees' report

The Board of Trustees of the Community Development Foundation presents its annual report for the year ended 31 March 2009 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 the Department for Communities and Local Government (CLG). Its registered office is Unit 5, Angel Gate, 320–326 City Road, London EC1V 2PT. CDF also operates in Scotland, and in 2008 it 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 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, Department for Environment, Food and Rural Affairs and the Office of the Third Sector.

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.

Helping local people lead and communities thrive

We bring big ideas and funds to local communities. We promote a community development approach, supported by our network of community contacts and our experience working with community groups of all sizes. We help bring different communities together; strengthening them to make the changes they need and take control of their own lives. That's why government, charities, and the community sector rely on us for policy advice and research, and to run grant programmes on their behalf.

Our activities include running local action projects, developing best practice, evaluating research and analysing policy, making grants to communities, consulting and running training events, organising conferences and seminars, sharing knowledge and publishing information.

In 2008–09, the Community Empowerment Delivery Division of Communities and Local Government (CLG) gave CDF £1.6 million in grant-in-aid to fund our core activities, of which £1.5 million was resource and £93,000 capital grant. The rest of our funding comes from government sources, charitable trusts and the private sector. We also generate income from the sales of publications, training, consultancy and events.

Objects, objectives and principal activities of the charity

At CDF, we aim to develop the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and help meet their needs, and to participate more fully in society – in particular by:

- local action projects
- development of best practice
- research evaluation and policy analysis
- making grants and loans to such communities
- consultancies and training programmes
- conferences and seminars
- information and publications.



In 2006, the Trustees agreed a new three-year corporate plan for CDF for the period 2006–09. The plan covers the following three aims:

engaged communities: *supporting involvement in local decision-making*
cohesive communities: *helping people come together to manage diversity*
strong communities: *building control and contribution by communities.*

To achieve these aims and objectives CDF will:

Develop and influence policy

By providing policymakers with analysis and recommendations for improving the quality and breadth of community participation, empowerment and cohesion.

Improve practice

By developing and strengthening community development practice and raising the profile of community development as a skilled occupation, to enable effective delivery of public policy at a local and regional level.

Transfer knowledge

By providing practical materials and disseminating information that meets the needs of community development workers, community practitioners and community activists to support their work with citizens and communities, within the current policy context.

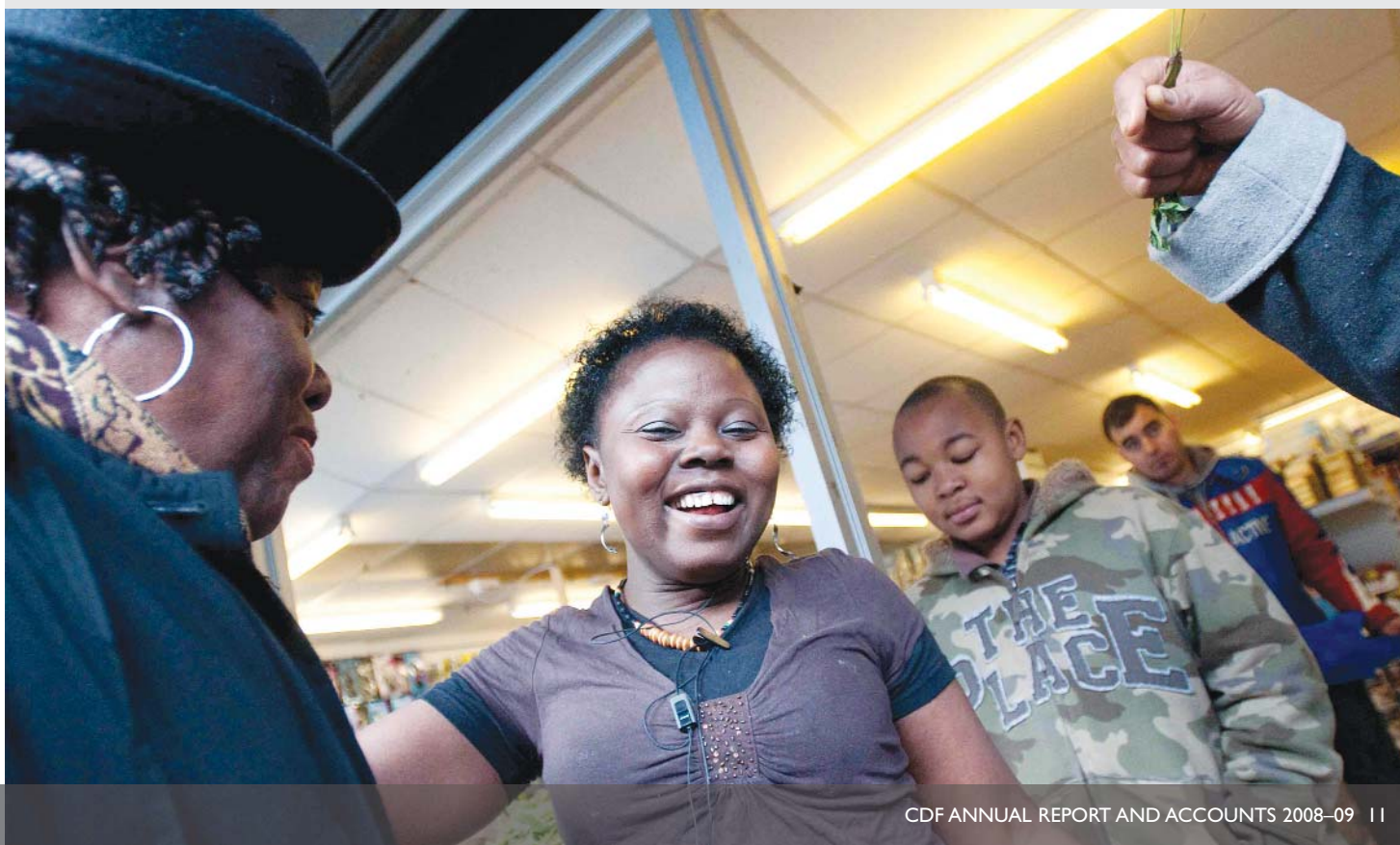


Performance review

During 2008–09, we reviewed CDF's different departments and business areas and realigned our internal services. Facilities joined the Finance Directorate, a new Communications and Marketing Directorate was established, and Human Resources reviewed CDF's policies and procedures en route to producing a new staff handbook. We developed and strengthened relationships with government departments and third sector stakeholders, and responded to increasing requests to deliver programmes on behalf of government. As a result of the reviews, we produced a new staff structure. A new Directorate of Community Development was established reflecting CDF's themes, with engaged, cohesive, and strong communities teams focusing on policy and practice, plus a further Research team. This team works closely with the Programmes Directorate, which grew to respond to external demands. We reviewed and subsequently closed the European and International Unit, but retained a policy focus on this area within the Community Development Directorate. The restructure has ensured we are able to focus effectively on our priorities, with all departments

working cooperatively, and we have also improved the efficiency of our internal services.

Towards the end of 2008, CDF's attention turned to working with government departments in helping to respond to the recession. In 2009, we began to consider this in relation to CDF's future – how economic, political, social and environmental changes will affect communities, the role of community development, and the potential impact on CDF. We are involving Trustees, staff and other stakeholders in scoping different scenarios, so that CDF is well placed to respond, whilst keeping the day-to-day work on course.



Performance review

The following sections on our three aims – engaged, cohesive and strong communities – explain the progress CDF has made in achieving our 2008–09 objectives as set out in the workplan. However, some of CDF’s activities cover more than one objective. For example, an activity seeking to strengthen communities may also engage them. Reporting therefore takes place in the area that is most relevant and reflects the majority of spend on that project during the period.



Engaged communities

Supporting involvement in local decision making

We help communities and public bodies engage better with one another so that both understand and act on local needs. We do this by championing a community development approach so that local people from a broad range of backgrounds can participate in local decisions. Here are some of our achievements.

Making the case for community development (CD)

CDF's engagement team carried out six-month action research projects; two in local authorities which have provided CDF with a rich understanding of the issues faced by frontline community development practitioners. This has informed our policy submissions and provided evidence to the review of the National Occupational Standards.

Mapping the workforce

CDF produced a short paper on *Organisational Structures for Community Development*, which provides practice-based insights and intelligence that will assist those developing or restructuring their CD teams or functions.

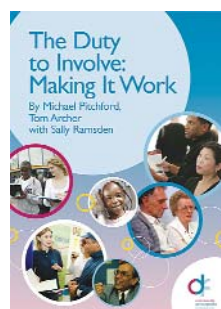
Forecasting a future of community development

Our engagement team led a discussion with community development practitioners about the effects of the downturn in the late 1970s and early 1980s and the drivers shaping community development. As a result, we published *A Future for Community Development*, which was circulated to policymakers and practitioners.

Take Part

CDF manages the Take Part programme. Funded by Communities and Local Government (CLG), the scheme helps people gain the skills, knowledge and confidence to make an active contribution to their communities and influence policies and services. Each local pathfinder is a partnership between key organisations that can provide local people with learning opportunities. So far, eight pathfinders are in place and ten more are planned.

To find out more about how we create engaged communities and for further information on our programmes go to www.cdf.org.uk/web/guest/community-engagement



Resource: Duty to Involve

A wide range of organisations is covered by the new Duty to Involve – the obligation to involve local people in decision making. CDF has produced a new guide to help authorities prepare for and meet the new duty entitled *Duty to Involve: Making it Work*, which is essential reading for anyone who wants to involve local people in a meaningful way to help the communities they work or live in. It is just one of the 20 publications published by CDF during the year.

Engaged communities

Supporting involvement in local decision making

Communities in action: **National Empowerment Partnership**



One way we help create engaged communities is through our work in the National Empowerment Partnership (NEP). Funded by Communities and Local Government (CLG), the programme supports and improves empowerment activities across England by gathering evidence of effective community empowerment and promoting the benefits of involving communities in local decisions.

Through NEP, we assist local authorities in getting people involved in local activities and decisions, and help people, community groups, parish councils and other organisations to develop the skills and resources they need to become involved.

NEP provides a regional infrastructure for empowerment.

This helps to bring together the work of local authorities, government departments, statutory agencies and community organisations in empowering local people.

One of NEP's key projects has been researching and producing a resource catalogue, featuring more than 70 publications from across the English regions. These publications, available for download at www.cdf.org.uk, provide information, evidence and tools relating to different aspects of community empowerment. Publications include a 32-page report on community empowerment projects which test CLG's 'six box' method for evaluating empowerment activities: see <http://www.creatingexcellence.org.uk/ceimages/Sixboxmodel.pdf>.

Cohesive communities

Helping people come together to manage diversity

Through our cohesion work, we bring people together to promote a shared sense of belonging. We aim to reach the hardest to reach, and support local projects which are close to their community and understand local needs. We encourage partnership working at all levels to achieve change. Here are some of the ways we have been doing this.

Connecting Communities Plus, Community Grants

The Connecting Communities Plus, Community Grants (CCPlus), grant programme supported small projects from black and minority ethnic communities. In 2008–09, we awarded grants totalling £663,441 to 68 local community groups and small organisations for cohesion and equality-related projects. For example, we gave £12,000 to fund TEAM (Together Everyone Achieves More), a youth project that campaigns against bullying and racism in Bournemouth. The money allowed TEAM to employ an outreach worker who works with the young people, giving them a voice.

Faiths in Action

This £4 million grant programme, sponsored by Communities and Local Government (CLG), aims to create more opportunities for face-to-face dialogue and collaborative action between different faiths within local communities. Round one opened for applications in August 2008 and we will distribute more than £2 million in grants in 2009–10 to 216 organisations in England.

Regional Faith Forums

CDF is managing this programme of investment and support over three years for the regional faith forums on behalf of CLG. The programme aims to support the forums and build their capacity as key regional bodies, in particular their ability to engage with local inter faith activity.

During this year, CDF has provided capacity-building support to the forums, and next year will also provide grants.

To find out more about how we create cohesive communities and for further information on our programmes, go to www.cdf.org.uk/web/guest/community-cohesion



Research: migration

The record influx of migrant workers from the new European Union (EU) accession countries since 2004, has caused increasing concern about cohesion in a range of communities.

CDF carried out research with community development workers to understand the challenges they face. The briefing paper *Migration and Community Cohesion: Community Development Responses* was published, and will be followed by a 12-month programme of action learning with practitioners in this field.

Cohesive communities

Helping people come together to manage diversity

Communities in action: Picture This



More than 30 children in Croydon explored what community cohesion means for them in a photography project funded by CCPlus.

The Pathfinders Inspirational Croydon Community Project (PICCP) aims to raise aspirations and expectations by providing opportunities for learning, training and education. Pupils at three schools, aged 11–15, undertook five weeks' training in photography. Through photography, they explored their own identities and the role they play in their community. Each pupil then selected their favourite picture for an exhibition and awards ceremony, which illustrated the local community in the young people's eyes.

PICCP received a £10,784 CCPlus grant to run the 'Picture This' project.

Since Picture This, some students have developed a passion for photography. The community cohesion training proved so effective that two of the three schools have asked if the trainer can deliver ongoing support in the area.

Community-cohesion training proved so effective that two of the three schools have asked for ongoing support.

Strong communities

Building control and contribution by communities

At CDF we aim to build stronger, more active communities. Our programmes reach out to the smallest community groups, which really understand and respond to the needs of their local community. Our work helps to strengthen the community development profession, and make the third sector more sustainable. Here are just some of the ways we have been doing this.

Grassroots Grants

The £130 million Grassroots Grants programme, which CDF manages on behalf of the Office of the Third Sector (OTS), makes small grants of up to £5000 available to local community groups – many of which had never accessed grant funding before the programme – via local funders. Grassroots Grants includes an endowment match challenge, in which the government has pledged £50 million to match every pound donated to local funders. Donations are invested as an endowment, giving sustainable

grant funding in local areas to enable communities to grow. For more information, visit www.cdf.org.uk/grassroots

Real Help for Communities: Targeted Support Fund

This £15 million grant programme aims to give extra help to those who need it most during the economic downturn. CDF, which is managing the fund on behalf of OTS, is targeting 50 local authority areas most at risk from the recession. In 2009–10 grants will be available to small organisations providing recession-focused services, including debt or legal advice, training or health advice.

Every Action Counts (EAC)

This £4 million programme, funded by the Department for Environment, Food and Rural Affairs (Defra), provides training and resources on sustainability for community organisations. As the accountable body for the programme, CDF has worked to make sure under-represented groups are involved in the programme and has contributed to Defra's Third Sector Strategy and the Oxfam /nef roundtable on climate change and poverty in the UK. Every Action Counts has published guides to support this work.

To find out more about how we create strong communities and for more information on our programmes, go to www.cdf.org.uk/web/guest/stronger-communities



Strong communities

Building control and contribution by communities

Communities in action: Caring for carers



It is often the smallest community groups that really understand the needs of their local community. For these groups, a small amount of money can make a big difference.

More than 20 members of addiction support group DAMH (Drugs, Alcohol and Mental Health) have learned how to cook cheap, healthy food with just £700 awarded through Grassroots Grants.

Marie Butterworth founded DAMH in North Tyneside four years ago, to support people who care for relatives and friends with drug, alcohol and mental health issues. DAMH provides a chance for people to get out of the house after work, learn new skills, talk and support each other.

Cooking is just one way Marie offers support. DAMH was awarded a £700 Grassroots Grant for new kitchen

equipment, including a mixer and pressure cooker. For the members of DAMH, learning how to cook relieves pressure at home, helping them save money and provide nutritious food for their families. Baking also helps the group raise money: at Christmas it sold 300 mince pies.

‘There are lots and lots of people out there caring for friends and relatives and getting very little help. Thanks to Grassroots Grants, we can continue to offer this vital support to people who make such a difference, every day.’

Four nations and Europe

Sharing information and best practice in the four nations

CDF was established as a UK-wide organisation and so has Trustee representation from England, Northern Ireland, Scotland and Wales.

Increasingly, following devolution the majority of CDF's activity has taken place in England, in 2008 Trustees approved proposals to adapt and change its operations in the four nations and Europe. Here is a summary of key work from these proposals.

- The Scottish Community Development Centre began to develop an independent business model, with the aim of becoming a charitable company limited by guarantee in 2009. An interim board was established and met monthly to progress this, reporting to the CDF full Board. Advice was sought from the Charity Commission and Communities and Local Government (CLG) in relation to transferring a proportion of CDF's assets to the new organisation.

- In Wales, staff worked closely with national organisations, and particularly Community Development Cymru, to determine the role for a single community development organisation in Wales. This work continued into 2009.
- While there is no direct presence in Northern Ireland, CDF maintains contact with Northern Irish organisations involved in community development.
- Following an external review, a decision was taken to close CDF's European and International Unit. Responsibility for work outside the UK was passed to a CDF director and policy officer. The four nations and Europe Trustee and staff sub-committee continued to meet every four months to monitor and advise on this progress and to consider ways in which CDF can continue to contribute to national, European and international policy and practice.



Four nations and Europe

Sharing information and best practice in the four nations

Our work in Scotland

Community Health Exchange (CHEX)

Encourages community-led approaches to improving health and challenging health inequalities in Scotland. Funded primarily by NHS Scotland and managed by the Scottish Community Development Centre (SCDC), CHEX engages with national policy, develops practice, builds networks and provides information services.

Health Issues in the Community (HIIC)

Developed by CHEX, the HIIC programme helps local tutors give courses to develop community learning and build capacity around health improvement. Over the past year, 17 courses have been delivered in Scotland, which among other achievements have led to the establishment of a local youth project and better local transport.

Learning, Evaluation and Planning (LEAP)

SCDC continues to offer Credit Rated LEAP training to help practitioners plan and evaluate the difference they make within communities. Over the past year, three courses, involving 28 participants, have taken place in Scotland. SCDC has also been involved in developing and testing work on a new database planning, monitoring and evaluation tool for community learning and development.

Our work in Wales

CDF Wales has contributed to a number of Wales-wide consultations, including the National Occupational Standards for community development and the sustainable development scheme in Wales. As chair of the Wales Wellbeing Network, the head of operations in Wales worked closely with the network's coordinator to help the Network produce a Wellbeing Assessment Toolkit, commissioned by the Welsh Assembly Government.



Programmes and government sponsors



Programmes 2008–09



Just some of the publications we published during the year. Find out more on

www.cdf.org.uk



1. LEAP Handbook generic edition
2. Community Development Challenge 2: Management
3. Community Development Challenge 2: Strategies
4. Community Development Challenge 2: Democracy
5. Faith Communities Pulling Together
6. Faith Groups and Government
7. FCCBF final report and summary, CC Plus Evaluation
8. Neighbouring and older people: An unfolding community?
9. Funding communities, adding value

The future for CDF

Delivering, promoting and sustaining effective community development

To achieve our aim of creating engaged, cohesive and strong communities, we will:

Deliver. Help develop strong, independent community organisations and networks which contribute to the sustainability of their communities.

Promote. Help agencies and organisations better understand how to work with communities and equip them to do so.

Sustain. Support the development of a skilled, recognised and effective community development workforce.

Specifically, over the next five years we plan to:

- **develop** more effective and far-reaching working relationships with government and third sector partners in planning, regeneration and the built environment
- **track and report** on policy implementers' progress and successes with community development, engagement and empowerment, in local authorities and recommend further action, helping local authorities improve their practice
- **evaluate** a range of programmes and activities to demonstrate how to empower people to influence decisions that affect their lives
- **develop** a central observatory, facilitation and influencing service for organisations in the voluntary and community sector and other stakeholders
- **develop** existing and new programmes for central government, delivering funding into communities, so meeting their needs
- **promote** the use of community development approaches to funding and supporting third sector organisations, whatever their size.



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 have developed positively over 2008–09.

Corporate governance

CDF's affairs are overseen by a publicly appointed Board of 15 Trustees who meet 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) and HM Treasury's Financial Reporting Manual. 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. During the year, following reorganisation, the team of seven directors reduced to five. Directors assist the Chief Executive in coordinating and formulating policy and monitoring progress on key strategies, plans and budgets. As part of the reorganisation, and to help manage CDF's growth, directors were invited to apply to undertake the role of Deputy Chief Executive, and Debbie Ladds, Director of Programmes, was appointed.

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 on the CDF website. Recommendations from these committees are taken to the full Board for endorsement. In 2008–09, one Trustee retired, three were reappointed and one new appointment was made by the Secretary of State for Communities and Local Government. A list of current Trustees is included on page 29.

Procedure for Trustee appointments

The Office of the Commissioner for Public Appointments (OCPA) rules on public appointments are adhered to when recruiting Trustees to the Board of CDF. The posts are advertised externally by the sponsor unit in CLG and CDF circulates these positions through its community development networks. Shortlisted candidates are interviewed by the Chair, an OCPA-nominated independent assessor and a CLG official. 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. Trustees make other voluntary contributions of time and expertise to CDF's business relating to their interests and backgrounds.

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 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 strategic risk register.

The Audit Committee has a leading role in advising and overseeing the risk management system. The committee comprises four publicly appointed Trustees, plus the Chief Executive, Finance 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 its potential top ten risks during this period (2008–09).

In 2008-09 the following were contracted 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.

Structure, governance and management

Human resources

CDF values

These values define our aspirations and guide our organisational behaviour:

We at CDF:

Are **committed to service quality and excellence**

We are committed to attaining and maintaining the highest possible standards across all our work, with a continuous focus on internal and external stakeholder needs.

Are **committed to the principles of community development**

We value employees who are committed to the principle that community development is a vital tool for social transformation.

Are **empowered and accountable**

We ensure that our managers work in a way that facilitates people taking pride in their work.

Actively share knowledge and skills

We value employees who harness knowledge from diverse sources and seek to share that knowledge across the organisation.

Ensure equality and promote diversity

We are committed to promoting equality of opportunity that recognises and respects the rich diversity and differences of staff and stakeholders.

Practise corporate social responsibility

We ensure that, where practical, our present actions do not have a negative future impact on our society.

Staffing

At the balance sheet date, CDF had 76 employees (58 full-time equivalent) working from Head Office in London, in five other offices in Cambridge, Hove, Leeds, Glasgow 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 consulted, via the union, on any matters which may affect their terms and conditions. They receive copies of Directorate minutes, budgets, annual reports and other key documents.

In accordance with CDF's equal opportunities policy, the organisation has established fair employment practices in the recruitment, selection, retention and development of all staff, including those who are disabled. In light of new legislation, in 2009 we will be reviewing our Equalities Scheme, trialing an Equalities Impact Assessment tool and ensuring that recruitment panels are trained and equipped to ensure equality and diversity are core to our practices.

This year, CDF enhanced its staff development budget and increased opportunities for all employees. When CDF staff leave, we carry out exit interviews and ensure that any learning is shared, as appropriate.

Equal opportunities policy

CDF's policy is to be 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.

Associates

During 2008–09 CDF had 142 consultants registered as 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. Without the commitment and energy of our Associates we would not have been able to achieve as much as we have, so we thank them all for their contribution to CDF's success.

Sickness absence data

During 2008–09, the total number of days lost due to sickness absence was 325 days. This amounts to an average absence per employee of four days. 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 it has a responsibility to help its staff identify the source of the problem associated with sickness absence, to take any appropriate steps itself and to encourage staff to seek appropriate support.

Personal data related incidents

For 2008–09, no personal data related incidents were reported in CDF.

Data protection

CDF makes sure personal data stored on its databases is held subject to the requirements and principles of the Data Protection Act 1998. CDF is also in the process of amalgamating its data protection process with the requirements of the government's new data handling procedure.

Environmental policy and social community statement

CDF encourages environmental responsibility and employees are active in achieving CDF's environmental goals. Our environmental policy and sustainable development action plan aims to enable CDF staff to work to their optimum in the most sustainable workplace realistically achievable. CDF strives to achieve realistic environmental sustainability goals which are monitored and recorded at regular intervals.

We follow the Quick Wins Sustainable Procurement Action Plans issued by OGC buying solutions (www.ogcbuyingsolutions.gov.uk) for the purchase of office equipment. This is to ensure that wherever possible our investments are eco-friendly and we seek to support local communities and businesses in this way.

We're committed to reviewing our progress with regard to our environmental performance regularly in order to achieve continual improvement.

Structure, governance and management

Professional advisers

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

Board of Trustees (2008–09)



- | | |
|---|---|
| 1. Chair: Tom Levitt MP | 9. Stewart Murdoch |
| 2. Dean T. Huggins (appointed January 2009) | 10. Andrew Robinson MBE |
| 3. Elizabeth Bickerton | 11. Dan Rogerson MP |
| 4. Michael Hamilton | 12. Marilyn Taylor |
| 5. Abdul Ismail | 13. Alison Wightman |
| 6. Jagwant Johal | 14. Jeremy Wright MP (no photo available) |
| 7. Peter Latchford | 15. Hilary Willmer |
| 8. Professor Ruth Lister CBE | 16. Chief Executive: Alison Seabrooke |

Trustee retirements: Suhail I. Aziz (retired December 2008)

Structure, governance and management

Register of members' interests

Trustee	Risk of interests relevant to CDF business
Tom Levitt MP	None
Hilary Willmer	None
Abdul Hamid Ismail	Employed by Bradford and District Community Empowerment Network Limited, Bradford
Ruth Lister	None
Michael Hamilton	Employed by John Laing plc.
Andrew Robinson	Director of fund management company CCLA, which manages funds for CDF; member of finance and audit committees
Alison Wightman	None
Jagwant Johal	None
Peter Latchford	None
Suhail Aziz	None
Stewart Murdoch	None
Dan Rogerson MP	None
Jeremy Wright MP	None
Marilyn Taylor	None
Liz Bickerton	None
Dean T. Huggins	Chairperson of the Federation for Community Development Learning, Sheffield; Board Member of the Community Foundation for Tyne & Wear, Newcastle

Principal addresses

CDF Angel Gate (Head Office)

Community Development Foundation
Unit 5, Angel Gate
320–326 City Road
London EC1V 2PT

Tel: 020 7833 1772

Fax: 020 7837 6584

Email: admin@cdf.org.uk

Website: www.cdf.org.uk

Human Resources, Communications, Policy and Research, Evaluation, Publications, Finance, European work, Programmes and Projects, Every Action Counts, National Empowerment Partnership, Take Part programme, National Community Forum

CDF Leeds

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

Engaged communities team

CDF Cambridge

Community Development Foundation
The Michael Young Centre
Purbeck Road
Cambridge CB2 8HN

Faiths in Action and Faith Communities
Capacity Building Fund (FCCBF)

Tel: 01223 400 341

Fax: 01223 400 329

Email: fundingadmin@cdf.org.uk

Grassroots Grants

Tel: 01223 400 331

Fax: 01223 400 329

Email: grassroots@cdf.org.uk

Connecting Communities Plus, Community Grants (CCPlus)

Tel: 01223 400 343

Fax: 01223 400 329

Email: ccplus@cdf.org.uk

CDF Hove

Community Development Foundation
Westwerks, 41-43 Portland Road
Hove

East Sussex

BN3 5QD

Tel: 01273 724 349

Cohesive communities team

CDF Wales

Community Development Foundation
University of Wales Registry
King Edward VII Avenue
Cardiff CF10 3NS

Tel: 029 2002 0632

Fax: 029 2047 0213

Email: wales@cdf.org.uk

Policy, Practice Links Wales, Training and Consultancy

CDF Scotland

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

Policy, Practice development, Research, Evaluation, Training and consultancy, LEAP Support Unit

Community Health Exchange (CHEX)

Tel: 0141 248 1990

Fax: 0141 248 4938

Email: chexadmin@scdc.org.uk

Financial review and results for the year (2008–09)

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 £7.84m in the year. Communities and Local Government (CLG) provided grant-in-aid funding of £1.59m for the year. In addition, CDF received restricted funding of £3.83m in grants for specific projects from a number of organisations. These included £2.60m for the National Empowerment Partnership, £0.70m for Every Action Counts, and £0.30m for the Community Health Exchange. CDF received £1,647k in fees for the contract management of grant programmes, £246k through consultancy and training fees, £161k from research contracts and £20k from the sales of publications and £296k return on investments.

During the year CDF has disbursed £7.19m to support the objectives of the charity.

Expenditure on restricted programmes accounted for £3.80m including grants made of £2.50m. Grants paid under the National Empowerment Partnership amounted to £1,882k, and under the Every Action Counts programme £571k.

CDF also disbursed £3.38m of unrestricted expenditure in the community sector. This included £803k on the contract management of grant programmes, £772k on policy and practice development, £55k on research, and £82k on publications.

A substantial part of CDF's work is the contract management of government grant programmes. In 2008–09 CDF disbursed conduit funding from government departments for distribution to local and regional funders of £28.99m.

The consolidated Statement of Financial Activities (SOFA) on page 43 shows a net surplus of £576,724 (2007–08: surplus of £1,182,430). The SOFA shows a net surplus on unrestricted funds of £546,335 (2007–08: surplus of £714,516). The surplus on restricted funds is £30,389 (2007–08: surplus of £467,914). This reflects grants received in advance of spend.

A breakdown of restricted funds is given in Note 19.

Summary financial review for the year (2008–09)

CDF Consolidated	Unrestricted £	Restricted £	Total £
Total Incoming Resources	4,010,166	3,834,147	7,844,313
Total Expenditure	3,474,003	3,803,758	7,277,761
Transfers	–	–	–
Gain on revaluation of fixed assets	10,172	0	10,172
Net Movement of Funds	546,335	30,389	576,724

Financial position

The consolidated Balance Sheet on page 44 shows Net Assets at 31 March 2009 of £5.61m (2008: £5.03m).

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 Department for Business, Innovation and Skills' Better Payment Code also known as the Prompt Payment Code. 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.

In the year, CDF paid 60% of invoices on time (2008: 67%). 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 prompt payment. No interest was paid in respect of Late Payment of Commercial Debts (Interest) Act 1998.

On 8 October 2008, the Prime Minister committed government organisations to paying suppliers within ten days of receipt of a correctly rendered invoice. CDF will report against this target in 2009–10.

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.

Financial review and results for the year (2008–09)

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 CDF during the year was 4.1%. Investments are held as part of the COIF Charities Deposit Fund managed by CCLA Investment Management Ltd.

Pensions

Pension obligations are discussed in Note 30 to the accounts and pension costs incurred are detailed within the Remuneration Report and Note 5 to the accounts.

Revaluation of Land and Building

The lease of Unit 5, Angel Gate is held at valuation of £964,204. This includes a revalued element of £259,595.

Post-balance sheet events

Following a review by the Trustees, the decision was made to set up the Scottish unit – the Scottish Community Development Centre (SCDC) – as a separate business entity. This decision was taken after consideration of the best alignment of the delivery body to stakeholder and funding needs.

SCDC was incorporated as a separate organisation on 22 June 2009. The Trustees of CDF agreed for a reserve transfer of £527k to be made to SCDC. This will 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 £123k 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. In 2009, a new pay band was adopted for the Director whose post combines the new Deputy Chief Executive role. This band falls half way between bands 1 (Chief Executive) and 2 (Director). In 2009–10, CDF will undertake a pay and reward review to ensure continuing effective recruitment and retention.

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 Officers for the year were as follows:

	2009 Salary £	Pensions £	2008 Salary £	Pensions £
A. Seabrooke	83,333	7,820	74,139	7,210
S. Benioff	0	0	15,881	1,585

The above figures have been subject to audit.

Sarah Benioff resigned as Co-Chief Executive in June 2007. Alison Seabrooke was appointed full-time Chief Executive in July 2007. The Chief Executive is employed on a permanent basis, subject to a three-month notice period.

The Chief Executive did not receive any performance-related pay. 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 2008–09 were £44,748 (2007–08: £54,201).

No compensation was paid to former senior managers. There were no awards for early termination except for redundancy. The Chief Executive did not receive any redundancy payments; such payments were made for other staff within CDF. 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 £8,004 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 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 ongoing review of pension provision is made to ensure it meets the requirements of staff.

Life assurance and permanent health insurance

Staff 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.



Tom Levitt MP
Chair
21 January 2010



Alison Seabrooke
Chief Executive and Accounting Officer
21 January 2010

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
- prepare the accounts on a going concern basis.

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

1. 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.

2. 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 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. 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.

4. The risk and control framework

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

- Implementation of a corporate plan: vision, mission, strategic aims and objectives have been reviewed enabling a new three-year workplan (2006–09) to be produced, against which resources were identified. This corporate work also included a review of CDF's charitable objects. Amendments to these were approved by the Charity Commission during the financial year. The sum of this activity 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, Directors of Finance and Facilities, Programmes, Marketing and Communications, 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 audit and assurance unit conducts an internal audit programme throughout the year. Specific work was undertaken on the key control testing within finance, HR and IT, risk management and business planning, and governance arrangements for the Grassroots Grants programme. Reports were discussed and reported to management and plans drawn up to ensure points arising were implemented. The reports have also been presented to the Audit Committee.

- The standard Financial Memorandum of Understanding and Management Statement; work took place during the year to move to the new Framework Document which waits CLG's final approval.
- For organisations that receive funding administered by CDF on behalf of government such as Connecting Communities Plus, Grassroots Grants and the National Empowerment Partnership, a member of the finance team or external auditors were engaged to conduct audits on a sample of those recipients to monitor use 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.

This involves developing and implementing a data handling policy procedure and the nomination of a Senior Information Risk Owner and Information Asset Owners from amongst CDF's senior management team 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.

5. 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.

Statement on internal control

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.

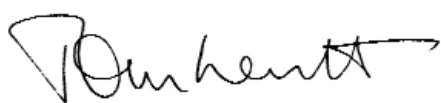
Other assurance mechanisms

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 my belief that there are satisfactory processes in place for identifying, evaluating and managing the significant risks faced by CDF.



Tom Levitt MP
Chair
21 January 2010



Alison Seabrooke
Chief Executive and Accounting Officer
21 January 2010

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 2009 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003 as amended by Statutory Instrument 2003 No. 1326. These comprise the Statement of Financial Activities, the Balance Sheet, the 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 (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 'Structure, governance and management' and 'Financial review and results for the year (2008–09)', included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure, income and 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', 'Helping local people lead and communities thrive', 'Performance review', 'Programmes and government sponsors' and 'The future for CDF'. 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.

Audit certificate

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 expenditure, income and 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 2009 and of its 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 (2008-09)', included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income 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
National Audit Office
Comptroller and Auditor General
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

28 January 2010

Accounts

Consolidated statement of financial activities for the year ended 31 March 2009

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2009 £	Total funds 2008 £
Incoming resources for the year					
Incoming resources from generated funds					
Voluntary income		1,593,000	0	1,593,000	1,472,022
Investment income		295,944	0	295,944	235,329
Incoming resources from charitable activities		2,073,608	3,834,147	5,907,755	5,860,077
Other incoming resources		47,614	0	47,614	64,577
Total incoming resources	2	4,010,166	3,834,147	7,844,313	7,632,005
Resources expended for the year					
Charitable activities		3,383,253	3,803,758	7,187,011	6,600,652
Governance costs		90,750	0	90,750	98,768
Total expenditure	3	3,474,003	3,803,758	7,277,761	6,699,420
Notional costs					
Cost of capital	6	186,178	0	186,178	155,392
Net incoming/(outgoing) resources		349,985	30,389	380,374	777,193
Reversal of notional costs		186,178	0	186,178	155,392
Net incoming/(outgoing) resources before transfers		536,163	30,389	566,552	932,585
Transfers between funds	20	0	0	0	0
Gains on revaluation of fixed assets	9	10,172	0	10,172	249,845
Net movement in funds		546,335	30,389	576,724	1,182,430
Fund balances brought forward at 1 April 2008		4,088,850	942,148	5,030,998	3,848,568
Fund balances carried forward at 31 March 2009	21	4,635,185	972,537	5,607,722	5,030,998


The notes on pages 47 to 83 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 of funds in each of the financial years arises from continuing operations. There were no discontinued operations or acquisitions in the year.

Accounts

Consolidated balance sheet as at 31 March 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets		1,240,416	1,184,494
Intangible assets		47,088	47,997
Total fixed assets	9	1,287,504	1,232,491
Current assets			
Stock	11	15,811	19,830
Debtors	12	421,320	819,303
Investments	27	4,342,114	4,074,514
Cash at bank	27	608,101	482,701
Total current assets		5,387,346	5,396,348
Liabilities			
Creditors	14	1,067,128	1,594,061
Net current assets		4,320,218	3,802,287
Total assets less current liabilities		5,607,722	5,034,778
Creditors due after more than 1 year	14	0	3,780
Net assets		5,607,722	5,030,998
The funds of the charity			
Restricted funds	19	972,537	942,148
Unrestricted funds	17	4,635,185	4,088,850
Total charity funds	21	5,607,722	5,030,998

The notes of pages 47 to 83 from part of these financial statements.
The accounts were approved by the Trustees and Chief Executive and were signed on their behalf by:



Chairman
21 January 2010




Chief Executive
21 January 2010

Community Development Foundation's balance sheet as at 31 March 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets		276,212	209,493
Intangible assets		47,088	47,997
Total fixed assets	10	323,300	257,490
Current assets			
Stock	11	15,811	19,830
Debtors	13	421,320	819,303
Investments	27	4,342,114	4,074,514
Cash at bank	27	608,101	482,701
Total current assets		5,387,346	5,396,348
Liabilities			
Creditors	15	1,065,609	1,591,973
Net current assets		4,321,737	3,804,375
Debtors due after 1 year	13	239,195	259,595
Total assets less current liabilities		4,884,232	4,321,460
Creditors due after more than 1 year	15	0	3,780
Net assets		4,884,232	4,317,680
The funds of the charity			
Restricted funds	19	972,537	942,148
Unrestricted funds	18	3,911,695	3,375,532
Total charity funds	22	4,884,232	4,317,680

The notes of pages 47 to 83 from part of these financial statements.
The accounts were approved by the Trustees and Chief Executive
and were signed on their behalf by:



Chairman
21 January 2010



Chief Executive
21 January 2010

Accounts

Consolidated cashflow statement for the year ended 31 March 2009

	Notes	2009 £	2008 £
Net cash inflow from operating activities	25	530,005	1,614,455
Capital expenditure and financial investment			
Purchase of fixed assets	25	(137,005)	(35,541)
Net cash inflow on capital expenditure and financial investment		393,000	1,578,914
Financing			
Cash outflow from short-term deposits	26	(267,600)	(1,916,528)
Net cash outflow from financing		(267,600)	(1,916,528)
INCREASE/(DECREASE) OF CASH IN YEAR		125,400	(337,614)

The notes of pages 43 to 83 form part of these financial statements.

Notes of accounts

I. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

Basis of accounting

The Financial statements set out on pages 43 to 46 together with the Notes on pages 47 to 83 have been prepared on a going concern and accruals basis in accordance with the Accounts Direction given by the Secretary of State with the consent of the Treasury in accordance with Sections 41 and 42 of the Charities Act 1993 (The Charities Accounts and Reports) and Regulations 2005 (2005 No. 572). The Regulations are supported by a Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005) and applicable accounting standards. The financial statements also comply with the Treasury's Financial Reporting Manual (FRoM). The FRoM additionally requires Charitable NDPBs to follow the principles set out in the FRoM, including providing additional disclosures where the FRoM 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 Ltd are consolidated on a line by line basis.

The accounts have been prepared under the historic cost basis of accounting except for land and buildings (which are included at revalued amounts).

Accounting policies

Fund accounting

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

Designated funds (see notes 17 and 18)

- a) Fixed asset reserve
This represents the historic cost of Fixed Assets held.
- b) Fixed asset revaluation reserve
This represents the revalued element of Unit 5, Angel Gate.
- 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:

	£
Strategic investment and development	442,165
SCDC strategic investment and development	527,000
Pay and grading review	48,124
Operating commitments	351,593
Maternity coverage	30,000
Total	1,398,882

Notes of accounts

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 fund

The sum of £772,500 has been set 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 covers future operating costs for SCDC in 2009–10 prior to its set-up as an independent organisation.

j) Wales operating reserve

This covers anticipated net operating costs for CDF's operations in Wales for the 2 year period from 2009–10 to 2010–11.

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. Note 30 gives additional detail and background on this.

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 Communities and Local Government (CLG) in regard to GIA is recorded in the Statement of Financial Activities in the year for which cash was received, 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.

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.

Pension costs

CDF operates a defined contribution scheme. CDF recognises the contributions payable in the accounts as incurred.

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 “Cash at Bank” 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 probable likelihood that they will not be recovered. All debts greater than 3 months old are now fully provided for.

Notes of accounts

Fixed assets

Fixed assets comprise items with expenditure greater than £100, 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 professionally revalued in 2007–08. The valuation was indexed in 2008–09 using the BERR Tender Price Index of Public Sector Building Non-Housing.

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.

A fixed asset impairment review is only undertaken if there are any indicators that one may be necessary. Consideration is made of potential or planned changes to

CDF's business and of the condition of assets.

Investments

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

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 and net realisable value.

Stock consists of books and pamphlets held for resale.

Finance and Operating Leases

Costs in relation to operating leases are charged to the Statement of Financial Activity 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 economic 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,

Notes of accounts

2. Total incoming resources

	Grant-in-aid £	Other grants £	Other £	Total 2009 £	Total 2008 £
Unrestricted incoming resources					
Donations and sponsorship	0	0	0	0	0
Stronger communities and community sector	591,662	345,452	219,319	1,156,433	710,399
Cohesive communities	385,892	1,128,843	106,776	1,621,511	1,330,952
Engaged communities	615,446	187,124	86,094	888,664	765,186
Unrestricted incoming resources	1,593,000	1,661,419	412,189	3,666,608	2,806,537
Restricted incoming resources					
Community Health Exchange	0	295,529	0	295,529	229,650
Leap for Health Unit	0	0	0	0	34,313
Standards for Community Engagement	0	77,500	0	77,500	80,000
Healthy Living Centre	0	0	0	0	173,860
Carnegie UK Trust	0	8,000	0	8,000	20,107
Every Action Counts	0	700,000	0	700,000	1,715,000
Plan D	0	34,364	0	34,364	39,483
National Empowerment Partnership	0	2,602,006	0	2,602,006	1,789,999
Capacity Building Development Programme	0	5,000	0	5,000	54,400
Meeting the Challenge Support Programme	0	20,000	0	20,000	378,750
John Laing	0	0	0	0	10,000
Baring Climate Change Special Initiative	0	74,325	0	74,325	0
LEAP Database Tool/ACS Resource	0	17,423	0	17,423	0
Restricted incoming resources	0	3,834,147	0	3,834,147	4,525,562
Activities in furtherance of the charity's objects	1,593,000	5,495,566	412,189	7,500,755	7,332,099

2. Total incoming resources (continued)

	Grant-in-aid £	Other grants £	Other £	Total 2009 £	Total 2008 £
Investment income					
Unrestricted resources					
Interest receivable	0	0	295,944	295,944	235,329
Restricted resources					
Interest receivable	0	0	0	0	0
Investment income	0	0	295,944	295,944	235,329
Other incoming resources					
Unrestricted resources					
Recovery on staff seconded	0	0	10,029	10,029	62,154
Other	0	0	37,585	37,585	2,423
Unrestricted resources	0	0	47,614	47,614	64,577
Total incoming resources	1,593,000	5,495,566	755,747	7,844,313	7,632,005

The Grant In Aid for 2008–09 was £1,593,000 (2007–08: £1,462,000). Revenue Grant of £1,500,000 and Capital Grant of £93,000 were received.

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

Notes of accounts

3. Total expenditure

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total 2009 £	Total 2008 £
Analysis of resources expended					
Stronger communities and community sector	1,094,811	678,088	741,445	2,514,344	1,640,896
Cohesive communities	799,722	0	260,376	1,060,098	1,594,649
Engaged communities	1,078,443	1,826,508	707,618	3,612,569	3,365,106
	2,972,976	2,504,596	1,709,439	7,187,011	6,600,651
Governance	90,750	0	0	90,750	98,769
	3,063,726	2,504,596	1,709,439	7,277,761	6,699,420

	Grants to institutions £	Grants to individuals £	Total 2009 £	Total 2008 £
Analysis of grant funding of activities				
Every Action Counts	571,065	0	571,065	1,452,391
National Empowerment Partnership	1,882,022	0	1,882,022	1,398,846
Barings Climate Change Special Initiative	51,509	0	51,509	0
ESCR Case Studentship	0	0	0	2,500
	2,504,596	0	2,504,596	2,853,737

Note 28 details a list of all institutions receiving grant funding.

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

3. Total expenditure (continued)

	Management £	Facilities and IT £	Finance £	Human resources £	Grant making support costs £	Total 2009 £	Total 2008 £
Analysis of Support costs							
Stronger communities and community sector	135,985	123,651	89,241	267,888	124,680	741,445	241,512
Cohesive communities	47,755	43,423	31,339	94,075	43,784	260,376	299,268
Engaged communities	129,781	118,010	85,169	255,666	118,992	707,618	285,416
Total	313,521	285,084	205,749	617,629	287,456	1,709,439	826,196

Direct costs are allocated to activity between the objectives. Where an activity relates to more than one of CDF's objectives then an apportionment has been made based on the budget manager's understanding of the work undertaken.

Support costs are apportioned on the basis of headcount attributable on activities across the organisation.

Grant funding of activities is sourced as follows:

Every Action Counts	Department for Environment, Food and Rural Affairs
National Empowerment Partnership	Communities and Local Government
Barings Climate Change Special Initiative	Barings
ESCR Case Studentship	Economic and Social Research Council

There are no grant commitments undertaken by CDF not included in the Statement of Financial Activities.

Notes of accounts

4. Net expenditure for the year

		Total 2009 £	Total 2008 £
Depreciation		95,828	96,907
Rent and rates		114,380	114,570
Communications and information		248,180	150,129
Telephone and postage		77,373	57,098
Recruitment and Training		137,143	28,254
Severance	C	351,965	3,763
Computer Consumables		67,125	50,983
Insurance		10,483	730
Audit	A	35,811	40,202
Trustees costs	B	13,838	13,910
Consultancy costs		643,309	556,367
Travel and subsistence		135,387	112,975

A. The external audit fee for 2008–09 is £24,000 (2007: £23,000).

B. Trustees or connected persons receive no remuneration in respect of their services. Trustees received reimbursement of expenses amounting to £8,004 (2008: £9,033). This included reimbursement for travel and other reasonable out of pocket expenses. The number of Trustees who claimed expenses in 2009 was 15 (2008: 11).

C. CDF's 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. The purpose of the organisation review was to raise CDF's profile, through a credible work base, deeper in CLG, across more government departments and substantially with opposition parties and think tanks.

5. Staff emoluments

	2009 £	2008 £
Wages and salaries	1,995,583	1,754,751
Social security costs	215,266	184,362
Pension costs	152,237	142,249
Agency staff	124,495	41,603
	2,487,581	2,122,965
Recoveries from staff secondment	(10,029)	(62,154)
Inward staff secondment	19,244	97,533
Total staff emoluments	2,496,796	2,158,344

The number of employees whose emoluments as defined for taxation purposes (basic pay and taxable benefits) amounted to over £80,000 in the year was as follows:

	2009	2008
£70,001–£80,000	0	1
£80,001–£90,000	1	0

All employees whose emoluments were greater than £80,000 are part of a defined contribution pension scheme and CDF paid contributions of £7,820 for these employees.

Notes of accounts

The average number of people, including part-time staff employed during the year was 58 (2008: 54). Full time equivalent staff employed by objective are:

	2009	2008
<i>Permanent Staff (excluding outward secondment)</i>		
Stronger communities and community sector	25	15
Cohesive communities	9	19
Engaged communities	24	20
	58	54

	2009	2008
<i>Agency staff</i>		
Stronger communities and community sector	2	0.6
Cohesive communities	0	0.7
Engaged communities	2	0.7
	4	2
Total	62	56

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 £152,237 (2008: £142,249). At the balance sheet date there were no prepaid pensions costs. The assets of the scheme are held separately from those of the group in

an independently administered fund.

The total amount of loans to employees in 2009 was £3,910, relating to 5 employees (2008: £6,483).

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 2009 is £186,178 (2008 £155,392).

7. Trading subsidiary

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

The headquarters building is at Unit 5, Angel Gate, 320–326 City Road, London EC1V 2PT.

The premises is a leasehold property with 981 years remaining on the lease. It is the registered address for the parent company the Community Development Foundation.

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

	Unrestricted funds £	Restricted funds £	Total funds 2009 £	Total funds 2008 £
Income and expenditure				
Incoming resources	44,694	0	44,694	37,470
Resources expended	44,694	0	44,694	37,470
Movements in funds from operations	0	0	0	0
Surplus on revaluation of buildings	10,172	0	10,172	249,845
Net movement in funds	10,172	0	10,172	249,845
Balances brought forward at 1 April 2008	713,318	0	713,318	463,473
Balances carried forward at 31 March 2009	723,490	0	723,490	713,318

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

	CDF funds (parent) £	CPF Trust funds (subsidiary) £	Intra group £	Total funds 2009 (group) £
Total incoming resources for the year (including revaluation)	7,864,235	44,694	(64,616)	7,844,313
Total expenditure for the year	7,297,683	34,522	(64,616)	7,267,589
Net movement in funds	566,552	10,172	0	576,724
Fund balances brought forward at 1 April	4,317,680	713,318	0	5,030,998
Fund balances carried forward at 31 March	4,884,232	723,490	0	5,607,722

Notes of accounts

9. Fixed assets (consolidated)

	Furniture and equipment £	IT equipment £	Intangible assets £	Leasehold land and buildings £	Finance leases £	Asset under construction £	Total £
Cost							
At 1 April 2008	307,060	236,146	122,566	1,017,205	8,500	0	1,691,477
Additions	16,944	85,532	23,799	0	0	18,216	144,491
Disposals	0	0	0	0	(8,500)	0	(8,500)
Revaluation	0	0	0	10,172	0	0	10,172
At 31 March 2009	324,004	321,678	146,365	1,027,377	0	18,216	1,837,640
Depreciation							
At 1 April 2008	138,313	200,500	74,569	42,204	3,400	0	458,986
Charge for the year	19,899	28,974	24,708	20,547	1,700	0	95,828
Disposals	0	0	0	0	(5,100)	0	(5,100)
Revaluation	0	0	0	422	0	0	422
At 31 March 2009	158,212	229,474	99,277	63,173	0	0	550,136
Net Book Value at 31 March 2009	165,792	92,204	47,088	964,204	0	18,216	1,287,504
Net Book Value at 1 April 2008	168,747	35,646	47,997	975,001	5,100	0	1,232,491

All of the fixed assets shown above are used for direct charitable purposes. The property at Unit 5 Angel Gate, EC1V 2PT is the subject of a 999 year lease, this has 981 years remaining when acquired.

10. Fixed Assets (parent charity)

	Furniture and equipment £	IT equipment £	Intangible assets £	Finance leases £	Asset under construction £	Total £
Cost						
At 1 April 2008	307,060	236,146	122,566	8,500	0	674,272
Additions	16,944	85,532	23,799	0	18,216	144,491
Disposals	0	0	0	(8,500)	0	(8,500)
At 31 March 2009	324,004	321,678	146,365	0	18,216	810,263
Depreciation						
At 1 April 2008	138,313	200,500	74,569	3,400	0	416,782
Charge for the year	19,899	28,974	24,708	1,700	0	75,281
Disposals	0	0	0	(5,100)	0	(5,100)
At 31 March 2009	158,212	229,474	99,277	0	0	486,963
Net Book Value at 31 March 2009	165,792	92,204	47,088	0	18,216	323,300
Net Book Value at 1 April 2008	168,747	35,646	47,997	5,100	0	257,490

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

11. Stock

	2009 £	2008 £
Stock held for resale	15,811	19,830

12. Debtors (consolidated)

	2009 £	2008 £
Due within one year:		
Sundry debtors	293,458	542,699
Accrued Income	76,022	77,404
Prepayments	35,032	94,774
Other debtors	16,808	104,426
	421,320	819,303

Notes of accounts

13. Debtors (parent charity)

	2009 £	2008 £
Due within one year		
Sundry debtors	293,458	542,699
Accrued income	76,022	77,404
Prepayments	35,032	94,774
Other debtors	16,808	104,426
	421,320	819,303
Due after more than one year		
CPF Trust debtor	39,195	59,595
Loan to CPF Trust	200,000	200,000
	239,195	259,595
Total	660,515	1,078,898

The Community Development Foundation (CDF) has loaned a sum of £200,000 to CPF Trust Limited to assist in the purchase of the Foundation'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.

14. Creditors (consolidated)

	2009 £	2008 £
Due in less than one year		
Loans and overdrafts	171,868	283,127
Accruals	373,202	299,192
Deferred income	8,938	309,193
Trade creditors	287,848	341,030
VAT creditor	68,928	359,060
Tax and social security	0	0
Other creditors	156,344	0
Finance lease	0	2,459
	1,067,128	1,594,061
Due after more than one year		
Finance lease	0	3,780
	0	3,780
Total	1,067,128	1,597,841

15. Creditors (parent charity)

	2009 £	2008 £
Due in less than one year		
Loans and overdrafts	171,868	283,127
Accruals	373,202	297,104
Deferred income	8,938	309,193
Trade creditors	286,329	341,030
VAT creditor	68,928	359,060
Tax and social security	0	0
Other creditors	156,344	0
Finance lease	0	2,459
	1,065,609	1,591,973
Due after more than one year		
Finance lease	0	3,780
	0	3,780
	1,065,609	1,595,753

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16. Intra-government balances

	2009 £	2008 £
Debtors less than one year		
Other central government bodies	248,830	429,636
Local authorities	23,055	27,889
NHS bodies	6,368	12,822
Public Corporations	0	0
Total intra-government balances	278,253	470,347
Balances with bodies external to government	143,067	348,956
Total	421,320	819,303
Included within the 'Other central government bodies' balance is an amount of £210,081 with CLG (2008: £412,402)		
Creditors less than one year		
Other central government bodies	70,239	682,060
Local authorities	4,859	868
NHS bodies	2,004	0
Public Corporations	0	0
Total intra-government balances	77,102	682,928
Balances with bodies external to government	990,026	911,133
	1,067,128	1,594,061
Creditors greater than one year		
Balances with bodies external to government	0	3,780
Total	1,067,128	1,597,841
Included within the 'Other central government bodies' balance is an amount of £1,311 with CLG (2008: £300,000)		

17. Unrestricted funds (consolidated)

	Balance at 31 March 2008 £	Movement in funds		Balance at 31 March 2009 £
		Designations £	Releases £	
Fixed asset reserve	1,227,141	55,436	(263,604)	1,018,973
Fixed Asset revaluation reserve	0	260,017	(422)	259,595
Specific reserve	1,124,015	509,497	(234,630)	1,398,882
General redundancy reserve	300,000	75,000	(300,000)	75,000
Cessation fund	750,000	22,500	0	772,500
Designated contracts reserve	103,847	0	(91,347)	12,500
Fixed asset replacement reserve	61,365	0	(41,684)	19,681
SCDC operating reserve	87,000	0	(21,529)	65,471
Wales operating reserve	254,292	0	(51,634)	202,658
Pensions debt on withdrawal reserve	100,000	550,000	0	650,000
Total designated funds	4,007,660	1,472,450	(1,004,850)	4,475,260
General reserve	81,190	78,735	0	159,925
Total unrestricted funds	4,088,850	1,551,185	(1,004,850)	4,635,185

The Fixed asset reserve represents the historic costs of fixed assets held within CDF. The Fixed asset revaluation reserve represents the gains in asset values arising from the revaluation of fixed assets. The Specific reserve is a reserve earmarked for specific purpose. The General redundancy reserve is a reserve set aside to cover redundancies arising with the organisational development of SCDC and as a provision against future operational changes. The Cessation fund has been set aside to meet 6 months financial operating obligations of the group should it face cessation. The Designated contracts 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 reserves represent funding of future operations out of reserves. The Pensions - debt on withdrawal reserve represents a fund to meet the contingent liability if CDF was to withdraw from its existing pension scheme. General reserve is a reserve that can be used for any purpose approved by the Committee.

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18. Unrestricted funds (parent charity)

	Balance at 31 March 2008 £	Movement in funds		Balance at 31 March 2009 £
		Designations £	Releases £	
Fixed asset reserve	252,139	62,223	0	314,362
CPF Trust reserve	259,595	0	(20,400)	239,195
Specific reserve	1,124,015	509,497	(234,630)	1,398,882
General redundancy reserve	300,000	75,000	(300,000)	75,000
Cessation fund	750,000	22,500	0	772,500
Designated contracts reserve	103,847	0	(91,347)	12,500
Fixed asset replacement reserve	61,365	0	(41,684)	19,681
SCDC operating reserve	87,000	0	(21,529)	65,471
Wales operating reserve	254,292	0	(51,634)	202,658
Pensions debt on withdrawal reserve	100,000	550,000	0	650,000
Total Designated Funds	3,292,253	1,219,220	(761,224)	3,750,249
General reserve	83,279	78,167	0	161,446
Total Unrestricted Funds	3,375,532	1,297,387	(761,224)	3,911,695

The Fixed asset reserve represents the historic costs of fixed assets held within CDF. The CPF Trust reserve represents the net value of assets held in the CDF balance sheet relating to CPF Trust. The Specific reserve is a reserve earmarked for specific purpose. The General redundancy reserve is a reserve set aside to cover redundancies arising with the organisational development of SCDC and as a provision against future operational changes. The Cessation fund has been set aside to meet 6 months financial operating obligations of the group should it face cessation. The Designated contracts 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 reserves represent funding of future operations out of reserves. The Pensions - debt on withdrawal reserve represents a fund to meet the contingent liability if CDF was to withdraw from its existing pension scheme. General reserve is a reserve that can be used for any purpose approved by the Committee.

19. Restricted funds

	Balance at 31 March 2008 £	Movement in funds		Balance at 31 March 2009 £
		Designations £	Releases £	
Age Concern	4,000	0	0	4,000
Bangor Project Community Fund	3,377	0	0	3,377
Barings Climate Change	0	74,325	(53,759)	20,566
Canterbury People's Group	4,886	0	0	4,886
Capacity Building Development Programme	0	5,000	(5,000)	0
Carnegie UK Trust RARP	875	8,000	(8,003)	872
Community Forum	430	0	0	430
Community Health Exchange	95,465	295,530	(286,990)	104,005
Community Resource Fund	14,531	0	0	14,531
Every Action Counts	159,744	700,000	(702,683)	157,061
Faith One Off Community Enterprise	(34)	0	0	(34)
Healthy Living Centre	101,936	0	(93,409)	8,527
John Laing	10,000	0	0	10,000
LEAP Database Tool A/C Resource	0	17,423	(996)	16,427
Learning Action Centres DFEE	438	0	0	438
Learning Action Centres BIS	2,279	0	0	2,279
Leeds City Council Project	306	0	0	306
Leicester Practice Learning Centre	3,722	0	0	3,722
Local Initiatives	874	0	0	874
London Survivors Group	325	0	0	325
Measures of Community Shares	7,000	0	0	7,000
Meeting the Challenge Support Programme	343,382	20,000	(292,928)	70,454
National Empowerment Partnership	94,667	2,602,006	(2,234,661)	462,012
Neighbourhood Support Fund	46,171	0	289	46,460
Plan D	16,981	34,364	(51,119)	226
Policy Action Team I5	1,666	0	0	1,666
Resource	(654)	0	0	(654)
Self Advocacy Team	1,510	0	0	1,510
Small Grants Project (Manage)	85	0	0	85
Somali Project (SCRETA)	2,093	0	0	2,093
Standards for Community Engagement	0	77,500	(74,500)	3,000
Sustainable Community Network	360	0	0	360
Welsh Community Strategy	24,567	0	0	24,567
Women's Connect West Midlands Objective	422	0	0	422
WUC Research	744	0	0	744
Total Restricted Funds	942,148	3,834,148	(3,803,759)	972,537

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20. Transfers between funds

There were no transfers from unrestricted to restricted funds in 08-09.

21. Reconciliation of funds (consolidated)

	2009 £	2008 £
Opening funds as at 1 April CDF	4,317,680	3,385,095
Opening funds as at 1 April CPF Trust	713,318	463,473
Movement in restricted funds	30,389	467,914
Movement in unrestricted funds	546,335	714,516
Funds carried forward at 31 March	5,607,722	5,030,998

Reconciliation of funds (consolidated)

	Restricted funds £	Unrestricted general funds £	Designated funds £	Total £
Fixed assets	8,938	259,593	1,018,973	1,287,504
Net current assets	963,599	(99,668)	3,456,287	4,320,218
Total funds	972,537	159,925	4,475,260	5,607,722

22. Reconciliation of funds (parent charity)

	2009 £	2008 £
Opening funds as at 1 April CDF	4,317,680	3,385,095
Movement in restricted funds	30,389	467,914
Movement in unrestricted funds	536,163	464,671
Funds carried forward at 31 March	4,884,232	4,317,680

22. Reconciliation of funds (parent charity)

	Restricted funds £	Unrestricted general funds £	Designated funds £	Total £
Fixed assets	8,938	0	314,362	323,300
Net current assets	963,599	161,446	3,196,692	4,321,737
Long term debtors	0	0	239,195	239,195
Total funds	972,537	161,446	3,750,249	4,884,232

23. Related party transactions

CDF is a NDPB of the Department for Communities and Local Government. CDF received a Grant in Aid of £1,593,000 in 2009 (2008: £1,462,000) from the Department for Communities and Local Government. CDF also received grant funding from the Department for Environment, Food and Rural Affairs for the Every Action Counts programme of £700,000 in 2009 (2008: £1,715,000) and the Department for Communities and Local Government for the National Empowerment Partnership of £2,602,006 (2008: £1,790,000).

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

	Fee Income £	Conduit Funding £	Total 2009 £	Total 2008 £
Faith Communities Capacity Building Fund	466,814	0	466,814	4,754,232
Connecting Communities Plus	73,400	659,406	732,806	1,242,431
Grassroot Grants	685,087	27,551,146	28,236,233	0
Take Part Pathfinder	154,997	960,000	1,114,997	0
Faiths In Action	267,056	0	267,056	0

CDF also received £11,000,000.00 conduit funding in 2009 for Targeted Support Fund programme, which will be distributed to local funders in 2009–10. Funding organisation details for each programme are listed in Note 24.

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

Dean T Huggins: a Trustee of CDF is also a Chairman (Board member) of the Federation for Community Development Learning (FCDL), and is a Board member of the Community Foundation for Tyne and Wear, Newcastle.

- Federation for Community Development Learning received grant payments from the Every Action Counts programme, amounting to £114,258.
- Community Foundation for Tyne and Wear received grant payments from the Grassroots Grants programme, amounting to £965,747.

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24. Funders

Project	Funding organisation
Barings Climate Change	Barings
Capacity Building Development Programme	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
Faiths in Action	Communities and Local Government
Faith Communities Capacity Building Fund	Communities and Local Government
Grassroots Grants Programme	Office of the Third Sector, Cabinet Office
Meeting the Challenge Support Programme	NHS Health Scotland
National Empowerment Partnership	Communities and Local Government
Plan D	UK European Commission representation
Scottish Community Action Research Fund	Communities Scotland
Take Part	Communities and Local Government
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
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

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Restricted funds	Restrictions	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
Learning Action Centres	Centres established to manage the establishment of Information and Communication Technology.	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

Restricted funds	Purpose	Restrictions
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 15	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
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 (Manage)	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
WUC Research	Research commission for the Department for Children, Schools and Families.	Timing, Methodology, Adherence to Purpose

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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
Grass Root Grants	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
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

Conduit funds	Purpose	Restrictions
Targeted Support Fund	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.	Timing, Methodology, Adherence to Purpose

25. Reconciliation of net (outgoing)/incoming resources before revaluations to net cashflow from operating activities

	Notes	2009 £	2008 £
Net incoming resources before revaluations		566,974	932,586
Depreciation	9	95,828	96,907
Loss on Disposal of Fixed Asset		3,400	609
(Increase)/decrease in stock	11	4,019	(19,830)
(Increase)/decrease in debtors	12	397,983	(443,957)
Increase/(decrease) in creditors	14	(530,713)	1,048,140
(Increase)/decrease in fixed asset accruals		(7,486)	0
Net cash inflow from operating activities		530,005	1,614,455

Reconciliation of fixed asset additions

The purchase of fixed assets total of £137,005 for 2008–09 is derived as follows:

	£
Additions per note 9	144,491
Less increase in capital accrual	(7,486)
Total fixed asset additions per cashflow statement	137,005

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26. Reconciliation of net cashflow to movement in net funds

	2009 £	2008 £
Change in cash for the period including overdraft	236,659	(620,741)
Increase in liquid resources	267,600	1,916,528
Changes in net funds resulting from cashflow	504,259	1,295,787
Net funds at beginning of year	4,274,088	2,978,301
Net funds at end of year	4,778,347	4,274,088

27. Analysis of net funds

	At 1 April 2008 £	Cashflow £	At 31 March 2009 £
Cash available on demand	482,701	125,400	608,101
Overdrafts	(283,127)	111,259	(171,868)
Increase in cash for the period	199,574	236,659	436,233
Financing			
Short term deposits	4,074,514	267,600	4,342,114
Net funds at end of year	4,274,088	504,259	4,778,347

The closing cash balance is all held in commercial banks.

The amount of cash in hand (petty cash) held is £571 as at 31 March 2009.

28. Grant Payments

Grant payments were made under grant programmes to the following recipients in 2008-09:

	£
<i>Every Action Counts</i>	
Bassac	360,108
BTCV	19,763
Capacity Global	73,783
Community Sector Coalition Consortium	10,609
Federation for Community Development Learning	114,258
Federation of City Farms and Community Gardens	4,000
Refund from National Council for Voluntary Organisations	(11,456)
	571,065
<i>Barings Climate Change Special Initiative</i>	
Bassac	18,900
Groundwork	16,650
New Economics Foundation	14,159
Community Sector Coalition Consortium	1,800
	51,509

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28. Grant Payments (continued)

Grant payments were made under grant programmes to the following recipients in 2008-09:

	£
<i>National Empowerment Partnership</i>	
COGS; Communities & Organisations; Growth & Support	177,425
Community Action Hampshire	10,000
Community Development South East	38,285
Creating Excellence [SW]	177,378
East of England Development Agency	177,609
Improvement & Development Agency	397,000
Leicester North West Community Forum	102,600
London Civic Forum	177,766
North West Improvement Network	177,777
Portsmouth City Council	6,739
RAISE	25,500
Reading Council for Racial Equality	24,000
Regional Action West Midlands	177,000
South East Rural Community Councils	35,000
Sunlight Development Trust	6,503
Voluntary Organisations Network North East	169,440
Zahno Rao Associates	2,000
	1,882,022
Total	2,504,596

29. Other Commitments

In the year ended 31 March 2009 CDF had commitments under operating leases related to rental agreements and service agreements as follows:

	2009 £	2008 £
Operating leases which expire:		
<i>Land and buildings</i>		
Within one year	25,146	48,623
In more than one year but less than 5 years	57,613	23,491
In more than 5 years	0	0
<i>Other</i>		
Within one year	18,899	7,299
In more than one year but less than 5 years	7,731	9,004
In more than 5 years	0	0
<i>Total</i>		
Within one year	44,045	55,922
In more than one year but less than 5 years	65,344	32,495
In more than 5 years	0	0
Total	109,389	88,417

30. Pension 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 Growth Plan is a multi-employer pension plan.
2. Contributions paid into the Growth 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 Growth 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 Growth Plan every 3 years. The purpose of the actuarial valuation is to

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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 Growth 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 Growth 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 52 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. Growth Plan is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from the total scheme 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 will be formalised shortly. The valuation of the Scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £770.6 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £28.6 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	0.0
– 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. 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.
15. 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 £28.6 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).
16. 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 scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation will be forwarded to the Pensions Regulator in due course.
17. The next full actuarial valuation will be carried out as at 30 September 2011.
18. 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.
19. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout 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.
20. 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).

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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.

21. 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 2008. As of this date the estimated employer debt for the Community Development Foundation was £1,922,121.

The Scheme Actuary has advised that the figure quoted as at 30 September 2008 is likely to have increased by approximately 51% to 31 March 2009, such that the estimated employer debt for the Community Development Foundation is £2,902,402 as at 31 March 2009.

31. Financial Instruments

'FRS 29 Financial Instruments: Disclosures' requires disclosure of the significance of financial instruments for the entity's financial position and performance, the nature and risks to which the entity is exposed and how those are managed. Due to the nature of its activities and the way it is financed, CDF is not exposed to the degree of financial risks 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 29 mainly applies.

CDF has very limited powers to borrow or invest funds. Financial assets and liabilities are

generated by day-to-day operational activities and are not held to change the risk facing CDF in undertaking its activities.

Debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

CDF holds or issues financial instruments in order to achieve two main objectives being:

1. To finance its operations
2. To generate funds.

In addition, various financial instruments (e.g. sundry and other debtors, trade and other creditors) arise directly from CDF's operations.

The Finance and Audit Committee carries out regular reviews of the major risks to which CDF is exposed, and recommends measures to be taken to mitigate such risks. CDF's operations expose it to a variety of risks that include the effects of changes in credit risk, liquidity risk, foreign currency risk and Interest rate risk.

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. CDF maintains deposits with banks and CCLA Investment Management Limited (CCLA). None of the cash deposits with CCLA or banks are exposed to any 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 exposures on high value transactions.

Credit Risk

CDF monitors credit risk closely and considers that its current policies of risk checks meet its objectives of managing exposure to credit risk. Amounts shown in the balance sheet represent the maximum credit exposure in the event other parties fail to perform their obligations under the financial instruments.

CDF has various financial assets and liabilities such as sundry debtors and trade creditors, which arise directly from its operations.

CDF trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that CDF's exposure to bad debts is not significant.

The objectives, policies and processes for managing credit risks remain unchanged from prior years.

Fair Values

The book values of financial instruments are considered equivalent to their fair value as at 31 March 2009.

33. Statement of debts written off

The total amount of debts written off in 2009 was £8,292 (2008: £102,207)

The movement in provisions for bad and doubtful debts was £10,387 (2008: £129,372)

	2009 £	2008 £
Bad debt provision 2008–09		
Opening Provision as at 1 April 2008	(12,132)	(141,504)
Write off during 08/09	8,292	102,207
Debt recovered 08/09	1,847	30,062
New provision 08/09	248	(5,585)
Opening balance correction	0	2,688
Closing balance as at 31 March 2009	(1,745)	(12,132)

32. Post balance sheet events

SCDC was incorporated as a separate organisation on 22 June 2009. The Trustees of CDF agreed for a reserve transfer of £527k to be made to SCDC. This will 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 £123k for a period of 18 months. Staff were transferred over to the new separate SCDC organisation on 30th September 2009 under a TUPE agreement. The time delay between incorporation and staff transfer was due to the need to negotiate agreement and ensure all administrative procedures were in place in the new organisation before formal transfer of staff could be made.

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 2007/08 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.

30 March 2008

Schedule 1

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.

1. 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:
 - (1) 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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